



中民燃氣控股有限公司
Chinese People Gas
HOLDINGS COMPANY LIMITED

(formerly known as "KEL Holdings Limited" 前稱為「基電控股有限公司」)
(Incorporated in Bermuda with limited liability 於百慕達註冊成立之有限責任公司)



Annual Report 年報
2005-2006

(Stock Code 股份代號: 681)

Facilities for the distribution of piped natural gas in China
owned by **Chinese People Gas Group**

中民燃氣集團 於中國之配氣設施



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CORPORATE INFORMATION

公司資料

Board of Directors	Mr. Xu Ruixin (Honourable Chairman) Mr. Liu Jing (Chairman) Mr. Mo Shikang (Managing Director) Mr. Zhu Peifeng (Deputy Chairman) Mr. Zhang Hesheng (Deputy Chairman) Mr. Jin Song Mr. Yan Wing Cheung Mr. Liu Junmin* Mr. Tan Qinglian* Mr. Wong Shing Kay, Oliver*	董事會	徐瑞新先生 (榮譽主席) 劉京先生 (主席) 莫世康先生 (董事總經理) 朱培風先生 (副主席) 張和生先生 (副主席) 靳松先生 甄永祥先生 劉駿民先生* 譚慶璉先生* 黃承基先生*
	(* Independent non-executive directors)		(*獨立非執行董事)
Company Secretary	Ms. Chan Weng Mui	公司秘書	陳詠梅小姐
Principal Bankers	Bank of China, Hong Kong China Construction Bank	主要往來銀行	中國銀行(香港) 中國建設銀行
Legal Advisers	Appleby Spurling Hunter Morrison & Foerster	法律顧問	Appleby Spurling Hunter 美富律師事務所
Auditors	Deloitte Touche Tohmatsu	核數師	德勤•關黃陳方會計師行
Principal Share Registrar and Transfer Office	The Bank of Bermuda Limited 6 Front Street Hamilton HM11 Bermuda	股份過戶登記總處	The Bank of Bermuda Limited 6 Front Street Hamilton HM11 Bermuda
Hong Kong Branch Share Registrar and Transfer Office	Tengis Limited 26th Floor Tesbury Centre 28 Queen's Road East Hong Kong	股份過戶登記香港分處	登捷時有限公司 香港 皇后大道東28號 金鐘匯中心 26樓
Registered Office	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda	註冊辦事處	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
Head Office and Principal Place of Business	Unit 2113, 21st Floor China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong	總辦事處及主要營業地點	香港 干諾道中168-200號 信德中心 招商局大廈 21樓2113室
Email	info@681hk.com	電郵	info@681hk.com
Website	www.681hk.com	網址	www.681hk.com
Stock code	681	股份代號	681

CHAIRMAN'S STATEMENT

主席報告

On behalf of the board of directors (the "board") of Chinese People Gas Holdings Company Limited (the "Company") and its subsidiaries (the "Group"), I have pleasure to present to the Shareholders the Group's annual report for the year ended 31 March 2006.

INDUSTRY REVIEW

According to the 2005 National Economy and Social Development Statistics published by the China National Statistics Bureau, China's economy continued to maintain a sustained, stable, high speed growth in 2005. Its GDP for the year reached RMB18.2 trillion (equivalent to HK\$17.6 trillion), representing an increase of 9.9% over last year; the per capita annual disposable income in urban areas amounted to RMB10,493 (equivalent to HK\$10,138), representing an increase of 9.6% over last year. The total energy consumption for the whole year amounted to 2.22 billion tons of standard coal, representing an increase of 9.5% over last year. Among which, coal consumption was 2.14 billion tons, representing an increase of 10.6%; crude oil consumption was 0.3 billion tons, representing an increase of 2.1%; natural gas consumption was 50 billion cubic meters, representing an increase of 20.6%. This indicated that China's rapid economic growth has driven the increase in demand of natural gas consumption, and consumption of natural gas has grown much faster than other energy consumption and the national economy.

本人謹代表中民燃氣控股有限公司(「本公司」)董事會(「董事會」)及其附屬公司(「本集團」)，欣然向股東提呈本集團截至二零零六年三月三十一日止年度報告。

行業回顧

中國國家統計局發布的二零零五年國民經濟和社會發展統計公報顯示，二零零五年中國經濟繼續保持持續、穩定、高速增長，國內生產總值達人民幣18.2萬億元(折合約港幣17.6萬億元)，比上年增長9.9%，城鎮居民人均可支配收入人民幣10,493元(折合約港幣10,138元)，比上年增長9.6%。全年能源消費總量22.2億噸標準煤，比上年增長9.5%。其中，煤炭消費量21.4億噸，增長10.6%；原油3.0億噸，增長2.1%；天然氣500億立方米，增長20.6%。此表明中國經濟高速增長帶動了天然氣消費需求增加，而天然氣消費增長遠遠快於其他能源消費和國民經濟增長。

CHAIRMAN'S STATEMENT

主席報告

INDUSTRY REVIEW (Continued)

However, in recent years, the adjustment of domestic natural gas price in China substantially lagged behind the continually rising international oil price and natural gas price, and domestic natural gas price was just equal to around 40% of the average international natural gas price. At the end of 2005, National Development and Reform Commission (NDRC) issued the "Notice of NDRC in Relation to Reform the Formation Mechanism of Natural Gas Factory Price and Appropriately Raise Natural Gas Ex-factory Price in the Near Term". According to the notice, it decided to reform the formation mechanism of natural gas price in order to further standardize price management; to gradually raise natural gas price, to make it clearer the relationship with the price of alternative energy, and to establish a mechanism of linking with the price of alternative energy and dynamic adjustment. It also decided to appropriately raise natural gas ex-factory price throughout the country starting from 26 December 2005, with the ex-factory price of natural gas used for industrial and city fuel gas rose RMB50 to RMB150 (equivalent to HK\$48.3 to 144.9) Km cubic and the ex-factory price of natural gas used for chemical fertilizer production rose RMB50 to RMB100 (equivalent to HK\$48.3 to 96.6), representing an average increase of about 10%. This is the first time since 1997 for the PRC to adjust the natural gas ex-factory price remarkably, resulting in natural gas price shifted from strictly government designated pricing to government guided pricing. Since the current natural gas price is about 30% to 50% lower than the average price of alternative energy such as coal, electricity, liquefied petroleum gas, there is still great room for natural gas price to increase.

行業回顧(續)

然而近年來相對於國際上不斷上漲的油價和天然氣價格，中國國內天然氣價格調整嚴重滯後，國內天然氣價格僅相當於國際天然氣平均價格的40%左右。二零零五年底中國國家發展改革委員會頒發《國家發展改革委關於改革天然氣出廠價格形成機制及近期適當提高天然氣出廠價格的通知》，決定改革天然氣價格形成機制，以進一步規範價格管理；逐步提高天然氣價格，理順與可替代能源的價格關係，建立與可替代能源價格掛鉤和動態調整機制；並決定自二零零五年十二月二十六日起在全國範圍內適當提高天然氣出廠價格，工業及城市燃氣用天然氣出廠價格每千立方米提高人民幣50至150元(折合約港幣48.3至144.9元)，化肥生產用天然氣提高人民幣50至100元(折合約港幣48.3至96.6元)，平均漲幅在10%左右。這是中國自一九九七年以來首次對天然氣出廠價格作較大幅度的調整，使天然氣價格從嚴格的政府定價向政府指導定價邁進。由於當前天然氣價格比煤、電、液化石油氣等替代能源平均價格便宜30%至50%左右，因此，未來天然氣價格仍有較大上漲空間。

CHAIRMAN'S STATEMENT

主席報告

INDUSTRY REVIEW (Continued)

In March 2006, the "11th Five-Year Plan for Economic and Social Development of the People's Republic of China" was passed in the 4th Conference of the 10th National People's Congress. For the area of petroleum and natural gas, it is stated that the effort for exploration of petroleum and natural gas resources should be strengthened and the subject of oil & gas exploration should be diversified; to implement the parallel development of oil and gas in order to increase crude oil output steadily and increase natural gas production; to strengthen cooperation with overseas partners in the area of development and construct offshore imported liquefied petroleum gas project in an appropriate manner; and to expand and establish new national oil reserve bases to strengthen national oil strategic reserve capability. In the next five years, China will expedite the planning and construction of oil & gas main pipeline network and ancillary facilities, gradually improve oil & gas pipeline network across the nation, and construct a second west to east natural gas transmission pipeline and land-way imported oil & gas pipeline in due course. With these policy-oriented measures, it is expected that China's oil & gas resources development and urban natural gas industry will grow rapidly in the future.

APPRECIATION

On behalf of the Board of the Company, I sincerely thank all shareholders and various social organizations for their support to the group over the year.

Liu Jing
Chairman

Hong Kong, 1 September 2006

行業回顧(續)

二零零六年三月十屆全國人大四次會議通過的《中華人民共和國國民經濟和社會發展第十一個五年規劃綱要》在石油及天然氣方面提出，加大石油及天然氣資源勘探力度，推進油氣勘探開發主體多元化；實行油氣並舉，穩定增加原油產量，提高天然氣產量；擴大境外合作開發，在沿海地區適度建設進口液化天然氣項目；擴建和新建國家石油儲備基地增強石油戰略儲備能力。未來五年，中國將加快油氣幹線管網和配套設施的規劃建設，逐步完善全國油氣管線網絡，適時建設第二條西氣東輸管道及陸路進口油氣管道。此政策導向表明中國油氣資源開發、城市天然氣行業在未來將高速發展。

致謝

本人謹代表本公司董事會對全體股東及社會各界一年來對本集團的支持表示衷心感謝。

主席
劉京

香港，二零零六年九月一日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

2006 financial year is very important to the development history of the Group. The Group has completed the business reorganization and change in directors and management team successfully during the year. The Group has been principally engaging in piped natural gas distribution, supply and installation businesses in PRC during the year. With the joint effort of the directors, management and the all staff, the Group has achieved satisfactory results during the financial year and made a good start.

This year, the Group recorded turnover of HK\$240,607,000, representing an increase of 197% compared with last year;

Gross profit of HK\$127,326,000, representing an increase of 177% compared with last year;

Profit attributable to shareholders (excluding the change in the fair value of convertible bonds) of HK\$61,739,000, representing an increase of 303% compared with last year;

Basic loss per share of 2.13 HK cents; basic earnings per share of last year was 0.61 HK cent.

Operating cash inflow before the change in operating capital reached HK\$112,178,000, representing a substantial increase of 203% over last year;

Net cash flow generated by operating activities of HK\$15,956,000, net outflow was HK\$44,444,000 last year;

Net cash used in investment activities of HK\$42,854,000, representing an increase of 72% over last year;

Net cash generated by financing activities of HK\$148,684,000, representing an increase of 81% over last year;

Net cash and cash equivalents at the end of the year increased to HK\$132,986,000, representing an increase of 12.31 times over last year.

業務回顧

二零零六財年是本集團發展史上至關重要的一年。於本財政年度內本集團順利完成業務重組及董事、管理層交接，主要於中國境內從事分銷、供應及安裝管道天然氣業務。憑藉各董事、管理層及全體員工共同努力，本集團於本財政年度內取得令人滿意之業績，開局良好。

本年度本集團錄得營業額港幣240,607,000元，較上年度增長197%；

毛利港幣127,326,000元，較上年度增長177%；

股東應佔溢利(不包括可換股債券公平值之變動)港幣61,739,000元，較上年度增長303%；

每股基本虧損2.13港仙；上年度每股基本盈利為0.61港仙。

營運資金變動前之經營現金流入達港幣112,178,000元，較上年度的大幅增加203%；

經營活動所產生的淨現金流港幣15,956,000元，上年度淨流出為港幣44,444,000元；

投資活動所使用現金淨額港幣42,854,000元，較上年度增加72%；

融資活動所產生現金淨額港幣148,684,000元，較上年度增加81%；

年末現金淨額和現金等值項目增加至港幣132,986,000，較上年末大幅增加12.31倍。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Distribution, Supply and Installation of Piped Natural Gas Businesses

Distribution and Supply of Piped Natural Gas

The Group's main business is providing natural gas to households and commercial and industrial customers through its gas pipeline networks, and the Group's income mainly comes from sales of piped natural gas. During this financial year, the Group achieved natural gas sales of 111.26 million cubic meters, of which 17.10 million cubic meters were sold to households and 94.16 million cubic meters were sold to commercial and industrial customers, realizing a gas sales income of HK\$85,539,000, an increase of 199% compared to last financial year. Income from sales of natural gas accounted for 35.6% of the Group's turnover for this financial year.

City gas has become a necessity during the process of urbanization in the PRC. In addition, city gas is a public utility and is monopolistic in nature. As the city gasification rate in which the Group is operating continued to rise and new gas projects of the Group continued to increase every year, sales of the Group's piped natural gas will grow steadily.

Piped Natural Gas Installation

The Group was also engaged in construction of main pipelines and branch pipelines networks and through the construction of gas pipeline networks to connect households with the gas networks and charge for connection fee. Such fee is another major income source of the Group. During this financial year, the Group has completed installation work for 50,544 households and 7,853 commercial and industrial customers, generating an income from installation fees HK\$129,271,000, an increase of 210% compared with last financial year. Installation fees income accounted for 53.7% of the Group's turnover for the financial year.

As at 31 March 2006, the Group has accumulated a total of 80,443 connected customers, of which 71,746 were households and 8,697 were commercial and industrial customers.

The Group anticipates that installation fees will remain in force for some time in the future before the gas price becomes absolutely market-oriented. As the number of users of natural gas in the areas where the Group is operating continued to increase and more new projects came into operation every year, income from installation fees will continue to be one of the most important income sources for the Group.

分銷、供應及安裝管道天然氣業務

管道天然氣分銷與供應

本集團的主要業務，為通過本集團之燃氣管道網絡向民居用戶和工商業用戶提供天然氣，而本集團之收入主要來自銷售管道天然氣。於本財政年度內，本集團實現天然氣銷售量11,126萬立方米，其中售予民居用戶1,710萬立方米，售予工商業用戶9,416萬立方米，實現天然氣銷售收入港幣85,539,000元，比上一財政年度增加199%。本集團於本財政年度之天然氣銷售收入佔營業額的35.6%。

中國城市化進程使城市燃氣具有必須性的特點，同時城市燃氣屬於公用事業，具有自然壟斷特徵。隨著本集團營運區域的城市氣化率水平不斷提高及本集團每年燃氣新項目的增加，本集團管道天然氣銷售額將穩步增長。

管道天然氣安裝

本集團亦參與修建城市燃氣主幹管網和支線管網；通過修建的燃氣管網最終將燃氣管道與用戶接駁，並向用戶收取接駁費，是本集團另外一個主要收入來源。於本財政年度內，本集團共為50,544戶民居用戶及7,853戶工商業用戶完成接駁工程，實現接駁費收入港幣129,271,000元，比上財政年度增長210%。本財政年度本集團之接駁費收入佔營業額的53.7%。

於二零零六年三月三十一日，本集團累計已接駁用戶數達80,443戶，其中民居用戶71,746戶，工商業用戶達8,697戶。

本集團預計在燃氣價格完全市場化之前，接駁費將在未來一段時期內長期存在。隨著本集團營運區域的用戶不斷發展及本集團每年燃氣新項目的增加，接駁費收入將繼續成為本集團最重要的收入來源之一。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW (Continued)

Distribution, Supply and Installation of Piped Natural Gas Businesses (Continued)

Development of Natural Gas Projects

During this financial year, the Group has acquired five piped natural gas projects, including:

The Han Wang Project

On 31 July 2005, the Group acquired 100% interests in Mianzhu City Han Wang Natural Gas Company Limited in Mianzhu City. The project is located in Han Wang Town, Mian Zhu City, Sichuan Province. Han Wang Town is one of the first 57 pilot towns under the National Integrated Reform Program and the key industrial zone of Mianzhu City. The famous production base of steam turbine in China Dongfang Steam Turbine Works is located in Han Wang Town. Its industrial gas consumption and household gas consumption of the workers residing in the industrial area will be the major targets for our future development. Han Wang Town has a total connectable population of 60,000 and the gasification rate is 15.3%.

The Bei Chuan Project

On 31 July 2005, the Group acquired the natural gas assets in Beichuan County and established the Beichuan County Zhongmin Gas Company Limited. Beichuan County is located in Mian Yang City in Sichuan Province and is in the northwest of Sichuan Basin. Enterprises engaged in building materials and processing industries are the major commercial and industrial users of natural gas in Beichuan County. Lei Gu Town, which is 8 kilometers from Beichuan's county town, is constructing an industrial zone with an area of over 400 acres. The industrial zone is striving to introduce high value-added, low energy-consumption and technologically advanced environmental friendly enterprises. These enterprises will drive the development of gas consumption in Beichuan County. The total connectable population of Beichuan County is 160,000 and the gasification rate is 5.5%.

業務回顧(續)

分銷、供應及安裝管道天然氣業務(續)

天然氣項目拓展

本財政年度內，本集團已收購五個管道天然氣項目，分別是：

漢旺項目

於二零零五年七月三十一日，本集團收購了綿竹市漢旺天然氣有限公司100%的權益。該項目位於四川省綿竹市漢旺鎮。漢旺鎮是全國首批57個綜合改革試點鎮之一，是綿竹市的重點工業區。中國著名的汽輪機生產基地東方汽輪機廠位於漢旺鎮，其工業用氣和職工居民戶用氣是公司未來發展的重點對象。漢旺鎮可供接駁天然氣人口總數達6萬人，氣化率15.3%。

北川項目

於二零零五年七月三十一日，本集團收購了北川縣的天然氣資產並成立北川縣中民燃氣有限公司。北川縣位於四川省綿陽市，地處四川盆地西北部。建材、加工等工業企業是北川縣主要的天然氣工商業用戶。距北川縣城8公里的擂鼓鎮，正在建設佔地400餘畝的工業園區，園區正著力引進高附加值、低耗能、技術領先的環保型企業，將帶動北川縣的用氣發展。北川縣可供接駁天然氣人口總數達16萬人，氣化率5.5%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW (Continued)

Distribution, Supply and Installation of Piped Natural Gas Businesses (Continued)

Development of Natural Gas Projects (Continued)

The Tong Nan Project

On 1 August 2005, the Group acquired 100% interest in Chongqing Tong Nan Tongfa Gas Co. Ltd. and renamed it as Chongqing Zhongmin Gas Company Limited. Tong Nan County, which is located in the linked terrain of Sichuan and Chongqing, is the hometown of the Former President of the PRC Mr. Yang Shang Kun. It is an important gateway for Chongqing to open to the outside world. The construction of a new city of 10 square kilometers which lies in the north side of Fu River (涪江) in Tong Nan County has founded its basic structure. An attractive regional industrial and economic zone that can bring about stimulating effect to the region is under construction. As many of the industrial enterprises in Chongqing urban areas move into the zone, the gas demand from industrial and commercial users and households will become higher. The total connectable population of Tong Nan County is 920,000 and the gasification rate is 6.7%.

The Fu Ping Project

On 5 August 2005, the Group acquired 80% interest in Fu Ping Natural Gas Co. Ltd and renamed it as Fu Ping County Zhongmin Gas Company Limited. Fu Ping County is under Weinan City and is the fourth largest county in Shaanxi Province. The Zhuang Li Industrial Zone which is located in the northwest of and 12 kilometers away from the county town, is the foothold for the industrial development of Fu Ping County. The gas connectable population of Fu Ping County is 200,000 and the gasification rate is 3.3%.

業務回顧(續)

分銷、供應及安裝管道天然氣業務(續)

天然氣項目拓展(續)

潼南項目

於二零零五年八月一日，本集團收購了重慶市潼南縣通發燃氣有限責任公司100%的權益並更名為重慶中民燃氣有限公司。潼南縣地處川渝兩地的結合地帶，為中國前國家主席楊尚昆先生的故鄉，是重慶市對外開放的重要窗口。位於潼南縣城境內的涪江北岸，規劃為10平方公里的新城建設已初具規模，具有吸引力和帶動力的地區性工業經濟園區正在建設，隨著重慶市區內眾多工業企業的遷入，將帶動潼南縣工商業及民居用戶對天然氣的需求。潼南縣可供接駁天然氣人口總數達92萬人，氣化率6.7%。

富平項目

於二零零五年八月五日，本集團收購了富平縣天然氣有限責任公司80%的權益，並更名為富平縣中民燃氣有限公司。富平縣隸屬於渭南市，是陝西省第四大縣，位於縣城西北部、距離縣城約12公里的莊裏工業園區為富平縣工業起飛的立足點。富平縣可供接駁天然氣人口總數達20萬人，氣化率3.3%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW (Continued)

Distribution, Supply and Installation of Piped Natural Gas Businesses (Continued)

Development of Natural Gas Projects (Continued)

The Yongning Project

On 24 August 2005, the Group acquired 50% interest in Yongning Boneng Natural Gas Co. Ltd. and renamed it as Yinchuan Zhongmin Gas Company Limited. Yongning County is a suburb county to the south of Yinchuan City, the provincial capital of Ningxia, and a satellite city of Yinchuan City. Wang Yuan Town, which is approximately 10 kilometres north to Yongning's county town, is constructing an industrial zone which will become the largest production base of antibiotics in China as well as in Asia. A new town area of county is under construction in the north of Yongning County. The area of Yongning's county town will be enlarged by 2/3 and the city population will increase by 30,000 upon completion. As the role of Yongning County as a satellite city of Yinchuan City becomes increasingly prominent, the future development of natural gas will be of great potential. The total gas connectable population of Yongning County is 200,000 and the gasification rate is 2.3%.

With the above new natural gas projects, turnover and operating profit of the Group have increased significantly. The foundation of natural gas business has been further solidified. As at 31 March 2006, together with the Mianzhu Project and the Yan Ting Project acquired in the last financial year, the number of the Group's gas projects has increased to seven, with business covering Sichuan Province, Chongqing, Shaanxi Province and Ningxia Autonomous Region and a connectable population of 2.65 million in this financial year, an increase of 139% when compared with 1.11 million in the last financial year. Income from sales of piped gas and installation fees of these cities will continue to have a significant contribution to the results of the Group.

Property Holding and Investment

During the financial year, the Group has dwindled its property holding and investment business. The Group has disposed its entire shareholding in its wholly owned subsidiary Billion Treasure Holdings Limited and its saleable properties in Zhongda Square in Shanghai City at cash consideration of HK\$21,500,000 and HK\$13,480,000 respectively to recover cash for focusing on the development of gas projects. As at 31 March 2006, the Group owned 534 square meters of saleable properties in Zhongda Square in Shanghai City through its wholly owned subsidiary Penmark Limited. During this financial year, this business contributed turnover of HK\$1,727,000 to the results of the Group.

業務回顧(續)

分銷、供應及安裝管道天然氣業務(續)

天然氣項目拓展(續)

永寧項目

於二零零五年八月二十四日，本集團收購了永寧縣博能天然氣有限公司50%的權益，並更名為銀川中民燃氣有限公司。永寧縣為寧夏首府銀川市南部的郊縣，是銀川市的衛星城市，在永寧縣城以北約10公里的望遠鎮，正在興建一座工業園區，這將建成中國乃至亞洲最大的抗生素生產基地。永寧縣城北部正在建設縣城新區，新區建成後，將使永寧縣縣城面積擴大2/3，增加城市人口約3萬人。隨著永寧縣作為銀川市衛星城地位日益突出，未來天然氣發展前景廣闊。永寧縣可供接駁天然氣人口總數達20萬人，氣化率2.3%。

由於以上新增天然氣項目，本集團之營業額及經營溢利有了顯著增長。天然氣業務基礎得以進一步充實。截至二零零六年三月三十一日，連同上財政年度收購之綿竹項目及鹽亭項目，本集團之燃氣項目增至7個，業務覆蓋四川省、重慶、陝西省、寧夏自治區，覆蓋之天然氣可接駁人口由上財政年度的111萬人增加至本財政年度的265萬人，增長139%。來自這些城市的管道燃氣銷售收入和接駁費收入將繼續為本集團業績作出重要貢獻。

物業持有及投資

本財政年度內，本集團收縮了物業持有及投資業務，分別以現金代價港幣21,500,000元和13,480,000元出售了全資附屬公司Billion Treasure Holdings Limited之全部股權及其於上海市中達廣場擁有的可供銷售物業，收回現金以集中用於燃氣新項目的拓展。於二零零六年三月三十一日，本集團通過全資附屬公司景達物業有限公司擁有上海市中達廣場534平方米之可供銷售物業。該業務於本財政年度內為本集團之業績帶來港幣1,727,000元的營業額。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW (Continued)

Glass Products Business

The Group, through Mian Zhu City Hong Sen Natural Gas Co., Ltd., indirectly owned 70% interests in Mian Zhu City Hongsen Glass Products Company Limited. The company is primarily engaged in supplying glass products to the producer of the famous Chinese wine "Jian Nan Chun", using natural gas from the Group as fuel to produce glass products. During this financial year, such business contributed turnover of HK\$24,070,000 and earnings of HK\$4,069,000 to the results of the Group.

Lottery Operating System Supply and Ancillary Services

In this financial year, the Group invested in the joint venture Zhongmin Zai Xian (Beijing) Technology Development Limited ("Zhongmin Zai Xian"). Zhongmin Zai Xian intends to be engaged in supplying operating system of video welfare lottery business and ancillary services in the Mainland China. Zhongmin Zai Xian has also established a joint venture with Beijing Bei Ying Si Digital Technology Company Limited to engage in traditional lottery operating system supply and ancillary services in the PRC.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 March 2006, the Group had total assets of HK\$496,268,000 and current liabilities, long term liabilities, shareholders' equity and minority interests of HK\$216,212,000, HK\$2,868,000, HK\$272,475,000 and HK\$4,713,000 respectively.

The Group continued to maintain a low gearing ratio, at 1%. It was calculated based on the long term borrowings of HK\$2,807,000 and long term capital of HK\$272,475,000.

業務回顧(續)

玻璃製品業務

本集團透過綿竹市紅森天然氣有限責任公司間接持有綿竹市紅森玻璃製品有限公司70%的權益。該公司使用本集團之天然氣作為燃料主要為盛產中國名酒的「劍南春」酒廠提供玻璃製品。於本財政年度內，該業務為本集團之業績帶來港幣24,070,000元的營業額及港幣4,069,000元的盈利貢獻。

彩票作業系統供應及配套服務

本財政年度內，本集團投資於合營公司中民在線(北京)科技發展有限公司(「中民在線」)，中民在線擬於中國內地從事視頻福利彩票業務作業系統之供應及配套服務。中民在線另與北京貝英斯數碼技術有限公司共同設立合營公司，於中國內地經營傳統電腦福利彩票業務作業系統之供應及配套服務。

財務回顧

流動資金及資本資源

於二零零六年三月三十一日，本集團資產總值為港幣496,268,000元以及流動負債、長期負債、股東權益及少數股東權益分別為港幣216,212,000元、港幣2,868,000元、港幣272,475,000元和港幣4,713,000元。

本集團持續維持低資本負債比率於1%，乃根據長期借貸港幣2,807,000元以及長期資本港幣272,475,000元計算。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Liquidity and Capital Resources (Continued)

On 8 September 2005, the company and Equator View Capital, an independent third party entered into a subscription agreement with respect to issue of US\$20,000,000 (equivalent to approximately HK\$155,600,000) 2 per cent convertible bonds due in 2008 (the "Subscription Agreement"). Pursuant to the terms of the agreement, the Bonds can be convertible into Shares at a conversion price equal to the lower of the Fixed Conversion Price (HK\$0.3433) or the Floating Conversion Price. Unless previously redeemed, converted or purchased and cancelled, the Bonds shall be redeemed by the Company at 100% of their principal amount at the third anniversary of the Issue Date. The Bonds were issued on 28 October 2005, bringing more funds to the Company for acquisition of more projects, and further broadening the strategic investor base of the Company. As at 31 March 2006, the Company issued 201,989,000 Conversion Shares under the Bonds. Outstanding principal amount under the Bonds was US\$10,000,000 (equivalent to approximately HK\$77,800,000).

To comply with the new requirements of HKAS 39 and HKAS 32, the convertible bonds are designated as "financial liability at fair value through profit and loss", which is required to be calculated at fair value on each conversion date and balance sheet date after initial recognition, and the change in fair value is directly recognized as profit or loss during the period of its occurrence. There has been a remarkable increase of the Company's share price over the fixed convertible price (HK\$0.3433 per share) as at each of the conversion dates and the balance sheet date. The value of the converted shares calculated at the fair value as at the conversion date is in excess of HK\$62,212,000 over the value of the conversion price stated in the Subscription Agreement; and based on the closing price of HK\$0.57 per share at the balance sheet date, the fair value of the outstanding convertible bonds has increased by HK\$55,588,000. Accordingly, the aggregate change amounting to HK\$117,800,000 is included in the profit and loss account for this period according to the relevant accounting standards. The valuation result of the fair value is related to the share price at the assessment date and the remaining period of the convertible bonds, but does not concern the actual operating and financial positions of the Group, as well as the future changes in the Group's operations and actual cash flows. According to the valuation by an independent valuation institution, based on the Company's share closing price of HK\$0.345 per share as at 26 July, the fair value of the outstanding convertible bonds amounts to HK\$92,212,000, representing a significant decrease of HK\$41,576,000 over the fair value at the balance sheet date. According to the relevant requirements, the change in number can also be included as the Group's income next year.

財務回顧(續)

流動資金及資本資源(續)

於二零零五年九月八日，本公司與獨立第三方Equator View Capital就發行20,000,000美元(相當於約港幣155,600,000元)於二零零八年到期之兩厘可換股債券訂立認購協議(「認購協議」)。根據認購協議之條款，可換股債券可按固定換股價(港幣0.3433元)或浮動換股價(以較低者為準)轉換為股份，除非債券已被贖回、轉換或購買及註銷，否則本公司將於發行日起第三周年按可換股債券本金額之100%贖回可換股債券。可換股債券已於二零零五年十月二十八日發行，為本公司帶來更多資金以收購更多項目，並進一步擴大了本集團策略投資者基礎。於二零零六年三月三十一日，本公司根據可換股債券發行兌換股份201,989,000股，可換股債券尚未行使之本金額為10,000,000美元(相當於約港幣77,800,000元)。

根據香港會計準則第39號和32號的新規定，該可換股債券被認為「按公平價值經損益入賬的金融負債」，並須於首次確認後的每個換股日及結算日，按公平值計算，公平值之變動直接於發生期內於損益賬確認。本公司之股價於各換股日及年結日相比於固定換股價(每股港幣0.3433元)皆有顯著升幅。所換股份以換股日公平值計算之價值相比按認購協議所訂之換股價計算之價值，高出港幣62,212,000元，又按年結日之收市價每股港幣0.57元計算，尚餘可換股債券的公平價值上升了港幣55,588,000元，因此，按相關會計準則其變動總數港幣117,800,000元計入了本期之綜合損益賬中。公平價值的估值結果與評估日的股價以及可轉債剩餘期限有關，而與本集團的真實經營狀況和財務狀況無關，也不會影響本集團今後的經營和實際現金流。根據獨立評估機構的評估，假若按照七月二十六日當日公司股份收市價每股港幣0.345元計算，尚餘可換股債券的公平價值為港幣92,212,000元，比年結日的公平價值大幅下降了港幣41,576,000元，按相關準則，此變動數字又可記為本集團下年度之收益。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Liquidity and Capital Resources (Continued)

The fair value of the outstanding convertible bonds at the balance sheet date \$133,788,000 is based on the assumption that the Company early redeems the outstanding convertible bonds from the holders of the convertible bonds and therefore needs to pay for its fair consideration. Since the Company has no right, plan or need to early redeem the outstanding convertible bonds from the holders of the convertible bonds at the above fair consideration, and the holders of the convertible bonds also have no right to demand the Company to early redeem the outstanding convertible bonds at the above fair consideration (except under certain special circumstances that the Company may redeem part of, or all convertible bonds at a consideration close to the nominal value of the convertible bonds), ultimately the outstanding convertible bonds may only be exercised or not exercised when due, or partially exercised and partially not exercised when due. If the convertible bonds are exercised, the Company only needs to issue a certain number of shares of the Company to the holders of the convertible bonds at the convertible price under the subscription agreement and no cash is required for settlement. If the convertible bonds are not exercised when due, the Company is only required to redeem the convertible bonds at 100% of its nominal value according to the subscription agreement. Therefore, the fair value change of the convertible bonds stated in the Consolidated Income Statement for the year is only an accounting treatment made in accordance with the requirements of the Hong Kong accounting standards and will not actually affect the current and future actual operations and cash flows of the Group.

The Group has been applying for the change of registration to foreign investment enterprises for its various subsidiaries so as to enjoy the tax allowances benefits for foreign-invested enterprises under the relevant policy. Assuming that all registrations are successfully changed, it is estimated the Group will enjoy an allowance from the income tax accrued for this year amounting to not less than HK\$6,600,000.

Capital Structure

The Group's long-term capital mainly comprises shareholders' equity which is confirmed by the low gearing ratio as discussed in the section "Liquidity and capital resources" above.

財務回顧(續)

流動資金及資本資源(續)

於年結日尚餘可換股債券的公平價值港幣133,788,000元是假設本公司於年結日向可換股債券持有人提早贖回尚餘之可換股債券所需支付的公允代價。鑒於本公司沒有權利、沒有計劃亦沒有需要向可換股債券持有人以上述公平代價提早贖回尚餘之可換股債券，與此同時，可換股債券持有人亦無權要求本公司以上述公平代價提早贖回尚餘之可換股債券。除了在某些特別情況下，公司可能以接近可換股債券面值的代價贖回部分或全部可換股債券外，尚餘之可換股債券最終祇可能被行使或到期不被行使，或部份被行使，部份到期不被行使。假若被行使，則本公司祇需按認購協議的換股價發行一定數量之本公司股份予可換股債券持有人，而無須支付任何現金；假若到期不被行使，本公司亦祇需根據認購協議按100%面值贖回可換股債券。因此，於本年度綜合損益賬上所反映的可換股債券之公平價值變動，僅是一種根據香港會計準則要求所做的會計處理，對本集團現在及將來之實際經營運作以及現金流均無實質性之影響。

集團正為多家附屬公司辦理外商投資企業註冊變更手續，從而享受外商投資企業稅務寬減優惠政策，假若全部註冊變更成功，估計可為本集團本年度所預提的所得稅帶來寬免不少於港幣6,600,000元。

資本結構

本集團長期資本包括股東權益，從上文「流動資金及資本資源」一節所述之低資本負債比率獲得確認。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Exposure of Foreign Exchange Fluctuation

The Group's receivables and payables are denominated mainly in US dollar, Hong Kong dollar and Renminbi. Since Hong Kong dollar is pegged to US dollar and exchange rate of Renminbi is relatively stable, the directors considers the foreign exchange exposure risk not significant.

Capital Commitments

On 31 March 2006, the Group entered into an Equity Transfer Contract whereby the Group agreed to acquire a 51% equity interest in Wei Nan City Natural Gas Company (渭南市天然氣公司) from Wei Nan City Development Company ("Vendor") at a provisional consideration of RMB33,000,000 (approximately HK\$31,942,697), which is subject to certain adjustments. The vendor will also procure that the Group will obtain the exclusive right to operate the business of supplying natural gas within the city of Wei Nan in Shaanxi Province, the PRC. Weinan City currently has a population of approximately 5.31 million and an area of 13,000 square kilometers. Its GDP in 2005 amounted to RMB31.2 billion (equivalent to approximately HK\$30.2 billion), an increase of 11.7% from last year. As local economy continues to grow, development of natural gas in Weinan City has great potential in the future. The total gas connectable population of Linwei District (where the municipal government is situated), the major operating area of Weinan Natural Gas Company is 880,000 and the gasification rate is 5.1%. Deposit of RMB1,000,000 (approximately HK\$967,961) had been paid before year end date.

Contingent Liabilities

As at 31 March 2006, there were no material contingent liabilities to the Group.

Trading of Shares on the Frankfurt Stock Exchange

On 24 February 2006, the shares of the Company were admitted to the Open Market of the Frankfurt Stock Exchange (Freiverkehr). This potentially enhanced the liquidity of the shares of the Company, broaden shareholder base and enhanced the recognition of the Company in the international financial market.

財務回顧(續)

外匯波動風險

本集團之應收及應付賬款主要以美元、港元及人民幣為單位。由於港元與美元掛鈎，及人民幣之匯率相對穩定，董事認為匯兌風險並不重大。

資本承擔

於二零零六年三月三十一日，本集團訂立股權轉讓合約，據此本集團同意向渭南市城市建設總公司(「賣方」)購入渭南市天然氣公司之51%股權，暫定代價為人民幣33,000,000元(約港幣31,942,697元)，可作出若干調整。賣方亦將促使本集團取得獨家權利於中國陝西省經營天然氣供應。渭南市目前有人口約531萬人，面積1.3萬平方公里，二零零五年本地生產總值達人民幣312億元(相當於約港幣302億元)，較上年增長11.7%。隨著當地經濟的增長，未來渭南市天然氣發展潛力巨大。渭南市天然氣公司目前主要營運區域臨渭區(市政府所駐地)可供接駁天然氣人口總數達88萬人，氣化率5.1%。於年結日前已支付按金人民幣1,000,000元(約港幣967,961元)。

或然負債

於二零零六年三月三十一日，本集團並無重大或然負債。

股份於法蘭克福證券交易所買賣

於二零零六年二月二十四日，本公司股份獲納入法蘭克福證券交易所公開市場(「Freiverkehr」)買賣，此有助於增強公司股份之流通量、擴大股東基礎及增加本公司於國際金融市場之知名度。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

POST BALANCE SHEET DATE EVENTS

On 28 April 2006, the Company entered into an agreement with Deson Ventures Limited, a company incorporated in the British Virgin Islands, for the disposal of Penmark Limited, a wholly-owned subsidiary of the Company. Pursuant to the terms of Agreement, Deson Ventures Limited will pay HK\$6,500,000 as consideration and the Company has assigned the indebtedness owed by Penmark Limited in the aggregate amount of HK\$7,806,848.33 to the Deson Ventures Limited. This resulted in a loss on disposal of HK\$171,000.

On 30 May 2006, the Company and Indopark Holdings Limited, an indirect wholly-owned subsidiary of Merrill Lynch, entered into a subscription agreement, with respect to the issue of US\$40,000,000 (equivalent to approximately HK\$310,000,000) 2 per cent convertible bonds due in 2009 (the "Subscription Agreement"). Pursuant to the terms of the agreement, the Bonds can be converted into Shares at a conversion price of HK\$0.60 (adjustable). Unless previously redeemed, converted or purchased and cancelled, the Bonds shall be redeemed by the Company at 106% of their principal amount at the third anniversary of the Issue Date. The Bonds bear interest from the Issue Date at the rate of 2% per annum of the principal amount of the Bonds. The Bonds were issued on 15 June 2006, bringing more funds to the Company for the development of new projects, and further broadening the strategic investor base of the Company. It further indicates that achievement attained by the Group after business transformation was recognized by the international investment banks and they have great confidence to the future of the Group.

On 1 June 2006, the Company entered into an Equity Transfer Contract whereby the Company agreed to acquire a 50% equity associate interest in Yan Bian Hua Xin Oil Exploitation Company Limited at a consideration of HK\$30,000,000.

Yan Bian Hua Oil Exploitation Company Limited is engaged in the exploration and extraction of oil and gas in the Yanji Basin located in the Yan Bian Korean Nation Autonomous Area in Jilin Province, the PRC in cooperation with Daqing Oilfield Company. Details of the term of the Agreement was set out in the announcement dated 1 June 2006 issued by the Company.

結算日後事項

於二零零六年四月二十八日，本公司與 Deson Ventures Limited (一家於英屬處女群島註冊成立公司) 訂立協議，以出售 Penmark Limited (一家本公司全資附屬公司)。根據協議條款，Deson Ventures Limited 將支付港幣 6,500,000 元作為代價，而本公司已將 Penmark Limited 結欠負債總額港幣 7,806,848.33 元轉讓予 Deson Ventures Limited。此導致出售虧損港幣 171,000 元。

於二零零六年五月三十日，本公司與 Indopark Holdings Limited (美林集團之間接全資附屬公司) 就發行 40,000,000 美元 (相當於約港幣 310,000,000 元) 於二零零九年到期之兩厘可換股債券訂立認購協議 (「認購協議」)。根據認購協議之條款，可換股債券可按每股港幣 0.60 元之換股價 (可予調整) 轉換為股份，除非債券已被贖回、轉換或購買及註銷，否則本公司將於發行日起第三周年按可換股債券本金額之 106% 贖回可換股債券。可換股債券於發行日起按債券本金額 2% 之年息支付利息。可換股債券於二零零六年六月十五日發行，使本集團有更多之資金用於新項目拓展，並進一步擴大本集團策略投資者之基礎，亦再次表明本集團在業務轉型後所取得之成績已獲得國際知名投資銀行充分認可，並對本集團未來發展充滿信心。

於二零零六年六月一日，本公司訂立股權轉讓合約，據此本公司同意收購延邊州華新石油開發有限公司之 50% 股本聯屬權益，代價為港幣 30,000,000 元。

延邊州華新石油開發有限公司主要與大慶油田公司合作在中國吉林省延邊朝鮮族自治州勘探開發延吉盆地之石油及天然氣資源。協議條款詳情載於本公司二零零六年六月一日刊發之公告。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

POST BALANCE SHEET DATE EVENTS (Continued)

Because the legal procedures of completing the acquisition are not yet finalised, management is still in the progress of gathering accounting information to determine the effect of business combination on the consolidated financial statements.

Yanji Basin covers an area of 403 sq. km. with rich oil and natural gas reserves. The total volume of oil reserves in the basin is estimated at 50 million tons during the second resources evaluation for the basin and it is estimated at 121.6 million tons using the basin analog method for calculation. In addition, it is initially confirmed that natural gas reserves to be submitted were around 1 billion to 5 billion cubic meters in the contract area.

On 8 June 2006, the Group entered into an Equity Transfer Contract whereby the Group agreed to acquire a 70% equity interest in a natural gas business at Yanliang District, Xian at a consideration of RMB42,500,000 (HK\$41,062,802) and formation of new joint venture company. Because the legal procedures of completing the acquisition is not yet finalised, management is still in the progress of gathering accounting information to determine the effect of business combination on the consolidated financial statements.

The new JV Company will engage in the sales distribution of natural gas, design of gas pipeline and related maintenance in the Yanliang District, Xian, Shaanxi province, the PRC. Details of the term of the Agreement was set out in the circular dated 3 July 2006 issued by the Company.

Yanliang District of Xian City is an aviation industrial city in the PRC, with a total of approximately 240,000 residents. It is an integrated aviation base comprising aircraft design and manufacturing, pilot flight testing and scientific research and training. The largest aircraft manufacturer in the PRC, Xian Aircraft Industry (Group) Co. Ltd. and many other enterprises and scientific research institutions are located in the district. In August 2004, the National Development and Reform Commission of the PRC approved the establishment of Yanliang District as the national aviation high-tech industry base, covering an area of approximately 40 square kilometers. The local government intends to take three to five years to build the base as one of the biggest aviation industry region in Asia.

結算日後事項(續)

由於完成收購之法律程序尚未落實，管理層現仍在收集會計資料以釐定於綜合財務報表上業務合併之影響。

延吉盆地油田開發面積403平方公里，石油天然氣資源儲量豐富，第二次資源評價對延吉盆地計算之儲量約0.5億噸，採用盆地模擬進行計算儲量約1.216億噸，另初步確定合同區可提交之天然氣儲量為10至50億立方米。

於二零零六年六月八日，本集團訂立股權轉讓合約，據此本集團同意收購在西安市閻良區天然氣業務70%之股權，代價為人民幣42,500,000元(港幣41,062,802元)及成立一間新合營公司。由於完成收購之法律程序尚未落實，管理層現仍在收集會計資料以釐定於綜合財務報表上業務合併之影響。

新合營公司主要於中國陝西省西安市閻良區從事天然氣銷售及分銷、天然氣管道設計及相關之維修。協議條款詳情載於本公司二零零六年七月三日刊發之通函。

西安市閻良區是中國航空工業城市，總人口約24萬人，是中國集飛機設計研究、生產製造、試飛鑒定和科研教學為一體之航空工業基地，區內有全國最大飛機製造企業西安飛機工業(集團)有限責任公司及眾多企業和科研院所。二零零四年八月，國家發展改革委員會批准西安市閻良區設立國家航空高技術產業基地，規劃面積約40平方公里，當地政府擬用三至五年時間將基地建設為亞洲區最大航空產業基地。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

POST BALANCE SHEET DATE EVENTS (Continued)

On 18 July 2006, the Group entered an agreement with Tong Xin Energy whereby the parties agreed to form a Joint Venture Company in Huaihua City of Hunan province in the PRC. The registered capital of the Joint Venture Company is RMB18,180,000 (approximately HK\$17,650,485) of which a 55% and a 45% equity interest will be held by the Group and Tong Xin Energy respectively. After the formation of the JV Company, it will principally engage in the business of installation and supply of natural gas and the sell of liquefied petroleum gas in Huaihua City of Hunan province in the PRC.

Because the legal procedures of completing the acquisition are not yet finalised, management is still in the progress of gathering accounting information to determine the effect of business combination on the consolidated financial statements.

The location of Huaihua City of Hunan Province is near the borders of Hunan, Guangxi and Guizhou provinces, making it an important traffic hub and logistics centre in the central region of the PRC. Huaihua City has a total population of 5.1 million with approximately 400,000 located in the urban area.

EMPLOYEES

As at 31 March 2006, the Group had 518 employees, of which 514 were based in the PRC.

The remuneration policy and package of the Group's employees are reviewed and approved by the directors after consulting the Remuneration Committee. Apart from pension funds, individual employees may be granted discretionary bonus and share options as rewards for their outstanding performance.

REVIEW OF THE ANNUAL RESULTS

The Group's annual results for the year ended 31 March 2006 have been reviewed by the Audit Committee of the Company and audited by the Company's auditors, Deloitte Touche Tohmatsu.

結算日後事項(續)

於二零零六年七月十八日，本集團與同心能源訂立協議，據此，雙方同意於中國湖南省懷化市成立合營公司。合營公司註冊資本為人民幣18,180,000元(約港幣17,650,485元)，當中本集團與同心能源分別佔55%與45%股權。合營公司成立後將主要在中國湖南省懷化市從事天然氣安裝及供應以及液化石油氣銷售業務。

由於完成收購之法律程序尚未落實，管理層現仍在收集會計資料以釐定於綜合財務報表上業務合併之影響。

湖南省懷化市地處湖南、廣西、貴州三省區交界處，為中國中部地區重要之交通樞紐及物流中心，總人口約510萬人，其中城市人口約40萬人。

僱員

於二零零六年三月三十一日，本集團共有518名僱員，其中514名駐於中國。

本集團僱員薪酬政策及待遇皆由董事會經諮詢薪酬委員會後審議及批准。除退休金外，個別僱員可因工作表現出色而獲派發酌情花紅及購股權以作獎勵。

審閱全年業績

本集團截至二零零六年三月三十一日止年度之全年業績已經本公司審核委員會審閱，並由本公司核數師德勤•關黃陳方會計師行審核。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

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

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

PROSPECTS

Distribution, Supply and Installation of Piped Natural Gas Business

It is expected that China's economy will maintain a constant, stable and rapid growth, and the pace of industrialization, modernization, urbanization, marketization and internationalization will speed up further. Industrialization, urbanization and upgrade in the consumption structure of urban and rural residents is one of the main factors which promote China's economy to grow constantly and drive the consumption of energies such as petroleum and natural gas to grow. According to the 2005 National Economy and Social Development Statistics, the population of the mainland China in 2005 was 1.3 billion, urban population increased to 0.56 billion, and the ratio of urbanization rose to 43%. Pursuant to global urbanization development practices, once the urbanization ratio of a country is above 30%, its urbanization will enter into an accelerating development period. It is anticipated that China's population will reach 1.46 billion in 2020, and the urbanization ratio will be about 60%, and China's urbanized population will increase by more than 0.3 billion in next fifteen years. The increase in urban population will maintain a long term strong demand for infrastructure construction and investment including city gas, which, especially natural gas has become a sign of the urbanization of a region and an improvement in living quality of urban residents.

購買、出售及贖回本公司之上市證券

年內，本公司及任何其附屬公司概無購買、出售及贖回任何本公司上市證券。

前景展望

分銷、供應及安裝管道天然氣業務

預計未來中國經濟仍將持續、平穩、快速增長，工業化、現代化、城市化、市場化、國際化步伐將進一步加快。工業化、城市化及城鄉居民消費結構升級是推動中國經濟持續增長並帶動石油、天然氣等能源消耗需求增長的主要動因之一。二零零五年中國國民經濟和社會發展統計公報顯示，二零零五年中國大陸人口達13億，城鎮人口增至5.6億，城市化率增至43%。按照世界城市化發展慣例，一個國家城市化率達到30%以上，城市化便進入加速發展期。預計中國人口將在二零二零年達到14.6億，城市化率將達到60%左右，未來十五年中國城市化人口將增加3億以上。城市人口的增加將對包括城市燃氣在內的基礎設施建設與投資保持長期旺盛的需求，城市燃氣尤其是天然氣已成為一個地區城市化及城市居民生活質量提高的標誌之一。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

PROSPECTS (Continued)

Distribution, Supply and Installation of Piped Natural Gas Business (Continued)

The Chinese government recently put forward a sustainable development strategy and put great emphasis on environment protection. It actively supports and encourages residents and industrial and commercial enterprises to use natural gas, to satisfy a strong demand for energy consumption driven by economic growth, make up for the shortage of petroleum supply and reduce environment pollution resulting from burning coal. Natural gas is featured by safety, high efficiency, environment protection and low price. It increasingly becomes the best clean energy to reduce the environment pollution and make up for the shortage of petroleum supply in the twenty-first century. With the steady growth of the China's economy, the continual increase in per capita national income, and the constant rise in urbanization and industrialization level and the continuous improvement in environment protection standard, natural gas will gradually replace coal and petroleum as the main energy used by Chinese urban residents and industrial and commercial enterprises. According to the data of Organization of the Petroleum Exporting Countries, in the current world energy consumption structure, natural gas accounts for approximately 21%. By 2025, this percentage will rise to approximately 30%. According to the forecast from Energy Study Institute of State Development and Reform Commission, the growth rate of the demand for natural gas in China will obviously outpace that of coal and petroleum in the next 20 years. By 2010, consumption of natural gas as a percentage of one-off consumed energy will increase to approximately 6%, and to further approximately 10% by 2020. The demand for natural gas will reach 93.8 billion cubic meters and 203.7 billion cubic meters respectively by that time. Therefore, there is a huge room for market development for natural gas business.

前景展望(續)

分銷、供應及安裝管道天然氣業務(續)

中國政府近年提出可持續發展戰略並對環境保護高度重視，積極支持和鼓勵居民和工商業企業使用天然氣，以滿足因經濟增長所帶動的對能源消費的強勁需求，彌補石油供給不足和減少燃燒煤炭所帶來的環境污染。天然氣具有安全、高效、環保、低價的特點，正日益成為二十一世紀減少環境污染、彌補石油供應短缺之最佳清潔能源。隨著中國經濟持續增長，人均國民收入不斷增加，城市化、工業化水平以及環保標準的不斷提高，天然氣將逐步取代煤炭、替代石油成為中國城市居民、工商業企業使用的主要能源。根據石油輸出國組織數據，在目前的世界能源消費結構中，天然氣約佔21%，到二零二五年，這一比例將上升到約30%。根據國家發展改革委員會能源研究所的預測，未來20年中國天然氣需求增長速度將明顯超過煤炭和石油。到二零一零年，天然氣在一次性能源消費結構的比重將增加到6%左右，到二零二零年，將進一步增至10%左右，屆時天然氣需求量估計將分別達到938億立方米和2,037億立方米。因此，天然氣業務具有較大的市場發展空間。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

PROSPECTS (Continued)

Exploitation of Petroleum and Natural Gas Resources Business

The constant and rapid economic growth of China in recent years has sustained a strong demand for energy including petroleum and natural gas, and China has become the world's second largest petroleum consumption country next to the United States. However, the total petroleum supply is far below total petroleum consumption, and the contradiction of supply shortage is prominent increasingly. According to the 2005 National Economy and Social Development Statistics, in 2005, China's petroleum output was 181 million tons, while petroleum consumption was 300 million tons, with approximately 40% of petroleum depending on imports. This fully showed the shortage of petroleum production to consumption. China's total consumption of petroleum and natural gas in the future will still be increasing with the steady growth of the economy, and the shortages of petroleum and natural gas supply will become even more acute. Therefore, strengthening the exploration and exploitation of domestic petroleum and natural gas would be an important approach of solving China's petroleum supply shortage and reducing the dependence on import of petroleum being a strategic resource. Under the situation that international crude oil price continues to maintain a high level trend, exploitation of petroleum and natural gas resources business has a broad market development outlook.

Lottery Operating System Supply and Ancillary Services

In 2005, the sales of lottery market in China broke through RMB70 billion with its total volume climbed to the ninth place in the world. In view of the continuous economic development in China that stimulates per capita income and the consumption power of the domestic residents, the lottery market in China will develop rapidly, and thus bring about huge demand for the lottery operating system supply and ancillary services of the Group.

Looking ahead, the Group will further develop several business areas including distribution, supply and installation of piped natural gas, exploitation of oil and gas resources, and lottery, to create maximum value for its shareholders.

Mo Shikang

Managing Director

Hong Kong, 1 September 2006

前景展望(續)

石油及天然氣資源開發業務

中國近年來經濟持續、快速增長，對石油及天然氣等能源具有強勁的需求，已成為僅次於美國的世界第二大石油消費大國，然而石油供給總量遠低於石油消費總量，供給短缺的矛盾日益突出，二零零五年中國國民經濟和社會發展統計公報顯示，二零零五年中國石油產量1.81億噸，石油消費量3.0億噸，石油對外依賴度達40%左右，充分顯示石油生產對消耗的不足。未來中國石油、天然氣的消耗總量仍將隨著經濟持續增長而不斷增加，石油、天然氣供給短缺的矛盾將進一步加大，因此，加強對國內石油、天然氣的勘探開發應是解決中國石油供給短缺、減輕石油戰略資源對外依賴度的重要途徑之一，在未來國際原油價格繼續維持高位走勢格局下，石油天然氣資源開發業務具有廣闊的市場發展前景。

彩票作業系統供應及配套服務

二零零五年中國彩票市場銷售額一舉突破人民幣700億元，總量攀升至世界第9位。鑒於中國經濟持續增長帶動國內居民人均收入及消費能力全面上升，中國彩票市場未來將高速發展，從而為本集團之彩票作業系統供應及配套服務帶來殷切之需求。

展望未來，本集團將在分銷、供應及安裝管道天然氣、油氣資源開發、彩票等業務領域深入發展，為股東創造最大價值。

董事總經理

莫世康

香港，二零零六年九月一日

BIOGRAPHY OF DIRECTORS

董事之履歷

EXECUTIVE DIRECTORS

Mr. Xu Ruixin, aged 65, is the Honourable Chairman of the Board and an Executive Director of the Company. Mr. Xu is currently the Chairman of the China Association of Social Workers. He was a Vice Minister of the Ministry of Civil Affairs of the People's Republic of China and a member of the Ministry's Party Organization Department. He joined the Company on 11 April 2005.

Mr. Liu Jing, aged 46, is the Chairman of the Board and an Executive Director of the Company. Mr. Liu holds an international Executive MBA degree from the Peking University. He is currently the Chairman of the Zhongmin group, Publisher of Public Welfare Times (公益時報), a member of the Communist Party Committee of the Ministry of Civil Affairs of the People's Republic of China, a Standing Committee member of the China Association of Social Worker, the Standing Vice Chairman of the China Committee of Corporate Citizenship and the Vice Chairman of Lottery Committee. Mr. Liu has been working in the Ministry of Civil Affairs of the People's Republic of China for 26 years, during which he held duties in various departments, including the General Office, the City Welfare Department, Central and Public Welfare Department (中福公司), the Government Offices Administration, and the Press Department. He has over 15 years experience in operational management, of which over 11 years involving in top management for big enterprises. Mr. Liu has substantial experience in investment, media, sales and marketing, import and export trade, real estate development, project management and tourism. He joined the Company on 11 April 2005.

Mr. Mo Shikang, aged 48, is the Managing Director and Executive Director of the Company. He is also a member of the remuneration committee of the Company. He holds a Bachelor degree in Natural Sciences from Tianjin Education University, a Master degree in Economics from Tianjin University of Finance & Economics and a Doctor degree in Economics from Nankai University. Mr. Mo has substantial experience in the development and management of natural gas projects in the PRC. He joined the Company on 30 April 2004. He is also a Director and President of 北京中民燃氣有限公司 (Beijing Zhong Min Gas Co. Ltd.), a wholly-owned subsidiary of the Company.

執行董事

徐瑞新先生，現年六十五歲，為董事會榮譽主席兼執行董事。徐先生目前擔任中國社會工作者協會會長。徐先生曾任中華人民共和國民政部副部長及民政部黨組成員。徐先生於二零零五年四月十一日加入本公司。

劉京先生，現年四十六歲，為本公司董事會主席兼執行董事。劉先生持有北京大學頒發之國際工商管理行政碩士學位。彼目前擔任中民集團董事長、公益時報社長、中華人民共和國民政部機關黨委委員、中國社會工作者協會常務理事、企業公民委員會常務副會長及彩票工作委員會副會長。劉先生於中華人民共和國民政部任職26年，先後任職辦公廳、城市福利司、中福公司、機關事務管理局、報社等部門。劉先生於經營管理擁有超過15年經驗，其中11年以上擔任大型企業最高管理層。劉先生於投資、傳媒、市場營銷、進出口貿易、房地產開發、項目管理及旅遊業等方面擁有豐富經驗。劉先生於二零零五年四月十一日加入本公司。

莫世康先生，現年四十八歲，為本公司董事總經理兼執行董事，莫先生亦為本公司薪酬委員會成員。彼持有天津師範大學頒發之自然科學學士學位、天津財經大學頒發之經濟學碩士學位及南開大學頒發之經濟學博士學位。莫先生於中國發展及管理天然氣項目方面擁有豐富經驗。莫先生於二零零四年四月三十日加入本公司。莫先生亦為本公司全資附屬公司北京中民燃氣有限公司董事兼總裁。

BIOGRAPHY OF DIRECTORS

董事之履歷

EXECUTIVE DIRECTORS (Continued)

Mr. Zhu Peifeng, aged 49, is a Deputy Chairman of the Board and an Executive Director of the Company. Mr. Zhu holds a Bachelor degree from Shanghai Maritime Transportation University, and a Master degree from Tongji University in Shanghai. He had worked as General Manager of the Shenzhen branch of Guotai Securities Company Limited, General Manager of the international business headquarter of Guotai Junan Securities Company Limited, General Manager of the institutional customer services headquarter of Guotai Junan Securities Company Limited, Executive Director of Guotai Junan Financial Holdings Company Limited, Director of Guotai Junan Securities (Hong Kong) Company Limited, Director of Guotai Junan Assets Management (Asia) Limited, and Chairman of the Board of Harvest China Equities Investment Company Limited. Mr. Zhu joined the financial securities industry in 1992 and has worked over 10 years for Bank of Communications, Guotai Securities Company Limited, and Guotai Junan Securities Company Limited. He has extensive practical experience in the capital markets of Mainland China and Hong Kong. He joined the Company on 21 March 2005.

Mr. Zhang Hesheng, aged 52, is a Deputy Chairman of the Board and an Executive Director of the Company. He is also the chairman of the remuneration committee of the Company. Mr. Zhang holds a MBA degree from the Latrobe University in Australia. He joined the emerging financial securities industry in China in late 1980s, and had engaged in the top management position in the areas of securities and financial investment, securities brokerages, investment banking, financial research and analysis for various companies such as Wanguo Holdings Limited, Guotai Securities Company Limited and Guotai Junan Securities Company Limited. Mr. Zhang has extensive experience in the financial industry and substantial working experience in the financial capital market. He joined the Company on 21 March 2005.

Mr. Jin Song, aged 34, is an Executive Director of the Company. Mr. Jin holds a Bachelor degree in Computer Science from Tianjin University of Technology and a MBA degree from Oklahoma City University. He had engaged in marketing and project management for Shenzhen Huawei Technologies Co. Ltd., and had worked for years in investment banking business for Guangzhou Security Company Limited and Huatai Securities Co. Ltd. He is currently a Director and a Vice President of 北京中民燃氣有限公司 (Beijing Zhong Min Gas Co. Ltd.) and is responsible for the investment and merger and acquisition businesses. Mr. Jin has substantial experience in investment banking as well as merging and acquisition of gas enterprises in the PRC. He joined the Company on 11 April 2005.

執行董事(續)

朱培風先生，現年四十九歲，為董事會副主席兼執行董事。朱先生擁有上海海運學院學士學位，上海同濟大學碩士學位。朱先生曾擔任國泰證券有限公司深圳分公司總經理、國泰君安證券股份有限公司國際業務總部總經理、國泰君安證券股份有限公司機構客戶服務總部總經理、國泰君安金融控股有限公司執行董事、國泰君安證券(香港)有限公司董事、國泰君安資產管理(亞洲)有限公司董事、Harvest China Equities Investment Company Limited董事局主席等職。朱先生於一九九二年加入金融證券界，曾任職交通銀行、國泰證券有限公司、國泰君安證券股份有限公司十餘年。朱先生於中國內地及香港資本市場擁有豐富的實際工作經驗。朱先生於二零零五年三月二十一日加入本公司。

張和生先生，現年五十二歲，為本公司董事會副主席兼執行董事，張先生亦為本公司薪酬委員會主席。張先生擁有澳洲Latrobe大學工商管理碩士學位。彼於80年代後期投身中國初創的金融證券業，先後在萬國證券公司、國泰證券有限公司、國泰君安證券有限公司等從事證券金融投資、證券經紀、投資銀行及財務分析研究等證券公司業務，並擔任高級經營管理職務。張先生具有資深金融業從業經歷和豐富的金融資本市場經驗。張先生於二零零五年三月二十一日加入本公司。

靳松先生，現年三十四歲，為本公司執行董事。靳先生擁有天津理工學院計算機系理學學士學位及Oklahoma City University工商管理碩士學位。彼曾於深圳華為技術有限公司從事市場計劃、項目管理工作；於廣州證券有限公司及華泰證券有限公司從事投資銀行業務多年。彼現任北京中民燃氣有限公司董事兼副總裁，負責投資、合併及收購業務。靳先生在中國的投資銀行業務以及燃氣企業併購方面擁有豐富經驗。靳先生於二零零五年四月十一日加入本公司。

BIOGRAPHY OF DIRECTORS

董事之履歷

EXECUTIVE DIRECTORS (Continued)

Mr. Yan Wing Cheung, aged 41, is an Executive Director, Financial Controller and Qualified Accountant of the Company. He is responsible for the overall supervision on the accounting and financial reporting procedures and internal controls and compliance of the Company and its subsidiaries. Mr. Yan graduated from the Hong Kong Polytechnic with a Professional Diploma in Accountancy. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and an associate member of the Chartered Institute of Management Accountants, and has over 17 years of experience with regard to accounting-related, auditing and financial reporting issues. Mr. Yan had worked in several renowned international audit firms and had also assumed the position of financial controller of a US multi-national Company. He joined the Company on 15 July 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Junmin, aged 56, is an Independent Non-executive Director of the Company. He is also a member of the audit committee and remuneration committee of the Company. He holds a Bachelor degree, a Master degree and a PhD degree in Economics from Nankai University. He is currently a Professor of the School of Economics of Nankai University, a Director of the Virtual Economics & Management Research Center of Nankai University, the President of the Tianjin branch of China Foreign Economics Research Association (中華外國經濟學研究會), a member of the Tianjin Academic Degree Committee as well as Independent Director of Tianjin Faw Xiali Automobile Co. Ltd. He was awarded the "Sun Yefang Economics Prize." He joined the Company on 11 April 2005.

Mr. Tan Qinglian, aged 68, is an Independent Non-executive Director of the Company. He is also a member of the audit committee and remuneration committee of the Company. He is the Member of the 10th National Committee of the Chinese People's Political Consultative Conference and President of China Civil Engineering Society. He was once the Vice Minister of the Ministry of Construction of the People's Republic of China. He joined the Company on 11 April 2005.

執行董事(續)

甄永祥先生，現年四十一歲，為本公司執行董事、財務總監兼合資格會計師。甄先生負責就本公司及其附屬公司之會計及財務申報程序、內部監控以及是否遵守規定進行整體管理。甄先生自香港理工學院畢業，獲頒會計學專業文憑。甄先生為特許公認會計師公會及香港會計師公會資深會員，以及英國特許管理會計師公會會員，其於有關會計、審核及財務申報事宜擁有逾17年經驗。甄先生曾任職多家著名國際會計師行，亦曾擔任一家美資跨國公司之財務總監。甄先生於二零零五年七月十五日加入本公司。

獨立非執行董事

劉駿民先生，現年五十六歲，為本公司獨立非執行董事，亦為本公司審核委員會及薪酬委員會成員。劉先生擁有南開大學經濟學學士、碩士及博士學位。彼現任南開大學經濟學院教授、南開大學虛擬經濟與管理研究中心主任；兼任中華外國經濟學研究會天津分會理事長、天津市學位委員會委員、一汽天津夏利公司獨立董事。彼曾獲頒「孫冶芳經濟學獎」。劉先生於二零零五年四月十一日加入本公司。

譚慶璉先生，現年六十八歲，為本公司獨立非執行董事，亦為本公司審核委員會及薪酬委員會成員。彼為第十屆全國政協委員及中國土木工程學會理事長，曾任中華人民共和國建設部副部長。譚先生於二零零五年四月十一日加入本公司。

BIOGRAPHY OF DIRECTORS

董事之履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Mr. Wong Shing Kay, Oliver, age 54, is an Independent Non-executive Director of the Company. He is also the chairman of the audit committee and a member of the remuneration committee of the Company. He is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants and an associate member of Certified General Accountants of Canada. Mr. Wong had worked in various renowned auditing firms in Hong Kong with over 17 years of experience in handling auditing, financial accounting and taxation matters. He also assumed the duty of financial controller for many listed companies in both Hong Kong and Canada during the past ten years. Mr. Wong is presently practising as a Certified Public Accountant in Hong Kong. He is knowledgeable with expertise in financial accounting, taxation, import-export business and company management. Mr. Wong is also an independent non-executive director and a member of audit committee of Deson Development International Holdings Limited (stock code: 262). He joined the Company on 27 September 2004.

獨立非執行董事(續)

黃承基先生，現年五十四歲，為本公司獨立非執行董事，亦為本公司審核委員會主席及薪酬委員會成員。黃先生為英國特許公認會計師公會資深會員，香港會計師公會資深會員及加拿大註冊會計師。彼曾經在香港多間具規模之會計師事務所工作超過17年，具備豐富的審計、財務會計及稅務處理經驗。彼於過去十年亦曾出任多間香港及加拿大上市公司之財務總監職位。彼現於香港以註冊會計師身份執業。黃先生對於財務會計、稅務、進出口業務及公司管理均有深厚之認識。黃先生亦於迪臣發展國際集團有限公司(股份代號：262)擔任獨立非執行董事及審核委員會成員。黃先生於二零零四年九月二十七日加入本公司。

REPORT OF THE DIRECTORS

董事會報告

The directors present their report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in the distribution, supply and installation of piped natural gas business in the PRC and the holding and leasing of properties in the PRC and the provision of welfare lottery operating systems and ancillary services. The principle activities of its subsidiaries are set out in note 37 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2006 are set out in the consolidated income statement on page 50.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2006 (2005: nil).

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired and disposed of property, plant and equipment of HK\$119,363,000 and HK\$27,000 respectively.

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

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 26 to the financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statements of changes in equity on page 53.

DISTRIBUTABLE RESERVES

As at 31 March 2006, the Company did not have any distributable reserve.

董事會謹提呈本公司及其附屬公司（「本集團」）截至二零零六年三月三十一日止年度之年報及經審核財務報表。

主要業務

本公司為一間投資控股公司。本集團主要從事在中國分銷、供應及安裝管道天然氣、在中國從事物業持有和租賃以及提供福利彩票營運系統及輔助服務。其附屬公司之主要業務載於財務報表附註37。

業績及股息

本集團截至二零零六年三月三十一日止年度之業績載於第50頁之綜合收益表。

董事不建議派付截至二零零六年三月三十一日止年度之末期股息（二零零五年：無）。

物業、廠房及設備

於本年度，本集團收購及出售港幣119,363,000元及港幣27,000元之物業、廠房及設備。

本集團及本公司之物業、廠房及設備於本年度之變動詳情載於財務報表附註15。

股本

本公司股本於本年度之變動詳情載於財務報表附註26。

儲備

年內本集團之儲備變動詳情載於第53頁綜合權益變動表。

可供分派儲備

於二零零六年三月三十一日，本公司並無可供分派儲備。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS

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

Executive directors:

Xu Ruixin (*Honourable Chairman*)
(appointed on 11 April 2005)
Liu Jing (*Chairman*)
(appointed on 11 April 2005)
Mo Shikang (*Managing Director*)
Zhang Hesheng (*Deputy Chairman*)
Zhu Peifeng (*Deputy Chairman*)
Jin Song
(appointed on 11 April 2005)
Yan Wing Cheung
(appointed on 15 July 2005)
Ong Chi King
(resigned on 15 July 2005)
Wang Ke Duan
(resigned on 11 April 2005)
Tjia Boen Sien
(resigned on 11 April 2005)
Wang Jing Ning
(resigned on 11 April 2005)
Keung Kwok Cheung
(resigned on 11 April 2005)
Kong Kwok Fai
(resigned on 11 April 2005)

Independent non-executive directors:

Liu Junmin
(appointed on 11 April 2005)
Tan Qinglian
(appointed on 11 April 2005)
Wong Shing Kay, Oliver
Siu Man Po
(resigned on 11 April 2005)
Wong Sin Yee
(resigned on 11 April 2005)

董事

本公司於本年度內及截至本報告之日之董事如下：

執行董事：

徐瑞新 (*榮譽主席*)
(於二零零五年四月十一日獲委任)
劉京 (*主席*)
(於二零零五年四月十一日獲委任)
莫世康 (*董事總經理*)
張和生 (*副主席*)
朱培風 (*副主席*)
靳松
(於二零零五年四月十一日獲委任)
甄永祥
(於二零零五年七月十五日獲委任)
王子敬
(於二零零五年七月十五日辭任)
王克端
(於二零零五年四月十一日辭任)
謝文盛
(於二零零五年四月十一日辭任)
王京寧
(於二零零五年四月十一日辭任)
姜國祥
(於二零零五年四月十一日辭任)
江國輝
(於二零零五年四月十一日辭任)

獨立非執行董事：

劉駿民
(於二零零五年四月十一日獲委任)
譚慶璉
(於二零零五年四月十一日獲委任)
黃承基
蕭文波
(於二零零五年四月十一日辭任)
黃倩儀
(於二零零五年四月十一日辭任)

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS (Continued)

In accordance with Bye-Law 99 of the Company's Bye-Laws, Mr. Mo Shikang, Mr. Zhang Hesheng, Mr. Zhu Peifeng and Mr. Wong Shing Kay, Oliver will retire by rotation at the forthcoming annual general meeting and, being eligible, Mr. Mo Shikang, Mr. Zhang Hesheng and Mr. Zhu Peifeng will offer themselves for re-election at the forthcoming annual general meeting, but Mr. Wong Shing Kay, Oliver will not offer himself for re-election at the forthcoming annual general meeting. Therefore the Company proposes to appoint Mr. Chan Chuk Cheung Ivan as the new independent non-executive director at the forthcoming Annual General Meeting to fill the vacancy arising therefrom.

DIRECTORS' SERVICE CONTRACTS

No proposed director for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

董事(續)

根據本公司之公司細則第99條規定，莫世康先生、張和生先生、朱培風先生及黃承基先生將於即將舉行之股東週年大會上輪席告退並符合資格重選連任；莫世康先生、張和生先生及朱培風先生等願意於應屆股東週年大會上膺選連任，但黃承基先生不會於即將舉行之股東週年大會上膺選連任。因此，本公司建議於應屆股東週年大會上委任陳祝祥先生為新任獨立非執行董事，以填補由此產生之臨時空缺。

董事服務合約

概無任何建議於應屆股東週年大會上重選之董事已訂立本集團不可於一年內無須支付賠償(法定賠償除外)而予以終止之服務合約。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2006, the interests of the directors and their associates in the shares and share options of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) Issued shares

Name 名稱	Capacity 身份	Number of shares 股份數目	Approximate percentage of the Company's issued share capital 本公司已發行股本之概約百分比
Super Win Development Limited ("Super Win")	Beneficial owner 實益擁有人	1,100,798,538	38.15%
Asian Allied Limited ("Asian Allied")	Through a controlled corporation (Note 1) 通過所控制公司持有 (附註1)	1,100,798,538	38.15%
Mr. Mo Shikang 莫世康先生	Through controlled corporations (Note 1 and 2) 通過所控制公司持有 (附註1及2)	1,100,798,538	38.15%

Notes:

- Asian Allied is interested in the same block of 1,100,798,538 shares registered under the name of Super Win, its wholly-owned subsidiary.
- Mr. Mo Shikang is the beneficial owner of 42.75% of the issued share capital of Asian Allied. Pursuant to the provisions of Part XV of the SFO, Mr. Mo Shikang is deemed to be interested in the same block of 1,100,798,538 shares in which Asian Allied has an attributable interest.

董事於股份及相關股份之權益

於二零零六年三月三十一日，根據證券及期貨條例第352條本公司存置之登記冊所記錄，或根據上市公司董事進行證券交易之標準守則須知會本公司及香港聯合交易所有限公司（「聯交所」），有關董事及彼等之聯繫人士於本公司或其聯營公司之股份及購股權之權益如下：

(a) 已發行股份

附註：

- Asian Allied於以Super Win（其全資附屬公司）之名義登記之同一批1,100,798,538股股份中擁有權益。
- 莫世康先生為Asian Allied之已發行股本42.75%之實益擁有人。根據證券及期貨條例第XV部，莫世康先生被視為於Asian Allied佔有權益之同一批1,100,798,538股股份中擁有權益。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

董事於股份及相關股份之權益(續)

(b) Shares Options

(b) 購股權

Name 名稱	Capacity 身份	Number of Options 購股權數目	Closing price before date of grant 授出日期 前收市價	Exercise period 行使期	Exercise price per share 每股行使價 (HK\$) (港元)
Liu Jing 劉京	Beneficial owner 實益擁有人	26,000,000	0.365	12 October 2005 to 3 April 2007 二零零五年十月十二日至 二零零七年四月三日	0.365
Mo Shikang 莫世康	Beneficial owner 實益擁有人	2,600,000	0.365	12 October 2005 to 3 April 2007 二零零五年十月十二日至 二零零七年四月三日	0.365
Zhu Peifeng 朱培風	Beneficial owner 實益擁有人	2,600,000	0.365	12 October 2005 to 3 April 2007 二零零五年十月十二日至 二零零七年四月三日	0.365
Zhang Hesheng 張和生	Beneficial owner 實益擁有人	2,600,000	0.365	12 October 2005 to 3 April 2007 二零零五年十月十二日至 二零零七年四月三日	0.365
Jin Song 勒松	Beneficial owner 實益擁有人	26,000,000	0.365	12 October 2005 to 3 April 2007 二零零五年十月十二日至 二零零七年四月三日	0.365
Yan Wing Cheung 甄永祥	Beneficial owner 實益擁有人	26,000,000	0.395	17 May 2006 to 3 April 2007 二零零六年五月十七日至 二零零七年四月三日	0.400

Save as disclosed above, none of the directors nor their associates had any interests in any shares and underlying shares of the Company or any of its associated corporations as at 31 March 2006.

除以上披露者外，於二零零六年三月三十一日，概無任何董事或其聯繫人士於本公司或其任何相關法團之任何股份或相關股份中擁有任何權益。

REPORT OF THE DIRECTORS

董事會報告

SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 27 to the financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 36 to the financial statements, there are no contracts of significance to which the Company, any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

購股權計劃

本公司之購股權計劃之詳情載於財務報表附註27。

購買股份或債券之安排

於本年度任何時間，本公司、其任何附屬公司或同集團附屬公司並無訂立任何安排，致使本公司董事可藉購入本公司或任何其他法團之股份或債券而獲益。

董事於重大合約之權益

除財務報表附註36所披露者外，概無本公司、其任何附屬公司或同集團附屬公司訂立，而本公司董事(不論直接或間接地)擁有重大權益之任何重大合約於年終或本年度任何時間仍然有效。

REPORT OF THE DIRECTORS

董事會報告

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2006, according to the register maintained by the Company pursuant to Section 336 of the SFO, the following persons were, directly or indirectly, beneficially interested in 5% or more of the issued share capital and share options of the Company.

主要股東

於二零零六年三月三十一日，根據本公司按證券及期貨條例第336條所存置之登記冊，以下人士直接或間接地實益擁有本公司已發行股本及購股權之5%或以上權益：

Name of shareholder 股東名稱	Capacity and nature of interest 權益身份及性質	Number of shares held 持有股份數目	Number of underlying shares (under equity derivatives of the Company) 相關股份數目 (本公司股本衍生工具項下)	Aggregate interest 權益總額	Percentage of the Company's issued share capital 佔本公司已發行股本百分比
Super Win	Directly beneficially owned 直接實益擁有	1,100,798,538	–	1,100,798,538	38.15%
Asian Allied	Through a controlled corporation (Note 1) 通過所控制公司持有 (附註1)	1,100,798,538	–	1,100,798,538	38.15%
Mr. Mo Shikang 莫世康先生	Through controlled corporations (Note 1 and 2) 通過所控制公司持有 (附註1及2)	1,100,798,538	2,600,000	1,103,398,538	38.24%
Equator View Capital ("Equator View")	Directly beneficially owned (Note 3) 直接實益擁有 (附註3)	73,843,570	217,490,318	291,333,888	10.10%
DKR Soundshore Oasis Holding Fund Limited ("DKR Soundshore")	Through a controlled corporation (Note 4) 通過所控制公司持有 (附註4)	73,843,570	217,490,318	291,333,888	10.10%
DKR Oasis Management Co. LP ("DKR Oasis Management")	Investment Manager 投資經理	73,843,570	217,490,318	291,333,888	10.10%
DKR Capital Partners LP ("DKR Capital")	Through controlled corporations (Note 5) 通過所控制公司持有 (附註5)	73,843,570	217,490,318	291,333,888	10.10%
DKR Management Co. Inc. ("DKR Management")	Through controlled corporations (Note 5) 通過所控制公司持有 (附註5)	73,843,570	217,490,318	291,333,888	10.10%
DKR Capital Inc.	Through controlled corporations (Note 5) 通過所控制公司持有 (附註5)	73,843,570	217,490,318	291,333,888	10.10%
Oasis Management Holdings LLC ("Oasis Management")	Through controlled corporations (note 6) 通過所控制公司持有 (附註6)	73,843,570	217,490,318	291,333,888	10.10%

REPORT OF THE DIRECTORS

董事會報告

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

1. Super Win holds 1,100,798,538 shares in the Company. By virtue of Super Win being a wholly-owned subsidiary of Asian Allied, Asian Allied is deemed to be interested in the 1,100,798,538 shares held by Super Win.
2. Mr. Mo Shikang is the beneficial owner of 42.75% of the issued share capital of Asian Allied. Pursuant to the provisions of Part XV of the SFO, Mr. Mo Shikang is deemed to be interested in the same block of 1,100,798,538 shares in which Asian Allied has an attributable interest.
3. Equator View entered into a conditional subscription agreement with the Company on 7 September 2005 to subscribe for US\$20,000,000 convertible bonds (the "Convertible Bonds") from the Company. The Convertible Bonds were issued to Equator View on 28 October 2005. On 31 March 2006, the outstanding principal amount of the Convertible Bonds are US\$10,000,000.
4. Equator View interests in 291,333,888 shares in the Company. By virtue of Equator View being a 95% owned subsidiary of DKR Soundshore. DKR Soundshore is deemed to be interested in the 291,333,888 shares held by Equator View.
5. DKR Oasis Management controls 291,333,888 shares owned by Equator View. By virtue of DKR Oasis Management being a 51% owned subsidiary of DKR Capital, and DKR Capital being 50% each owned by DKR Management and DKR Capital Inc., and DKR Management is wholly-owned by DKR Capital Inc, each of DKR Capital, DKR Management and DKR Capital Inc. is deemed to be interested in the 291,333,888 shares owned by Equator View.
6. Oasis Management is interested in 49% of the entire issued share capital of DKR Oasis Management and is therefore entitled to exercise or control the exercise of one third or more of the voting power at general meetings of DKR Oasis Management. By virtue of the provisions of Part XV of the SFO, Oasis Management is deemed to be interested in the same block of 291,333,888 shares in which DKR Oasis Management is interested.

Other than as disclosed above, the Company has not been notified of any other relevant interests in the issued share capital of the Company as at 31 March 2006.

主要股東(續)

附註：

1. Super Win 持有本公司1,100,798,538股股份。由於Super Win為Asian Allied之全資附屬公司，故Asian Allied被視為於Super Win持有之1,100,798,538股股份中擁有權益。
2. 莫世康先生為Asian Allied已發行股本之42.75%之實際擁有人。根據證券及期貨條例第XV部之規定，莫世康先生被視為於Asian Allied擁有應佔權益之同一批1,100,798,538股股份中擁有權益。
3. Equator View於二零零五年九月七日與本公司訂立一項有條件認購協議，以向本公司認購20,000,000美元可換股債券（「可換股債券」）。可換股債券於二零零五年十月二十八日發行予Equator View。於二零零六年三月三十一日，可換股債券之未償本金額為10,000,000美元。
4. Equator View於本公司之291,333,888股股份中擁有權益。由於Equator View為DKR Soundshore擁有95%權益之附屬公司，DKR Soundshore被視為於Equator View持有之291,333,888股股份中擁有權益。
5. DKR Oasis Management控制由Equator View擁有之291,333,888股股份。由於DKR Oasis Management為DKR Capital擁有51%權益之附屬公司，及DKR Capital由DKR Management及DKR Capital Inc.各自持有50%權益，及DKR Management由DKR Capital Inc.全資擁有，DKR Capital、DKR Management及DKR Capital Inc.被視為於Equator View擁有之291,333,888股股份中擁有權益。
6. Oasis Management於DKR Oasis Management之全部已發行股本之49%中擁有權益，因此Oasis Management有權在DKR Oasis Management之股東大會上行使或控制行使三分之一或以上之投票權。根據證券及期貨條例第XV部之規定，Oasis Management被視為於DKR Oasis Management擁有權益之同一批291,333,888股股份中擁有權益。

除上文所披露者外，於二零零六年三月三十一日，本公司並不獲悉本公司已發行股本中之任何其他相關權益。

REPORT OF THE DIRECTORS

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 34% of the total sales for the year, and sales to the largest customer included therein amounted to approximately 13%. Purchases from the Group's five largest suppliers accounted for approximately 79% of the total purchases for the year, and purchases from the largest supplier included therein amounted to approximately 41%.

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

COMPETITION AND CONFLICTS OF INTERESTS

None of the directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is set up by the Remuneration Committee and is based on their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 27 to the financial statements.

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

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

主要客戶與供應商

於本年度，本集團五大客戶之銷售額佔本年度總銷售額約34%，而其中最大客戶之銷售額則約佔13%。本集團向五大供應商作出之採購佔本年度採購總額約79%，而向其中最大供應商作出之採購額則約佔41%。

本公司董事或其任何聯繫人士或據董事所知擁有本公司已發行股本5%以上之任何其他股東概無於本集團五大客戶或五大供應商中擁有任何實益權益。

競爭與利益衝突

概無任何本公司董事或主要股東或任何彼等之聯繫人士參與任何與本集團業務構成競爭或可能構成競爭之業務，或與本集團有任何其他利益衝突。

酬金政策

本集團僱員的酬金政策由薪酬委員會設立，並按僱員的功勞、資歷及能力為基礎。

董事酬金由薪酬委員會經參考本公司之經營業績、個人表現及可資比較市場數據而釐定。概無任何董事或任何其聯繫人士以及行政人員參與處理其本身之薪酬。

本公司已採納一項購股權計劃，以向董事及合資格僱員提供獎勵，該計劃之詳情載於財務報表附註27。

購買、出售或贖回本公司之上市證券

年內本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

優先購買權

本公司之公司細則或百慕達法律並無關於優先購買權之規定，致令本公司必須首先按比例向現有股東發售新股份。

REPORT OF THE DIRECTORS

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best knowledge of the directors, the Company has maintained a sufficient public float during the year as required under the Listing Rules.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 35 to 47.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events of the Group are set out in note 38 to the financial statements.

AUDITORS

On 23 March 2005, Messrs. Ernst & Young, who acts as auditors for the period from 1 April 2002 to 31 March 2004, resigned and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company.

The financial statements have been audited by Messrs. Deloitte Touche Tohmatsu who will retire and being eligible, offer themselves for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to re-appoint the auditors, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

MO SHIKANG

Managing Director

Hong Kong, 1 September 2006

足夠公眾持股量

根據公開獲得之資料及據董事所知，本公司於年內已按上市規則之規定維持足夠公眾持股量。

企業管治

本公司之企業管治常規之詳細資料載列於第35至47頁之企業管治報告。

年度獨立性確認

本公司已根據上市規則第3.13條收到各獨立非執行董事之年度獨立性確認書。本公司認為所有獨立非執行董事均為獨立人士。

結算日後事項

有關本集團之重大結算日後事項之詳情載於財務報表附註38。

核數師

於二零零五年三月二十三日，安永會計師事務所（於二零零二年四月一日至二零零四年三月三十一日止期間擔任本公司核數師）辭任，而德勤•關黃陳方會計師行獲委任為本公司核數師。

財務報表已由德勤•關黃陳方會計師行審核，彼將退任及合資格並願應選重獲委任。有關重新委任核數師德勤•關黃陳方會計師行之決議案將於股東週年大會上提呈。

承董事會命

莫世康

董事總經理

香港，二零零六年九月一日

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company is committed to a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Company's corporate governance practices are based on the principles ("Principles") and the code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules"). The Company has complied with most of the Code Provisions save for certain deviations from the Code Provisions in respect of Code Provisions A.2.1, A.4.1 and A.4.2, details of which are explained below. The Company regularly reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

SUMMARY OF DEVIATIONS OF THE CG CODE:

Code Provision A.2.1

Under Code Provision A.2.1, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The Company does not have a position of Chief Executive Officer but the Managing Director performs similar function as Chief Executive Officer. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code Provision.

Code Provisions A.4.1 and A.4.2

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The independent non-executive directors are not appointed for a specific term. However, all non-executive directors are subject to the retirement and rotation requirements in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code Provision.

本公司為增強股東、投資者、員工、債權人及業務夥伴的信心及促進業務增長，致力奉行高質素之企業管治常規。本公司之企業管治常規以香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄14所載企業管治常規守則（「企業管治守則」）所列明之原則（「原則」）及守則條文（「守則條文」）為基礎制定。本公司已遵守大部分守則條文，惟偏離有關守則條文第A.2.1、A.4.1及A.4.2條之若干守則條文，詳情於下文闡釋。本公司定期檢討其企業管治常規，以確保持續符合企業管治守則規定。

偏離企業管治守則之概要：

守則條文第A.2.1條

根據守則條文第A.2.1條，主席及行政總裁的角色應分開，同時不應由同一人士擔任。

本公司並無設立行政總裁一職，但由董事總經理執行與行政總裁類似之職能。因此，董事會認為已採取足夠措施確保本公司之企業管治常規可媲美守則條文所規定者。

守則條文第A.4.1及A.4.2條

守則條文第A.4.1條訂明，非執行董事之委任應有固定任期，並須膺選連任。守則條文第A.4.2條訂明，所有獲委任填補臨時空缺之董事須於彼等獲委任後首個股東大會由股東選舉。各董事（包括有特定任期之董事）須最少每三年輪席退任一次。

獨立非執行董事並無指定任期。惟所有非執行董事須遵守本公司組織章程細則之規定輪席退任。因此，董事會認為已採取足夠措施確保本公司之企業管治常規可媲美守則條文所規定者。

CORPORATE GOVERNANCE REPORT

企業管治報告

SUMMARY OF DERIVATIONS OF THE CG CODE: (Continued)

Code Provisions A.4.1 and A.4.2 (Continued)

To comply with Code Provision A.4.2, relevant amendments to the Company's Bye-Laws were proposed and approved by the shareholders at the Company's annual general meeting held on 15 September 2005. Under the Company's existing Bye-Laws, every director, including those appointed for specific terms, should be subject to retirement by rotation at least once every three years. All directors appointed to fill a casual vacancy should be subject to election at the first and subsequent general meeting.

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Company acknowledges the important role of its board of directors ("Board") in providing effective leadership and direction of the Company towards its objectives and ensuring transparency and accountability of all operations. The key corporate governance principles and practices of the Company are summarised as follows:

THE BOARD

Responsibilities

The Company has a division of functions reserved to the Board and delegated to the management. The Board provides leadership and approves strategic policies and plans with a view to enhance shareholder interests while the day-to-day operations of the Company are delegated to the management. The Board reserves for its decisions all major matters of the Company, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

偏離規則條文之概要：(續)

守則條文第A.4.1及A.4.2條(續)

為遵守守則條文第A.4.2條，本公司已於二零零五年九月十五日舉行之股東週年大會上提呈對本公司組織章程細則作出有關修訂之建議並已獲股東批准。根據本公司現時之組織章程細則，各董事(包括有特定任期之董事)均須至少每三年輪席退任一次。所有為填補臨時空缺而獲委任之董事應在首次股東大會及繼後之股東大會上接受選舉。

主要企業管治原則及常規

本公司明白董事會(「董事會」)在為本公司提供有效領導、引領本公司實踐目標，以確保所有業務運作維持透明度及問責性方面扮演著重要角色。本公司之主要企業管治原則及常規概述如下：

董事會

責任

本公司劃分董事會本身及授予管理人員之職責。董事會發揮領導角色及審批策略政策及計劃，務求提高股東權益，並將本公司之日常運作委以管理層負責。董事會保留對本公司所有重大事宜之決定權，包括批准及監察一切政策事宜、整體策略及財政預算、內部監控及風險管理系統、重大交易(特別是該等可能涉及利益衝突之交易)、財務資料、董事任命及其他重大財務及營運事宜。

全體董事均可全面及時取得一切有關資料，以及獲得公司秘書之意見及服務，藉此確保董事會議事程序及所有適用規則及規例獲得遵從。於適當情況下，每名董事一般可向董事會提出要求，以尋求獨立專業意見，費用由本公司承擔。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

THE BOARD (Continued)

Responsibilities (Continued)

The day-to-day management, administration and operation of the Company are delegated to the Managing Director and the management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The Board has the full support of the Managing Director and the management to discharge its responsibilities.

Composition

The Board has in its composition a balance of skills and experience necessary for independent decision making and fulfilling its business needs.

The Board of the Company comprises the following directors:

Executive Directors

Mr. Xu Ruixin (*Honourable Chairman*)
 Mr. Liu Jing (*Chairman*)
 Mr. Mo Shikang (*Managing Director*)
 (*Member of Remuneration Committee*)
 Mr. Zhu Peifeng (*Deputy Chairman*)
 Mr. Zhang Hesheng (*Deputy Chairman*)
 (*Chairman of Remuneration Committee*)
 Mr. Jin Song
 Mr. Yan Wing Cheung

主要企業管治原則及常規 (續)

董事會 (續)

責任 (續)

本公司之日常管理、行政及營運乃委托董事總經理及管理層負責。本公司委托之職能及工作會定期進行檢討。上述主管人員於進行任何重大交易前，必須取得董事會事先批准。

董事會獲得董事總經理及管理人員全力支持，以履行其職責。

組成

董事會之成員集各方專長技能和經驗，以達致獨立決策及滿足業務需求。

本公司董事會由以下董事組成：

執行董事

徐瑞新先生 (*榮譽主席*)
 劉京先生 (*主席*)
 莫世康先生 (*董事總經理*)
 (*薪酬委員會成員*)
 朱培風先生 (*副主席*)
 張和生先生 (*副主席*)
 (*薪酬委員會主席*)
 靳松先生
 甄永祥先生

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

THE BOARD (Continued)

Independent Non-Executive Directors

Mr. Wong Shing Kay, Oliver
(Chairman of Audit Committee and Member of Remuneration Committee)

Mr. Liu Junmin
(Member of Remuneration Committee and Audit Committee)

Mr. Tan Qinglian
(Member of Remuneration Committee and Audit Committee)

None of the members of the Board is related to one another.

During the year ended 31 March 2006, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The independent non-executive directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive directors will scrutinize the performance of the Company.

主要企業管治原則及常規(續)

董事會(續)

獨立非執行董事

黃承基先生
(審核委員會主席兼薪酬委員會成員)

劉駿民先生
(薪酬委員會兼審核委員會成員)

譚慶璉先生
(薪酬委員會兼審核委員會成員)

董事會成員彼此概無關係。

於截至二零零六年三月三十一日止年度之任何時間，董事會均符合上市規則有關委任至少三名獨立非執行董事之規定，其中至少一名獨立非執行董事具備適當專業資格或會計或相關財務管理專門知識。

本公司已接獲各獨立非執行董事根據上市規則規定就彼之獨立性作出之年度書面確認。本公司認為，根據上市規則所載有關董事獨立性之指引，全體獨立非執行董事均為獨立人士。

獨立非執行董事為董事會引入廣泛之業務及財務專業知識、經驗及獨立判斷。全體獨立非執行董事將透過積極參與董事會會議，於管理涉及潛在利益衝突之事項扮演領導角色，以及出任董事委員會成員，監察本公司之表現。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

THE BOARD (Continued)

Appointment and Succession Planning of Directors

The Company has established formal, considered and transparent procedures for the appointment and succession planning of directors. Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The independent non-executive directors are not appointed for a specific term. However, all non-executive directors are subject to the retirement and rotation requirements in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code Provision.

To comply with Code Provision A.4.2, relevant amendments to the Company's Bye-Laws were proposed and approved by the shareholders at the Company's annual general meeting held on 15 September 2005. Under the Company's existing Bye-Laws, every director, including those appointed for specific terms, should be subject to retirement by rotation at least once every three years. All directors appointed to fill a casual vacancy should be subject to election at the first and subsequent general meeting.

Training for Directors

Each newly appointed director receives comprehensive, formal induction to ensure that he/she has appropriate understanding of the business and his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to directors whenever necessary.

主要企業管治原則及常規 (續)

董事會 (續)

董事之委任及接任計劃

本公司已就董事之委任及接任，確立正式、周詳及具透明度之程序。守則條文第A.4.1條訂明，非執行董事之委任應有特定任期，並須膺選連任。守則條文第A.4.2條訂明，所有獲委任填補臨時空缺之董事須於彼等獲委任後首個股東大會上由股東選舉。各董事(包括該等按特定任期委任者)須最少每三年輪席退任一次。

獨立非執行董事並無指定任期。惟所有非執行董事須遵守本公司組織章程細則之規定輪席退任。因此，董事會認為已採取足夠措施確保本公司之企業管治常規可媲美守則條文所規定者。

為遵守守則條文第A.4.2條，本公司已於二零零五年九月十五日舉行之股東週年大會上提呈對本公司組織章程細則作出有關修訂之建議並已獲股東批准。根據本公司現時之組織章程細則，所有董事(包括有特定任期之董事)均須至少每三年輪席退任一次。所有為填補臨時空缺而獲委任之董事應在首次股東大會及繼後之股東大會上進行選舉。

董事培訓

每名新任董事均接受全面及正式就職介紹，以確保彼正確瞭解業務和彼之職責以及於上市規則及有關監管規例下之責任。

如有需要，本公司亦會持續安排為董事提供簡報及專業發展培訓。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

主要企業管治原則及常規(續)

THE BOARD (Continued)

董事會(續)

Board Meetings

董事會會議

During the year under review, four full board meetings were held. Details of the attendance of the Directors are as follows:

於回顧年內，本公司召開四次全體董事會會議，各董事的出席率如下：

		Directors' Attendance 出席次數
Executive Directors		
執行董事		
Mr. Xu Ruixin (<i>Honourable Chairman</i>)	徐瑞新先生 (榮譽主席)	4/4
Mr. Liu Jing (<i>Chairman</i>)	劉京先生 (主席)	4/4
Mr. Mo Shikang (<i>Managing Director</i>)	莫世康先生 (董事總經理)	4/4
Mr. Zhu Peifeng (<i>Deputy Chairman</i>)	朱培風先生 (副主席)	4/4
Mr. Zhang Hesheng (<i>Deputy Chairman</i>)	張和生先生 (副主席)	4/4
Mr. Jin Song	靳松先生	4/4
Mr. Yan Wing Cheung	甄永祥先生	4/4
Independent Non-Executive Directors		
獨立非執行董事		
Mr. Liu Junmin	劉駿民先生	4/4
Mr. Tan Qinglian	譚慶璉先生	4/4
Mr. Wong Shing Kay, Oliver	黃承基先生	4/4

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

董事會定期會議通告最少於會議舉行前14天送達各董事。至於其他董事會會議及委員會會議，一般會發出合理通知。

Agenda and Board papers together with all appropriate information are sent to all directors at least three days before each Board meeting or committee meeting to give an opportunity and sufficient time to include matters in the agenda. The Board is also obligated to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the executives whenever necessary.

議程及董事會文件以及所有適用資料，最少於各董事會會議或委員會會議舉行前3天寄交各董事，以便各董事有機會及充足時間提出商討事項列入議程。董事會亦有責任使董事知悉本公司之最新動向及財政狀況以及確保彼等可做出知情決定。董事會及各董事亦可於需要時個別與行政人員獨立接觸。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

THE BOARD (Continued)

Board Meetings (Continued)

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection. Directors are entitled to have access to board papers and queries will be responded fully. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. Such director must abstain from voting and will not be counted as quorum.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the Chairman of the Board and the Managing Director, who performs similar role as Chief Executive Officer, to ensure a balance of power and authority. The respective responsibilities of the Chairman and the Managing Director are clearly defined and set out in writing. The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the management, the Chairman is also responsible for ensuring that the directors receive adequate information and appropriate briefing on issues arising at Board meetings.

The Managing Director focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Managing Director is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval. The position of the Chairman is held by Mr. Liu Jing while the position of the Managing Director is held by Mr. Mo Shikang.

主要企業管治原則及常規 (續)

董事會 (續)

董事會會議 (續)

公司秘書負責記錄及保存各董事會會議及委員會會議之會議記錄。會議記錄草稿一般會在各會議結束後之合理時間內向董事傳閱以收集意見，定稿可公開供董事查閱。董事均有權查閱董事會文件，其疑問將得到充分答覆。根據現時董事會常規，任何涉及主要股東或董事利益衝突之重大交易將由董事會正式召開董事會會議予以考慮及處理。該董事必須放棄投票及不應計入法定人數內。

主席及行政總裁

本公司全面支持董事會主席與董事總經理(其履行與行政總裁類似之職能)間之責任區分，以確保權力及職權之平衡分配。主席及董事總經理各自之責任有明確界定，並以書面訂明。主席擔當領導角色，負責確保董事會按照良好企業管治常規有效運作。在管理層支持下，主席亦負責確保董事獲得足夠之資料及獲適當簡介董事會會議事宜。

董事總經理主要負責執行經董事會批准及授權之目標、政策及策略。彼負責本公司之日常管理及運作。董事總經理亦負責制定策略計劃及擬定組織架構、監控制度及內部程序，以供董事會批准。主席職位由劉京先生出任，而董事總經理之職由莫世康先生出任。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

BOARD COMMITTEES

The Board has established two committees, namely, the Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and are available to shareholders upon request. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Remuneration Committee

Mr. Zhang Hesheng, Mr. Mo Shikang, Mr. Liu Junmin, Mr. Tan Qinglian and Mr. Wong Shing Kay, Oliver are the members of the Remuneration Committee and Mr. Zhang Hesheng is the chairman of the committee. The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the executives after consultation with the Chairman/Managing Director and accessed to professional advice, at the Company's expense, when necessary. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The Remuneration Committee normally meets towards the end of each year for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive directors and the executives and other related matters. The Remuneration Committee met once during the year ended 31 March 2006 and reviewed the remuneration policy and structure of the Company and remuneration packages of the executive directors and the executives for the year under review.

主要企業管治原則及常規(續)

董事委員會

董事會已成立兩個委員會，分別為薪酬委員會及審核委員會，以監察本公司特定方面之事務。本公司各董事委員會均以書面界定職權範圍。董事委員會之職權範圍載於本公司網站及需要時可供股東索閱。董事委員會獲提供足夠資源以履行其職務，並於適當情況下可提出合理要求徵詢獨立專業意見，費用由本公司承擔。

薪酬委員會

張和生先生、莫世康先生、劉駿民先生、譚慶璉先生及黃承基先生為薪酬委員會成員，而張和生先生為委員會主席。薪酬委員會之主要目標，包括在諮詢主席／董事總經理之意見並於必要時徵詢專業意見(費用由本公司承擔)後，就執行董事及行政人員之薪酬政策及架構以及薪酬福利作出建議及審批。薪酬委員會亦負責確立具透明度之程序，以擬定有關薪酬政策及架構，確保概無董事或彼任何聯繫人士將參與決定彼之個人薪酬，有關薪酬將參考個人及本公司表現以及市場慣例及狀況釐定。薪酬委員會一般於每年年底前舉行會議，檢討薪酬政策及架構，釐定執行董事及行政人員之每年薪酬福利及其他相關事宜。於截至二零零六年三月三十一日止年度內，薪酬委員會曾舉行一次會議，檢討本公司之薪酬政策及架構，以及執行董事及行政人員於回顧年度之薪酬福利。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

主要企業管治原則及常規 (續)

BOARD COMMITTEES (Continued)

董事委員會 (續)

Remuneration Committee (Continued)

薪酬委員會 (續)

Details of attendance record of members of the Remuneration Committee are set out below:

薪酬委員會各成員之出席記錄詳情如下：

Name of member	薪酬委員會成員姓名	Meeting attended 出席會議情況
Zhang Hesheng (Chairman of Remuneration Committee)	張和生 (薪酬委員會主席)	1/1
Mo Shikang	莫世康	1/1
Liu Junmin	劉駿民	1/1
Tan Qinglian	譚慶璉	1/1
Wong Shing Kay, Oliver	黃承基	1/1

Audit Committee

審核委員會

The Audit Committee comprises the three independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise) and Mr. Wong Shing Kay, Oliver is the chairman of the committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

審核委員會由三名獨立非執行董事(包括一名具備適當專業資格或會計或相關財務管理經驗之獨立非執行董事)組成，而黃承基先生為委員會主席。審核委員會成員概非本公司現任外聘核數師之前任合夥人。

The main duties of the Audit Committee include the following:

審核委員會之主要職責包括下列各項：

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <p>(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer (if any) or external auditors before submission to the Board.</p> | <p>(a) 審閱財務報表及報告，考慮合資格會計師、合規主任(如有)或外聘核數師提出之任何重大或不尋常事項，然後提交董事會。</p> |
| <p>(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditors.</p> | <p>(b) 根據外聘核數師履行之工作、其收費及委聘條款，檢討與該核數師之關係，並就委聘、續聘及撤換外聘核數師之事宜，向董事會提出推薦意見。</p> |
| <p>(c) To review the adequacy and effectiveness of the Company's financial reporting system, and risk management system and associated procedures.</p> | <p>(c) 檢討本公司財務報告系統及風險管理系統以及相關程序是否足夠及有效。</p> |

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The Audit Committee held two meetings during the year ended 31 March 2006 to review the financial results and reports, financial reporting and compliance procedures and the re-appointment of the external auditors. There is no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Sufficient resources is provided by the Company for the Audit Committee to perform its duties.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee held two meetings during the year under review. Details of the attendance of the Audit Committee Meetings are as follows:

主要企業管治原則及常規 (續)

董事委員會 (續)

審核委員會 (續)

於截至二零零六年三月三十一日止年度內，審核委員會曾舉行兩次會議，以審閱財務業績及報告、財務報告及合規程序以及續聘外部核數師事宜。現時並無存在可能令本公司持續經營之能力出現重大疑問之事件或情況相關之重大不明朗因素。本公司為審核委員會提供足夠資源以便其履行有關職責。

董事會及審核委員會就篩選、委任、辭退或解聘外部核數師並不存在意見分歧。

審核委員會於回顧年度內曾舉行兩次會議。審核委員會會議之詳細出席情況如下：

Members' Attendance 成員出席率

Mr. Wong Shing Kay, Oliver (Chairman of Audit Committee)	黃承基先生 (審核委員會主席)	2/2
Mr. Liu Junmin	劉駿民先生	2/2
Mr. Tan Qinglian	譚慶璉先生	2/2

CORPORATE GOVERNANCE REPORT

企業管治報告

THE KEY CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES (Continued)

BOARD COMMITTEES (Continued)

Auditors' remuneration

For the year ended 31 March 2006, the Group had engaged the Group's external auditors, Deloitte Touche Tohmatsu, to provide the following services and their respective fees charged are set out as below:

Fees Charged for the year ended 31 March

Types of Services	服務種類	2006	2005
		二零零六年 HK\$'000 千港元	二零零五年 HK\$'000 千港元
Audit for the year	本年度核數	1,980,000	1,280,000
Non-audit services – interim review	非核數服務－中期審閱	720,000	–
Non-audit services – taxation services	非核數服務－稅務服務	–	–
Non-audit services – others	非核數服務－其他	–	–
Total	總計	2,700,000	1,280,000

Nomination Committee

The Company does not have a Nomination Committee. The Board as a whole is responsible for the procedure for agreeing to the appointment of its members and for nominating appropriate person for election by shareholders at the annual general meeting either to fill a casual vacancy or as an addition to the existing directors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2006.

主要企業管治原則及常規 (續)

董事委員會 (續)

核數師酬金

截至二零零六年三月三十一日止年度，本集團已委聘外部核數師德勤·關黃陳方會計師行提供下列服務，各項服務之收費載列如下：

截至三月三十一日止年度之收費

	2006	2005
	二零零六年 HK\$'000 千港元	二零零五年 HK\$'000 千港元
Audit for the year	1,980,000	1,280,000
Non-audit services – interim review	720,000	–
Non-audit services – taxation services	–	–
Non-audit services – others	–	–
Total	2,700,000	1,280,000

提名委員會

本公司並無成立提名委員會。董事會整體負責協定委任董事以及提名適當人選供股東在股東週年大會選舉以填補臨時空缺或出任新增董事職位之程序。

證券交易標準守則

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易的標準守則（「標準守則」）。

本公司已向全體董事作出特別查詢，而董事已確認彼等於截至二零零六年三月三十一日止整個年度一直遵守標準守則。

CORPORATE GOVERNANCE REPORT

企業管治報告

MODEL CODE FOR SECURITIES TRANSACTIONS (Continued)

The Company has adopted the same Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Responsibilities in respect of the Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2006. The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Report of the Auditors" on pages 48 and 49. Management of the Company is obligated to provide explanation and information to the Board to make informed assessment of relevant matters.

INTERNAL CONTROL

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interests of shareholders and the assets of the Group. The Board has reviewed the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management functions. A review will be conducted at least annually on the effectiveness of the system of internal controls.

證券交易標準守則 (續)

本公司已就可能得悉本公司未公佈之股價敏感資料之僱員進行之證券交易採納相同標準守則。

本公司並不知悉有關僱員不遵守標準守則之事件。

有關財務報表之責任

董事會負責呈列平衡、清晰及易懂之年度及中期報告、股價敏感公佈及上市規則及其他監管規定所要求之其他財務披露。董事確悉其就編製本公司於截至二零零六年三月三十一日止年度財務報表之責任。本公司外部核數師就其對財務報表申報責任之聲明載於第48和49頁之「核數師報告」。本公司管理層須向董事會提供解釋及資料以便其就有關事宜作出知情決定。

內部監控

董事會整體對本公司之內部監控系統負責及須檢討其成效。董事會致力實行有效及完善之內部監控系統以保障股東利益及本集團資產。董事會已檢討內部監控系統之實行及檢討所有相關財務、營運、合規監控及風險管理功能。董事會每年至少對內部監控系統之成效進行一次檢討。

CORPORATE GOVERNANCE REPORT

企業管治報告

INVESTORS RELATIONS

The Company is committed to maintain an open and effective investors relations policy and to update investors on relevant information/developments in a timely manner, subject to relevant regulatory requirements. Briefings and meetings with institutional investors and analysts are conducted from time to time. The Company also replied the enquiries from shareholders timely. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries.

SHAREHOLDER RIGHTS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-Laws. Details of such rights and procedures are included in all circulars to shareholders convening shareholders' meetings and will be explained during the proceedings of meetings. Whenever voting by way of a poll is required, the detailed procedures for conducting a poll will be explained.

Poll results will be counted by the Company's Hong Kong Branch Share Registrar, Tengis Limited, and will be published in newspapers on the business day following the shareholders' meeting and posted on the website of the Stock Exchange. The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the Remuneration Committee and Audit Committee, or in their absence, other members of the respective committees, and where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

投資者關係

本公司致力按照有關監管規定，維持公開及有效的投資者關係政策，並適時向投資者提供最新的業務資料／發展。本公司不時與機構投資者及分析員會面及簡報，亦及時回應股東查詢。董事每年主持股東週年大會，會見股東及回應彼等之提問。

股東權利

股東於股東大會上要求就決議案進行投票表決之權利及程序載於本公司之組織章程細則。該等權利及程序詳情載於向股東發出召開股東大會之所有通函內，並將於大會舉行期間進行解釋。如有要求以投票方式表決，將會解釋進行投票表決之詳細程序。

投票表決之結果將由本公司之香港股份登記分處登捷時有限公司進行統計，並將於股東大會後下一個營業日在報章上公佈及刊登於聯交所網頁。本公司之股東大會為股東與董事會提供溝通之良機。董事會主席及薪酬委員會及審核委員會主席或(在其缺席時)各委員會之其他委員及(倘適用)獨立董事委員會在股東大會上回答問題。

股東大會上會就各重要事項(包括推選個別董事)個別提呈決議案。

REPORT OF THE AUDITORS

核數師報告

TO THE SHAREHOLDERS OF CHINESE PEOPLE GAS HOLDINGS COMPANY LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements on pages 50 to 127 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 consolidated financial statements which give a true and fair view. In preparing consolidated financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

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

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group, 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 consolidated financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

致：中民燃氣控股有限公司全體股東
(於百慕達註冊成立之有限公司)

本核數師已審核刊載於第50頁至第127頁按照香港公認會計原則編製的綜合財務報表。

董事及核數師各自的責任

貴公司董事須負責編製真實與公平的綜合財務報表。在編製該等真實與公平的綜合財務報表時，董事必須貫徹選用合適的會計政策。

根據百慕達公司法第90條，本核數師的責任是根據吾等審核工作的結果，對該等財務報告作出獨立的意見，並僅向全體股東報告。除此以外，該等意見並不作其他用途。本核數師不會就本報告的內容向任何其他人士負責或承擔任何責任。

意見的基礎

本核數師是按照香港會計師公會頒佈的香港核數準則實行審核工作，審核範圍包括以抽查方式查核與綜合財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製該等綜合財務報表時所作的重大估計和判斷、所選定的會計政策是否適合貴集團的具體情況及有否貫徹採用並充份披露該等會計政策。

本核數師在策劃及進行審核工作時，均以取得一切吾等認為必需的資料及解釋為目標，使吾等能獲得充份的憑證，就該等綜合財務報表是否存有重大錯誤陳述，作合理的確定。在作出意見時，本核數師亦已評估該等綜合財務報表所載資料在整體上是否足夠。本核數師相信，吾等之審核工作已為下列的意見提供合理基礎。

REPORT OF THE AUDITORS 核數師報告

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2006 and of the loss 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.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong
1 September 2006

意見

本核數師認為綜合財務報表足以真實且公平地顯示 貴集團於二零零六年三月三十一日的財務狀況以及 貴集團於截至該日止年度的虧損及現金流量，並已根據香港公司條例的披露規定恰當地編製。

德勤•關黃陳方會計師行

執業會計師

香港
二零零六年九月一日

CONSOLIDATED INCOME STATEMENT

綜合收益表

For the year ended 31 March 2006

截至二零零六年三月三十一日止年度

		Notes 附註	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元 (Restated) (經重列)
Turnover	營業額	8	240,607	81,080
Cost of sales	銷售成本		(113,281)	(35,177)
Gross profit	毛利		127,326	45,903
Other operating income	其他經營收入	9	18,789	1,635
Administrative expenses	行政開支		(46,112)	(15,725)
Decrease in fair value of investment properties	投資物業公平值減少		-	(6,000)
Loss on disposal of subsidiary	出售附屬公司虧損		(5,519)	-
Change in fair value of convertible notes	可換股債券公平值變動		(117,800)	-
Convertible notes issuance expenses	可換股債券發行開支		(10,140)	-
Finance costs	財務成本	10	(2,907)	(641)
Share of results of associates	應佔聯營公司業績		652	2,264
Share of result of a jointly-controlled entity	應佔共同控制實體業績		-	(1)
(Loss) profit before taxation	除稅前(虧損)溢利	11	(35,711)	27,435
Taxation	稅項	13	(19,400)	(11,603)
(Loss) profit for the year	本年度(虧損)溢利		(55,111)	15,832
Attributable to:	由下列人士應佔：			
Equity holders of the Company	本公司權益持有人		(56,061)	15,336
Minority interests	少數股東權益		950	496
			(55,111)	15,832
			HK cents 港仙	HK cents 港仙
(Loss) earnings per share	每股(虧損)盈利	14		
Basic	基本		(2.13)	0.61
Diluted	攤薄		N/A 不適用	0.55

CONSOLIDATED BALANCE SHEET

綜合資產負債表

At 31 March 2006

於二零零六年三月三十一日

		Notes	2006	2005
		附註	二零零六年	二零零五年
			HK\$'000	HK\$'000
			港幣千元	港幣千元
				(Restated)
				(經重列)
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	227,824	114,135
Investment properties	投資物業	16	6,984	48,138
Prepaid lease payments	預付租金	17	8,737	4,960
Goodwill	商譽	18	44,725	38,895
Interest in an associate	於聯營公司權益	19	3,564	–
Available-for-sale investments	可供出售投資	20	194	–
Investment in securities	投資證券	21	–	190
			292,028	206,318
Current assets	流動資產			
Inventories	存貨	22	4,404	1,366
Trade and other receivables	貿易及其他應收款項	23	66,484	42,441
Prepaid lease payments	預付租金	17	366	103
Pledged bank deposits	已抵押銀行存款		–	130
Bank balances and cash	銀行結餘及現金		132,986	9,993
			204,240	54,033
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	24	25,325	60,025
Provision for scheme debts	計劃債務撥備		–	1,047
Taxation payable	應付稅項		28,835	10,812
Bank borrowings – amount due within one year	一年內到期之銀行借款	25	28,264	9,922
Convertible notes	可換股票據	28	133,788	–
			216,212	81,806
Net current liabilities	流動負債淨額		(11,972)	(27,773)
Total assets less current liabilities	總資產減流動負債		280,056	178,545
Non-current liabilities	非流動負債			
Bank borrowings – amount due after one year	一年後到期之銀行借款	25	2,807	11,085
Deferred tax liabilities	遞延稅項負債	30	61	61
			2,868	11,146
Net assets	資產淨額		277,188	167,399

CONSOLIDATED BALANCE SHEET

綜合資產負債表

At 31 March 2006

於二零零六年三月三十一日

			2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元 (Restated) (經重列)
	<i>Notes</i> 附註			
Capital and reserves	股本及儲備			
Share capital	股本	26	201,989	183,030
Reserves	儲備		70,486	(17,465)
Equity attributable to equity holders of the Company	本公司權益持有人 應佔權益		272,475	165,565
Minority interests	少數股東權益		4,713	1,834
			277,188	167,399

The financial statements on pages 50 to 127 were approved and authorised for issue by the Board of Directors on 1 September 2006 and are signed on its behalf by:

載於第50至127頁之財務報表已獲董事會於二零零六年九月一日批准及授權發行，並由以下代表簽署：

Mo Shikang

Director

莫世康

董事

Yan Wing Cheung

Director

甄永祥

董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

		Share capital	Share premium	Capital reserve	Contributed surplus	Statutory	Discretionary	Employee share-based compensation	Attributable to equity holders of the Company			Minority interests	Total	
						surplus reserve	surplus reserve		Capital contribution	以股份支付之僱員酬金儲備	Exchange reserve			Accumulated losses
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	法定盈餘公積金	任意盈餘公積金	注入資金	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	
				(Note c) (附註c)	(Note a) (附註a)	(Note b) (附註b)	(Note b) (附註b)	(Note 31) (附註31)						
At 1 April 2004	於二零零四年四月一日	106,380	9	-	89,800	-	-	-	-	-	(163,121)	33,068	274	33,342
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	-	15,336	15,336	496	15,832
Total recognised income and expense for the year	本年度已確認收入及開支總額	-	-	-	-	-	-	-	-	-	15,336	15,336	496	15,832
Issue of shares for acquisition of a subsidiary and associates	就收購一家附屬公司及聯營公司發行股份	25,900	11,100	-	-	-	-	-	-	-	-	37,000	-	37,000
Placement of shares	配售股份	28,000	12,000	-	-	-	-	-	-	-	-	40,000	-	40,000
Subscription of shares	認購股份	22,750	9,750	-	-	-	-	-	-	-	-	32,500	-	32,500
Disposal of a subsidiary	出售一家附屬公司	-	-	-	-	-	-	-	-	-	-	-	(273)	(273)
Expenses incurred in connection with issue of shares	發行股份涉及費用	-	(2,003)	-	-	-	-	-	-	-	-	(2,003)	-	(2,003)
Acquisition of additional interest in associate	收購額外聯營公司權益	-	-	2,182	-	-	-	-	-	-	-	2,182	-	2,182
Appropriations	轉撥	-	-	-	-	546	547	-	-	-	(1,093)	-	-	-
Acquisition of subsidiaries	收購附屬公司	-	-	-	-	-	-	-	-	-	-	-	1,337	1,337
Capital contribution through disposal of subsidiaries	透過出售附屬公司注資	-	-	-	-	-	-	7,482	-	-	-	7,482	-	7,482
At 31 March 2005 and 1 April 2005	於二零零五年三月三十一日及二零零五年四月一日	183,030	30,856	2,182	89,800	546	547	7,482	-	-	(148,678)	165,565	1,834	167,399
Exchange difference arising on translation of foreign operations	換算境外業務所產生之匯兌差額	-	-	-	-	-	-	-	-	3,113	-	3,113	-	3,113
Loss for the year	本年度虧損	-	-	-	-	-	-	-	-	-	(56,061)	(56,061)	950	(55,111)
Total recognised income and expense for the year	本年度已確認收入及開支總額	-	-	-	-	-	-	-	-	3,113	(56,061)	(52,948)	950	(51,998)
Exercise of share option	行使購股權	2,520	10,271	-	-	-	-	-	(2,251)	-	-	10,540	-	10,540
Appropriations	轉撥	-	-	-	-	911	625	-	-	-	(1,336)	-	-	-
Issue of shares on conversion of convertible notes	兌換可換股債券時發行股份	16,439	123,572	-	-	-	-	-	-	-	-	140,011	-	140,011
Recognition of equity-settled share-based payment	以股票結算股份為基準之付款確認	-	-	-	-	-	-	-	9,307	-	-	9,307	-	9,307
Acquisition of additional interest in a subsidiary	收購一家附屬公司額外權益	-	-	-	-	-	-	-	-	-	-	-	1,929	1,929
At 31 March 2006	於二零零六年三月三十一日	201,989	164,699	2,182	89,800	1,457	1,172	7,482	7,056	3,113	(206,475)	272,475	4,713	277,188

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 March 2006

截至二零零六年三月三十一日止年度

Notes:

- (a) The contributed surplus of the Group represents the difference between the nominal value of the Company's share capital issued as consideration in exchange for the nominal value of the issued share capital of the subsidiaries acquired at the time of the Company's listing in 1997.
- (b) As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund and a discretionary surplus reserve fund, which are non-distributable. Appropriations to such reserves are made out of profit after taxation of the statutory financial statements of the PRC subsidiaries while the amount and allocation basis are decided by their board of directors annually. The statutory surplus reserve fund can be used to make up their prior year losses, if any, and can applied in conversion into capital by means of capitalisation issue.
- (c) The amount represents a revaluation surplus which was recognised as a result of the acquisition of an additional interest in Xin Hua Resources Investment Limited ("Xin Hua") (previously an associate) which resulted in Xin Hua becoming a subsidiary. Xin Hua was deregistered in this year. Its assets and liabilities were transferred to the Company

附註：

- (a) 本集團之繳入盈餘指本公司用以作為代價於一九九七年上市時所收購之附屬公司而發行之本公司股本面值，與該等附屬公司已發行股本面值之差額。
- (b) 誠如中華人民共和國（「中國」）外資企業之相關法律及法例所規定，本公司之中國附屬公司須維持法定盈餘公積金及任意盈餘公積金（為不可分派）。該等儲備之撥入來自中國附屬公司法定財務報表中之除稅後純利，而金額及分配基準則由董事會每年釐定。法定盈餘公積金可用作補足上年度之虧損（如有），並可透過資本化轉換為股本。
- (c) 該金額指因收購Xin Hua Resources Investment Limited ("Xin Hua")（本集團當時之聯營公司）額外權益（導致Xin Hua成為本集團附屬公司）而確認之重估盈餘。Xin Hua已於本年度內註銷，其資產及負債已轉移至本公司。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

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

	Notes 附註	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元 (restated) (經重列)
OPERATING ACTIVITIES	經營業務		
(Loss) profit before taxation	除稅前(虧損)溢利	(35,711)	27,435
Adjustments for:	就下列項目作出調整：		
Interest expenses	利息開支	2,907	641
Interest income	利息收入	(657)	(433)
Amortisation of goodwill	商譽攤銷	-	2,198
Convertible notes issuance expense	可換股債券發行開支	10,140	-
Depreciation	折舊	7,285	1,481
Amortisation on prepaid lease payments	攤銷預付租金	72	47
Share-based employee expense	以股份形式支付的僱員開支	9,307	-
Decrease in fair value of investment properties	投資物業公平值減少	-	6,000
Loss on disposal of subsidiaries	出售附屬公司虧損	5,519	-
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	27	1,941
Change in fair value of convertible notes	可換股債券公平值變動	117,800	-
Discount on acquisition of subsidiary	收購附屬公司折讓	(2,812)	-
Write back of provision for scheme debts	撥回計劃債務撥備	(1,047)	-
Share of result of associates	佔聯營公司業績	(652)	(2,264)
Share of result of a jointly-controlled entity	佔共同控制實體業績	-	1
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	112,178	37,047
Decrease in amount due from a jointly-controlled entity	應收共同控制實體之款項減少	-	469
Increase in inventories	存貨增加	(1,866)	(288)
Decrease (increase) in trade and other receivables	貿易及其他應收款項增加	14,409	(5,175)
Decrease in amounts due from fellow subsidiaries	應收同集團附屬公司款項減少	-	808
Decrease in amounts due from contract customers	應收合約客戶款項減少	-	(4,589)
Decrease in trade and other payables	貿易及其他應付款項減少	(107,366)	(62,810)
Increase in retention money payable	應付保留金增加	-	207
Decrease in amounts due to contract customers	應付合約客戶款項減少	-	(623)
Decrease in amounts due to fellow subsidiaries	應付同集團附屬公司款項減少	-	(7,940)
Decrease in amount due to the ultimate holding company	應付最終控股公司款項減少	-	(202)
Cash generated from (used in) operations	經營業務產生(所用)現金	17,355	(43,096)
PRC Enterprise Income Tax paid	繳付中國企業所得稅	(1,399)	(1,348)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	經營業務產生(所用)現金淨額	15,956	(44,444)

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 March 2006
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			2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元 (restated) (經重列)
	<i>Notes</i> <i>附註</i>			
INVESTING ACTIVITIES	投資活動			
Acquisition of subsidiaries	收購附屬公司	32	(27,999)	(23,156)
Acquisition of additional equity interest in subsidiaries	收購附屬公司 額外股權		(338)	-
Acquisition of an associate	收購聯營公司		(2,904)	-
Purchase of property, plant and equipment	購買物業、廠房及設備	15	(15,146)	(7,846)
Prepaid lease payments	預付租金		-	(377)
Disposal of subsidiaries	出售附屬公司	31	21,267	5,950
Interest received	已收利息		657	433
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備 所得款項		-	25
Deposit paid for investments	支付投資按金		(18,391)	-
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額		(42,854)	(24,971)
FINANCING ACTIVITIES	融資活動			
Decrease (increase) in pledged bank deposits	抵押銀行存款減少(增加)		130	(30)
Proceeds from issue of new shares	發行新股份所得款項		-	72,500
New bank borrowings raised	所籌得新銀行貸款		31,702	22,878
Repayment of bank borrowings	償還銀行貸款		(36,641)	(10,515)
Expenses incurred in connection with issue of new shares	發行新股份產生 之開支		(10,140)	(2,003)
Share option conversion	兌換購股權		10,540	-
Interest paid	已付利息		(2,907)	(641)
Issue of convertible notes	發行可換股票據		156,000	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	融資活動所產生 現金淨額		148,684	82,189
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目 增加淨額		121,786	12,774
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初現金及現金等值 項目		9,993	(2,781)
EFFECT OF FOREIGN CURRENCY RATE CHANGES	外幣匯率變動影響		1,207	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	年終現金及現金等值 項目		132,986	9,993
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等值項目 結餘分析			
Bank and cash balances	銀行及現金結餘		132,986	9,993

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" of the Group's Annual Report.

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 37.

The financial statements are presented in Hong Kong dollars while the functional currency is Renminbi. The reason for selecting Hong Kong dollars as its presentation currency is because the Company is a public company with the shares listed on the Stock Exchange where most of its investors are located.

2. BASIS OF PREPARATION

After reviewing the Group's and Company's budget for 2006/2007 and taking into consideration the cash inflow from issuing a convertible note in June 2006 and other longer term plans, the directors consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

1. 一般資料

本公司於百慕達註冊成立為獲豁免有限公司。本公司之股份於香港聯合交易所有限公司(「聯交所」)上市。本公司註冊辦事處及主要營業地點於本集團年報之「公司資料」一節內披露。

本公司為一間投資控股公司，其主要附屬公司業務載於附註37。

財務報表乃以港幣呈列，而功能貨幣則為人民幣。選擇以港幣作為呈列貨幣之理由，為本公司乃一家公眾公司，股份於聯交所上市，而聯交所大部份投資者均位於香港。

2. 編製基準

於檢討本集團及本公司之二零零六年／二零零七年之財政預算，並考慮自二零零六年六月發行可換股債券獲得之現金流入以及其他較長期計劃後，董事認為本集團已有充足資源在可見將來維持經營，並信納於批准此等財務報表之時，採納持續經營基準編製此等財務報表乃屬恰當。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 March 2006

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3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES AND OTHER RESTATEMENT

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and the consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and prior accounting years are prepared and presented:

HKFRS 3 – Business combinations

HKFRS 3 "Business combinations" is effective for business combinations for which the agreement date is on or after 1 April 2005. On 1 April 2005, the Group has applied the transitional provisions of HKFRS 3. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Goodwill

In previous years, goodwill arising on acquisition was capitalised and amortised over its estimated useful life. With respect to goodwill previously capitalised on the consolidated balance sheet, the Group has discontinued amortising such goodwill from 1 April 2005 onwards and goodwill will be tested for impairment at least annually and in the financial year in which the acquisition takes place. Goodwill arising on acquisition after 1 April 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current year. Comparative figures for 2004 have not been restated.

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill").

3. 應用香港財務報告準則／會計政策之變動及其他重列

於本年度，本集團首次採用多項由香港會計師公會頒佈之新訂香港財務報告準則（「香港財務報告準則」）、香港會計準則（「香港會計準則」）及詮釋（「詮釋」）（以下統稱「新香港財務報告準則」），該等準則對二零零五年一月一日或之後開始之會計期間生效。採用新香港財務報告準則導致綜合收益表、綜合資產負債表及綜合權益變動表之呈列產生變動。尤其是少數股東權益及應佔聯營公司稅項之呈列已作出變動。呈列方式之變動已追溯應用。採納新香港財務報告準則已導致本集團以下方面之會計政策出現變動，並影響本年度或過往會計年度之業績編製及呈列方法：

香港財務報告準則第3號－業務合併

香港財務報告準則第3號「業務合併」對協議日期為二零零五年四月一日或以後之業務合併生效。於二零零五年四月一日，本集團已採納香港財務報告準則第3號之過渡性條文。採用香港財務報告準則第3號對本集團之主要影響概述如下：

商譽

於過往年度，因收購而產生之商譽乃撥充資本及按其估計可使用年期攤銷。就先前於綜合資產負債表中撥充資本之商譽，本集團已由二零零五年四月一日起停止攤銷有關商譽，而商譽將最少每年及於進行收購之財政年度內作減值測試。於二零零五年四月一日後因收購而產生之商譽乃於首次確認後按成本減累積減值虧損（如有）計量。由於此項會計政策之變動，本年度並無扣除商譽攤銷。二零零四年之比較數字並無重列。

本集團於獲收購方之可識別資產、負債及或然負債之公平淨值所佔權益超出成本之部分（前稱「負商譽」）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 March 2006
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3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES AND OTHER RESTATEMENT (Continued)

HKFRS 3 – Business combinations (Continued)

Goodwill (Continued)

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in profit or loss in the period in which the acquisition takes place.

HKAS 32 Financial Instruments: Disclosure and Presentation

HKAS 39 Financial Instruments: Recognition and Measurement

In the current year, the Group has applied HKAS 32 "Financial instruments: disclosure and presentation" and HKAS 39 "Financial instruments: recognition and measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit an entity to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

3. 應用香港財務報告準則／會計政策之變動及其他重列(續)

香港財務報告準則第3號－業務合併(續)

商譽(續)

根據香港財務報告準則第3號，本集團於獲收購方之可識別資產、負債及或然負債之公平淨值所佔權益超出收購成本之部分(「收購之折讓」)於進行收購之期間直接在損益賬確認。

香港會計準則－金融工具第32號：披露及呈列

香港會計準則－金融工具第39號：確認及計量

於本年度，本集團採用香港會計準則第32號「金融工具：披露及呈列」及香港會計準則第39號「金融工具：確認及計量」。香港會計準則第32號要求作出追溯應用。於二零零五年一月一日或以後開始之年度期間生效之香港會計準則第39號，一般不允許對金融資產及負債進行追溯性之確認、不予確認或計量。採用香港會計準則第32號及39號之主要影響概述如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES AND OTHER RESTATEMENT (Continued)

HKAS 32 Financial Instruments: Disclosure and Presentation (Continued)

HKAS 39 Financial Instruments: Recognition and Measurement (Continued)

Convertible bonds

HKAS 32 requires an issuer of a compound financial instrument (that contains both financial liability and equity components) to separate the compound financial instrument into its liability and equity components on its initial recognition and to account for these components separately. HKAS 39 requires derivatives embedded in a non-derivative host contract to be accounted for separately when the economic risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. The principal impact of HKAS 32 and HKAS 39 on the Group is in relation to the convertible bonds issued by the Company on 28 October 2005. According to HKAS 32, the conversion option should be classified as equity component only if the option can be converted by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. Upon application of HKAS 32 and HKAS 39, it is determined that the convertible notes does not contain any equity components because the conversion price for the convertible notes is subject to change and the convertible bonds cannot be converted into a fixed number of the Company's shares. The Company has to designate the entire convertible notes (including derivatives) as a financial liability at fair value through profit or loss. During the year, a charge of HK\$117,800,000 in respect of the change in fair value of the convertible notes was recognised.

Transaction costs amounted to HK\$10,140,000 of issuing the convertible notes are wholly charged to the income statement during the year.

3. 應用香港財務報告準則／會計政策之變動及其他重列(續)

香港會計準則－金融工具第32號：披露及呈列(續)

香港會計準則－金融工具第39號：確認及計量(續)

可換股債券

香港會計準則第32號規定複合金融工具(同時包括金融負債及股權部份)之發行機構於其首次確認時把複合金融工具分為金融負債及股權部份，並分開入賬。香港會計準則第39號規定，嵌入非衍生主合約之衍生工具須分開計算，倘其經濟風險及特色並非與主合約緊密相連以及主合約並非按公平值以損益入賬。香港會計準則第32號及香港會計準則第39號對本集團之主要影響，為有關本公司於二零零五年十月二十八日發行之可換股債券。根據香港會計準則第32號，倘該兌換選擇權僅可按一固定現金數額或另一金融資產交換該實體本身股本工具一固定數目而予以兌換，則應分類為權益部份。於應用香港會計準則第32號及香港會計準則第39號後，本集團釐定該等可換股債券並不附有任何權益部份，因可換股債券之兌換價可予變動，且可換股債券不能兌換為固定數目之本公司股份。本公司選擇指定全部可換股債券(包括衍生工具)為按公平值入賬損益之金融負債。年內，可換股債券之公平值變動確認扣減值117,800,000港元。

發行可換股債券交易費用港幣10,140,000元，已悉數計入本年度收益表內。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES AND OTHER RESTATEMENT (Continued)

HKAS 32 Financial Instruments: Disclosure and Presentation (Continued)

HKAS 39 Financial Instruments: Recognition and Measurement (Continued)

Classification and measurement of financial assets and financial liabilities

At 31 March 2005, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of the Statement of Standard Accounting Practice 24 "Accounting for investments in securities" ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. From 1 April 2005 onwards, the Group classifies and measures its investment in securities in accordance with HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively except for unquoted equity investments for which fair values cannot be measured reliably, such investments are stated at cost less impairment. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

3. 應用香港財務報告準則／會計政策之變動及其他重列(續)

香港會計準則－金融工具第32號：
披露及呈列(續)

香港會計準則－金融工具第39號：
確認及計量(續)

金融資產及金融負債之分類及計量

於二零零五年三月三十一日，本集團根據會計實務準則第24號「投資證券之會計處理」（「會計實務準則第24號」）之基準處理方式對其債務及股本證券作出分類及計量。根據會計實務準則第24號，於債務或股本證券之投資乃列作「投資證券」、「其他投資」，以適合者為準。「投資證券」乃按成本減減值虧損（如有）列賬，而「其他投資」乃按公平值計量，未變現收益或虧損計入溢利或虧損中。由二零零五年四月一日起，本集團根據香港會計準則第39號對其證券投資進行分類及計量，金融資產乃列作「經損益表內按公平值計算之金融資產」、「可供出售金融資產」、「貸款及應收賬款」或「持有至到期日之金融資產」。分類乃視乎所收購之資產之目的而定。「經損益表內按公平值計算之金融資產」及「可供出售金融資產」乃按公平值列賬，並分別於溢利或虧損及權益中確認公平值之變動，惟無市場報價且公平值無法可靠計量之股本投資乃按成本減減值列賬。「貸款及應收賬款」及「持有至到期日之金融資產」乃採用實際利率法按攤銷成本計量。

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3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES AND OTHER RESTATEMENT (Continued)

HKAS 32 Financial Instruments: Disclosure and Presentation (Continued)

HKAS 39 Financial Instruments: Recognition and Measurement (Continued)

Classification and measurement of financial assets and financial liabilities (Continued)

On 1 April 2005, the Group classified and measured its investment in equity securities in accordance with the requirements of HKAS 39. As a result of the adoption of HKAS 39, the Group re-classified an investment in unlisted equity securities of HK\$190,000 from "investment in securities" to "available-for-sale investments" in the consolidated balance sheet at 1 April 2005. However, the adoption of HKAS 39 did not have material financial impact to the Group.

HKAS 17 – Leases

In previous periods, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (see note 3A for the financial impact).

3. 應用香港財務報告準則／會計政策之變動及其他重列(續)

香港會計準則－金融工具第32號：披露及呈列(續)

香港會計準則－金融工具第39號：確認及計量(續)

金融資產及金融負債之分類及計量(續)

於二零零五年四月一日，本集團根據香港會計準則第39號之規定分類及計量其股本證券投資。採用香港會計準則第39號導致本集團把於二零零五年四月一日記錄於綜合資產負債表內為數港幣190,000元之非上市股本證券投資由「證券投資」重新分類為「可供出售投資」。然而，採用香港會計準則第39號對本集團並無任何重大財務影響。

香港會計準則第17號－租賃

於過往期間，業主佔有之租賃土地及樓宇乃計入物業、廠房及設備一項內，並以成本模式計算。於本年度，本集團採用香港會計準則第17號「租賃」。根據香港會計準則第17號，就租賃分類而言，土地及樓宇租賃之土地及樓宇部份乃分開處理，除非租賃付款無法在土地與樓宇之間可靠地分配，在此情況下，整項租賃一般視為財務租賃處理。在租賃付款能可靠地在土地與樓宇之間分配之情況下，土地之租賃權益被重新分類為經營租賃之預繳租賃付款，以成本列值及按直線法按租賃期攤銷，此項會計政策之變更已作追溯應用(財務影響請參閱附註3A)。

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3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES AND OTHER RESTATEMENT (Continued)

HKFRS 2 – Share-based payment

In the current year, the Group has applied HKFRS 2 “Share-based payment” which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares (“equity-settled transactions”), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (“cash-settled transactions”). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors’ and employees’ share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1 April 2005. In relation to share options granted before 1 April 2005, the Group has not applied HKFRS 2 to share options granted on or before 7 November 2002 and share options that were granted after 7 November 2002 and had vested before 1 April 2005 in accordance with the relevant transitional provisions. However, the Group is still required to apply HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not yet vested on 1 April 2005. The effect on the adoption of HKFRS 2 for the current year is set out in note 3A.

3. 應用香港財務報告準則／會計政策之變動及其他重列(續)

香港財務報告準則第2號－股份形式之付款

於本年度，本集團採用香港財務報告準則第2號「股份形式之付款」，規定本集團如以股份或享有股份之權利交換購買之貨品或獲取之服務（「股權結算交易」），或交換其他價值等同特定數目股份或享有股份之權利之其他資產（「現金結算交易」），須確認為開支。香港財務報告準則第2號對於本集團之主要影響乃關乎本公司董事及僱員購股權須按授出購股權當日釐定之公平值於歸屬期內支銷。在應用香港財務報告準則第2號以前，本集團僅於購股權行使後始確認其財務影響。本集團已就二零零五年四月一日或之後授出之購股權採用香港財務報告準則第2號。就二零零五年四月一日前授出之購股權而言，本集團根據有關過渡條款，並無對二零零二年十一月七日或之前授出之購股權，以及於二零零二年十一月七日後授出並於二零零五年四月一日前歸屬之購股權採用香港財務報告準則第2號。然而，本集團仍須對於二零零二年十一月七日後授出但於二零零五年四月一日為止仍未歸屬之購股權追溯採用香港財務報告準則第2號。採用香港財務報告準則第2號對本年度之影響載於附註3A。

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3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES AND OTHER RESTATEMENT (Continued)

Restatement of properties held for sale as investment properties

In prior years, properties held to earn rental income had been incorrectly classified as “properties held for sale” and recognised at the lower of cost and net realisable value.

Such properties were required to have been recognised under Statement of Standard Accounting Practice (SSAP) 13 and measured at open market values with revaluation surpluses or deficits credited or charged to an investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation deficit, in which case, the excess of the revaluation deficit over the balance on the investment property revaluation reserve would be changed to profit or loss.

In the current year, the Group has, for the first time, applied HKAS 40 Investment Property (“HKAS 40”). The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the period in which they arise. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1 April 2005 onwards.

The directors considered it is impracticable to restate the carrying amount of the investment properties to their open market value as at 1 April 2004 due to the lack of available information on valuation. No effect on equity has been recognised as a result of this reclassification.

The comparative figures have been restated to reflect this reclassification and details are set out in note 3A.

This reclassification has had no significant impact on net profit or loss for 2006.

3. 應用香港財務報告準則／會計政策之變動及其他重列(續)

重列持作出售物業為投資物業

於過往年度，持作賺取租金收入物業不正確地分類為「持作出售物業」，並按成本值與可變現淨值之較低者確認。

該等物業規定須按會計實務準則第13號確認，並以公開市值計量，重估盈餘或虧絀計入投資物業重估儲備，除非該儲備結餘不足以抵銷重估虧絀，在此情況下，重估虧絀超過投資物業重估儲備結餘之餘額將計入損益。

於本年度，本集團首次應用香港會計準則第40號「投資物業」。本集團選擇使用公平值模式計算投資物業，該模式規定投資物業公平值變動產生之盈虧於其產生期間直接在損益確認。本集團已應用香港會計準則第40號之相關過渡條文，並選擇由二零零五年四月一日起應用香港會計準則第40號。

董事認為，重列投資物業賬面值為二零零四年四月一日之公開市值乃屬不切實際，因缺乏可供估值之資料。此項重新分類並無導致須確認對權益之影響。

比較數字已予重列以反映此項重新分類，詳情載於附註3A。

此項重新分類對二零零六年之溢利或虧損淨額並無重大影響。

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3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES AND OTHER RESTATEMENT (Continued)

Restatement of properties held for sale as investment properties (Continued)

The Group has not early applied the following new standards, amendments, and interpretations that have been issued but are not yet effective:

HKAS 1 (Amendment)	Capital disclosures ¹
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures ²
HKAS 21 (Amendment)	Net investment in a foreign operation ²
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions ²
HKAS 39 (Amendment)	The fair value option ²
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts ²
HKFRS 6	Exploration for and evaluation of mineral resources ²
HKFRS 7	Financial instruments: disclosures ¹
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease ²
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds ²
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment ³

3. 應用香港財務報告準則／會計政策之變動及其他重列(續)

重列持作出售物業為投資物業(續)

本集團並無提早採納以下已頒布惟未生效之新準則、修訂及詮釋：

香港會計準則第1號 (經修訂)	資本披露 ¹
香港會計準則 第19號(經修訂)	精算收益及虧損、 集團計劃及披露 ²
香港會計準則 第21號(經修訂)	海外業務淨投資 ²
香港會計準則 第39號(經修訂)	預測集團內部交易之 現金流量對沖會計法 ²
香港會計準則 第39號(經修訂)	公平值期權 ²
香港會計準則第39號 及香港財務報告 準則第4號(經修訂)	財務擔保合約 ²
香港財務報告準則 第6號	礦物資源之 勘探及評估 ²
香港財務報告準則第7號	金融工具：披露 ¹
香港(國際財務報告 詮釋委員會) — 詮釋第4號	釐定一項安排是否 包含租賃 ²
香港(國際財務報告 詮釋委員會) — 詮釋第5號	於清拆、復修及環境 修復基金所產生 權益之權利 ²
香港(國際財務報告 詮釋委員會) — 詮釋第6號	參與特定市場—廢棄 電力及電子設備所 引發之責任 ³

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3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES AND OTHER RESTATEMENT (Continued)

Restatement of properties held for sale as investment properties (Continued)

HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 financial reporting in hyperinflationary economies ⁴
HK(IFRIC)– INT 8	Scope of HKFRS 2 ⁵
HK(IFRIC)– INT 9	Reassessment of embedded derivatives ⁶

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

² Effective for annual periods beginning on or after 1 January 2006.

³ Effective for annual periods beginning on or after 1 December 2005.

⁴ Effective for annual periods beginning on or after 1 March 2006.

⁵ Effective for annual periods beginning on or after 1 May 2006.

⁶ Effective for annual periods beginning on or after 1 June 2006.

3. 應用香港財務報告準則／會計政策之變動及其他重列(續)

重列持作出售物業為投資物業(續)

香港(國際財務報告 詮釋委員會) – 詮釋第7號	應用香港會計準則 第29號「惡性通貨 膨脹經濟財務 報告」之重列方法 ⁴
香港(國際財務報告 詮釋委員會) – 詮釋第8號	香港財務報告準則第 2號之範圍 ⁵
香港(國際財務報告 詮釋委員會) – 詮釋第9號	重新評估嵌入式衍生 工具 ⁶

¹ 適用於二零零七年一月一日或以後開始之年度期間。

² 適用於二零零六年一月一日或以後開始之年度期間。

³ 適用於二零零五年十二月一日或以後開始之年度期間。

⁴ 適用於二零零六年三月一日或以後開始之年度期間。

⁵ 適用於二零零六年五月一日或以後開始之年度期間。

⁶ 適用於二零零六年六月一日或以後開始之年度期間。

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3A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described above on the results for the current and prior year are as follows:

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Decrease in amortisation of goodwill	商譽攤銷減少	2,198	—
Recognition of share-based payment as expenses	確認股份形式之付款為開支	(9,307)	—
Recognition of discount on acquisition of subsidiaries	確認收購附屬公司之折讓	2,812	—
Change in fair value of convertible notes	可換股債券公平值變動	(117,800)	—
Decrease in profit for the year	本年度溢利減少	(122,097)	—

An analysis of the decrease in profit for the period by line items presented according to their function is as follows:

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Increase in other income	其他收入增加	2,812	—
Increase in administrative expenses	行政開支增加	(7,109)	—
Change in fair value of convertible notes	可換股債券公平值變動	(117,800)	—
		(122,097)	—

3A. 會計政策變動影響概要

上述會計政策變動對本年度及上年度之業績影響如下：

按項目之功能呈列有關項目於本期間溢利減少之分析如下：

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3A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Continued)

The cumulative effects of the application of the new HKFRSs as at 31 March 2005 and 1 April 2005 are summarised below:

3A. 會計政策變動影響概要(續)

於二零零五年三月三十一日及二零零五年四月一日，採用新香港財務報告準則之累計影響概述如下：

		Retrospective 追溯應用			Prospective 預先應用			
		Effect of HKAS 1 At 31 March 2005 於二零零五年 三月三十一日 HK\$'000 港幣千元 (Restated) (經重列)	Effect of HKAS 17 At 31 March 2005 於二零零五年 三月三十一日 HK\$'000 港幣千元 (Restated) (經重列)	Restatement of properties held for sales 重列持作 出售物業 HK\$'000 港幣千元 (Restated) (經重列)	At 31 March 2005 於二零零五年 三月三十一日 HK\$'000 港幣千元 (Restated) (經重列)	Effect of HKAS 39 At 1 April 2005 於二零零五年 四月一日 HK\$'000 港幣千元 (Restated) (經重列)	At 1 April 2005 於二零零五年 四月一日 HK\$'000 港幣千元 (Restated) (經重列)	
Balance sheet items affected:	對資產負債表中項目之影響：							
Property, plant and equipment	物業、廠房及設備	119,198	–	(5,063)	–	114,135	–	114,135
Investment properties	投資物業	–	–	–	48,138	48,138	–	48,138
Prepaid lease payments– non-current	非即期預付租金	–	–	4,960	–	4,960	–	4,960
Goodwill	商譽	38,895	–	–	–	38,895	–	38,895
Investments in securities	證券投資	190	–	–	–	190	(190)	–
Available-for-sale investments	可供出售投資	–	–	–	–	–	190	190
Prepaid lease payments– current	即期預付租金	–	–	103	–	103	–	103
Other assets and liabilities	其他資產及負債	9,116	–	–	(48,138)	(39,022)	–	(39,022)
Total effects on assets and liabilities	對資產及負債之影響總計	167,399	–	–	–	167,399	–	167,399
Share capital and other reserves	股本及其他儲備	283,587	–	–	–	283,587	–	283,587
Share premium	股份溢價	30,856	–	–	–	30,856	–	30,856
Accumulated losses	累計虧損	(148,878)	–	–	–	(148,878)	–	(148,878)
Minority interests	少數股東權益	–	1,834	–	–	1,834	–	1,834
Total effects on equity	對權益之影響總計	165,565	1,834	–	–	167,399	–	167,399
Minority interests	少數股東權益	1,834	(1,834)	–	–	–	–	–
		167,399	–	–	–	167,399	–	167,399

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3A. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (Continued)

The financial effects of the application of the new HKFRSs to the Group's equity at 1 April 2004 are summarised below:

		As originally stated	Effect of HKAS 1 採用香港 會計準則 第1號之影響	As restated
		原列	第1號之影響	經重列
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
Share capital and other reserves	股本及其他儲備	196,180	–	196,180
Share premium	股份溢價	9	–	9
Accumulated losses	累計虧損	(163,121)	–	(163,121)
Minority interests	少數股東權益	–	274	274
Total effects on equity	對權益之影響總計	33,068	274	33,342
Minority interests	少數股東權益	274	(274)	–
		33,342	–	33,342

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

Basis of consolidation

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

3A. 會計政策變動影響概要(續)

採用新香港財務報告準則對本集團於二零零四年四月一日之權益之財務影響概述如下：

		As originally stated	Effect of HKAS 1 採用香港 會計準則 第1號之影響	As restated
		原列	第1號之影響	經重列
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
Share capital and other reserves	股本及其他儲備	196,180	–	196,180
Share premium	股份溢價	9	–	9
Accumulated losses	累計虧損	(163,121)	–	(163,121)
Minority interests	少數股東權益	–	274	274
Total effects on equity	對權益之影響總計	33,068	274	33,342
Minority interests	少數股東權益	274	(274)	–
		33,342	–	33,342

4. 主要會計政策

綜合財務報表乃按照香港會計師公會頒佈之香港財務報告準則而編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則及香港公司條例之適用披露。

綜合財務報表是依據歷史成本為編製基礎，惟若干以公平值計量之投資物業及金融工具除外，有關說明載於以下會計政策。

綜合賬目基準

綜合財務報表包含本公司及其附屬公司截至每年三月三十一日止年度之財務報表。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Basis of consolidation (Continued)**

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries after 1 April 2005 is accounted for using the purchase method as set out in HKFRS 3. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instrument issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 are recognised at their fair values at the acquisition date.

The interest of minority shareholders in the acquiree initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

4. 主要會計政策(續)**綜合賬目基準(續)**

於本年度內所收購或出售之附屬公司之業績均已載述於綜合收益表內，並分別自其收購之生效日期起計入或計至其出售之生效日期止(按適用)。

在有必要時，對附屬公司之財務報表作出調整以使其會計政策與本集團其他成員公司所採用者一致。

集團內各公司間之一切交易、結餘、收入及開支已在綜合賬目時予以對銷。

少數股東權益應佔之已綜合附屬公司資產淨值於賬目內與本集團的權益分開呈列。少數股東權益所佔資產淨值包括原來業務合併日期的該等權益金額，以及自合併日期起少數股東應佔的權益變動。少數股東應佔虧損超出少數股東應佔附屬公司權益的金額於本集團權益對銷，惟於少數股東具有約束力責任及其有能力作出額外投資以彌補該等虧損者除外。

業務合併

於二零零五年四月一日之後收購附屬公司時按照香港財務報告準則第3號採用購買會計處理法入賬。收購成本按交換當日所給予之資產、所產生和承擔之負債，以及本集團為控制被收購公司而已發行股本工具之公平值，另加業務合併直接應佔之任何成本計量。符合香港財務報告準則第3號確認條件之被收購公司之可識別資產、負債及或然負債，均以收購日之公平值確認。

少數股東於被收購公司之權益初步按少數股東於已確認可識別資產、負債及或然負債之公平淨值的百分比計量。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on acquisitions prior to 1 April 2005

Goodwill arising on an acquisition of a subsidiary or an associate for which the agreement date is before 1 April 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary and associate at the date of acquisition.

For previously capitalised goodwill arising on acquisitions prior to 1 April 2005, the Group has discontinued amortisation from 1 April 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 April 2005

Goodwill arising on an acquisition of a subsidiary or an associate represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or associate recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of subsidiaries is presented separately in the balance sheet. Capitalised goodwill arising on an acquisition of associates is included in the cost of the investment of the relevant associates.

4. 主要會計政策(續)

商譽

於二零零五年四月一日前收購產生之商譽

協議日期為二零零五年四月一日前收購附屬公司及聯營公司產生之商譽指於收購當日收購成本超逾本集團於收購當日在有關附屬公司及聯營公司可識別資產及負債公平值之權益之差額。

就於二零零五年四月一日後因收購而產生於先前撥充資本之商譽而言，本集團已由二零零五年四月一日起終止攤銷，而有關商譽會每年及於有跡象顯示商譽所屬現金產生單位出現減值時進行測試(見下列會計政策)。

於二零零五年四月一日或之後收購產生之商譽

協議日期為二零零五年四月一日或之後收購附屬公司及聯營公司產生之商譽指於收購當日收購成本超逾本集團於收購當日在有關附屬公司及聯營公司可識別資產、負債及或然負債公平淨值之權益之差額。商譽會初步按成本確認為資產，其後並按成本減任何累計減值虧損列賬。

因收購附屬公司而產生之撥充資本之商譽乃於資產負債表單獨呈列。因收購聯營公司而產生之撥充資本之商譽乃列入有關聯營公司之投資成本內。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

*Goodwill arising on acquisitions on or after 1 April 2005
(Continued)*

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. Cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary or an associate, the attributable amount of goodwill capitalised are included in the determination of the amounts of profit or loss on disposal.

The Group's accounting policy for goodwill arising on the acquisition of an associate is described under "investments in associates".

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisitions")

A discount on acquisition arising on an acquisition of a subsidiary or an associate for which an agreement date is on or after 1 January 2005 represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in profit or loss. A discount on acquisition arising on an acquisition of an associate (which is accounted for using the equity method) is included as income in the determination of the investor's share of results of the associate in the period in which the investment is acquired.

4. 主要會計政策(續)

商譽(續)

於二零零五年四月一日或之後收購產生之商譽(續)

就測試有否減值而言，因收購而產生之商譽乃分配予預計可從收購之協同效益受惠之各有關現金產生單位(或各組現金產生單位)。獲分配商譽之現金產生單位每年及每當有跡象顯示該單位出現減值時測試有否減值。當現金產生單位之可收回數額少於該單位之賬面值，將分配減值虧損以首先減低任何分配予該單位之商譽之賬面值，然後根據該單位各資產之賬面值按比例地減低分配予該單位之其他資產。商譽之任何減值虧損直接於綜合收益表確認。商譽之減值虧損於確認後不會在隨後之期間撥回。

隨後出售附屬公司或聯營公司時，已資本化之應估商譽金額計入以釐定出售之損益金額。

本集團就收購聯營公司所產生商譽之會計政策於「聯營公司投資」內說明。

收購公司所佔被收購公司可識別資產、負債及或然負債的公平淨值權益高出成本值的剩餘價值(「收購折讓」)

收購附屬公司或聯營公司(其協議日期為二零零五年一月一日或以後)產生的收購折讓，即被收購公司可識別資產、負債及或然負債的公平淨值高出業務合併成本值的剩餘價值。收購折讓即時於損益賬內確認。購買聯營公司(而該聯營公司以權益法入賬)產生的收購折讓會包括在收購當期投資者分佔聯營公司業績所確定的溢利中。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment losses. When the Group's share of losses of an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profit and losses are eliminated to the extent of the Group's interest in the relevant associate.

4. 主要會計政策 (續)

聯營公司投資

聯營公司乃本集團對其股本有重大影響力之公司，且並非附屬公司亦非合資企業之權益。重大影響力指有權參加投資對象公司之財政及經營決策，但對該等政策並無控制或共同控制權。

聯營公司的業績、資產及負債按權益法計入綜合財務報表內。按照權益法，聯營公司的投資是按成本及於收購後本集團應佔損益和權益的變動扣除任何經確認減值虧損列於綜合資產負債表內。倘本集團所佔聯營公司的虧損等於或超越本集團於聯營公司應佔的權益(包括會構成本集團對聯營公司淨投資的任何長期權益)，本集團應停止確認應佔的進一步虧損。額外應佔虧損之撥備及負債之確認只限於本集團須承擔法律或推定責任或代聯營公司付款下才作出。

收購成本超過本集團佔收購日期已確認之聯營公司可識別資產、負債及或然負債公平淨值之部份確認為商譽。該商譽計入該投資賬面值內，並作為該投資一部份進行減值評核。本集團佔可識別資產、負債及或然負債公平淨值超過收購成本之部份，於重新評核後即時於損益內確認。

當集團實體與本集團之聯營公司進行交易，溢利及虧損以本集團於有關聯營公司之權益為限對銷。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised upon completion of pipeline construction, which according to industry practice in the region coincides with the “fire ignition ceremony”.

Revenue arising on the sales of goods is recognised when the goods are delivered and title has passed.

Rental income from property letting under operating lease is recognised on a straight-line basis over the term of the relevant lease.

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

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less accumulated depreciation and any identified impairment losses.

Construction in progress represents assets under construction, which is stated at cost less accumulated impairment losses, if any. Cost comprises direct attributable costs of acquisition or construction which include capitalised borrowing costs. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for their intended use.

Depreciation is provided to write off the cost of assets, other than properties under construction, over their estimated useful lives and after taking into account their estimated residual value, if any, using the straight-line method.

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

4. 主要會計政策(續)

收入確認

收入於完成建造管道時確認，此乃根據該地區之行業慣例與「點火儀式」一致。

銷售貨品產生之收入於貨品已交付及所有權已轉移時確認。

根據經營租賃出租物業之租金收入於有關租約期內按直線法確認。

來自金融資產的利息收入按未償還本金額及適用的實際利率以時間比例計算。有關利率指將金融資產的估計未來所收現金在估計可使用期內折現至資產賬面淨值的利率。

物業、廠房及設備

物業、廠房及設備(在建工程除外)按成本值減累計折舊及任何可辨識減值虧損列賬。

在建工程指建造中之資產，按成本值減累計減值虧損列賬(如有)。成本包括直接應佔收購或建造成本(當中包括資本化借貸成本)。在建工程於竣工及投入使用時重新分類為物業、廠房及設備之適當類別。

物業、廠房及設備乃按其估計可用年期並計及估計剩餘價值(如有)後以直線法計算折舊以撇銷其成本或資產之公平價值(在建物業除外)。

物業、廠房及設備項目乃於出售後或當預期持續使用該資產將不會產生未來經濟利益時不再確認。於不再確認該資產時產生之任何收益或虧損(以出售所得款項淨額與該項目之賬面值之差額計算)乃計入於該項目不再確認年度之收益表內。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit and loss for the period in which they arise.

Impairment losses (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets (other than goodwill which is disclosed above) to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the impairment loss is treated as a revaluation decrease under that accounting standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other accounting standard.

4. 主要會計政策 (續)

存貨

存貨按成本值及可變現淨值之較低者列賬。成本值按先入先出法計算。

投資物業

於最初確認時，投資物業以成本計量，包括任何直接應佔開支。於最初確認後，投資物業使用公平值模式計量。投資物業公平值變動產生之收益或虧損於其產生期間計入損益。

減值虧損 (商譽除外)

於各結算日，本集團審閱有形及無形資產(上文所披露之商譽除外)賬面值，以決定是否有跡象顯示此等資產出現減值虧損。倘資產之可收回數額估計低於其賬面值，則資產賬面值會降至其可收回數額。減值虧損即時確認為開支。除非有關資產根據另一會計準則按重估金額列賬，在該情況下，減值虧損視為根據該會計準則之重估減少。

倘減值虧損其後撥回，資產賬面值增至其可收回數額之經修訂估計值，致使增加之賬面值不超過過往年度資產減值虧損未予確認下應予確定之賬面值。撥回後減值虧損即時確認為收入。除非有關資產根據另一會計準則按重估金額列賬，在該情況下，減值虧損撥回視為根據該會計準則之重估增加。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value.

Financial assets*Available-for-sale financial assets*

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

For available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

Receivables

Trade and other receivables are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

4. 主要會計政策(續)

金融工具

當本集團成為工具合約條文之一方，金融資產及金融負債於綜合資產負債表內確認，初步按公平價值計算。

金融資產*可供出售金融資產*

可供出售金融資產為被指定或未分類為任何其他類別之非衍生工具。於最初按成本確認後之每個結算日，可供出售金融資產以公平價值計算。公平值的變動於權益確認，直至金融資產出售或確定出現減值為止，在此情況下，先前在權益確認的累計收益或虧損自權益撤銷，並確認為損益。可供出售金融資產的任何減值虧損於損益確認。可供出售股本投資的減值虧損不會於其後期間撥回。

在活躍市場並無市場報價，且未能可靠衡量公平值的可供出售投資，及與該等無報價股本工具有關並須以交付該等工具結算之衍生工具，則按成本減任何於首次確認後每個結算日的任何減值虧損計算。當有客觀證據證明該資產出現減值，則於損益確認減值虧損。減值虧損數額以資產賬面值與按同類金融資產現行市場回報率貼現的估計日後現金流量現值的差額計算。該等減值虧損不會於其後期間撥回。

應收款項

貿易及其他應收款項隨後按已攤銷成本採用實際利率法作計量。倘資產具有客觀憑證證明減值，則於損益賬中確認就估計不可收回數額計提適用撥備。已確認撥備乃根據資產賬面值與初步確認時按實際利率折算的估計未來現金流量現值的差額計算。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Pledged bank deposits

Pledged bank deposits are short-term deposits and are subject to an insignificant risk of changes in value and are measured subsequently at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are measured at cost or amortised cost.

Financial liabilities

Payables (other than bank borrowings)

Payables including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Convertible loan notes

Convertible bonds issued by the Company (including related embedded derivatives) are designated as financial liabilities at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, the entire convertible notes are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Transaction costs that are directly attributable to the issue of the convertible notes designated as financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

已抵押銀行存款

已抵押銀行存款為短期存款，並且所涉及之價值波動風險不大，且隨後按攤銷成本計量。

現金及現金等值項目

現金及現金等價項目包括庫存現金及活期存款，及期限短，流動性強且易於轉換為已知金額現金的其他投資，且價值變動風險很小，並按成本或攤銷成本計量。

金融負債

應付賬款(銀行借貸除外)

應付賬款，包括貿易及其他應付賬款，使用實際利率法於隨後按攤銷成本計量。

銀行貸款

計息銀行貸款及透支初步按公平值確認，其後以實際利率法按攤銷成本計算。所得款項(已扣除交易成本)與償還或贖回貸款之間差額根據本集團借貸成本之會計政策於借貸年期確認。

可換股貸款票據

於最初確認時，本公司發行之可換股債券(包括相關嵌入式衍生工具)指定為按公平值入賬損益之金融負債。於最初確認後之每個結算日，所有可換股債券均以公平值計量，公平值之變動於其產生期間直接於損益內確認。

發行可換股債券(指定為按公平值入賬損益之金融負債)直接應佔之交易成本即時於損益內確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Financial instruments (Continued)****Financial liabilities (Continued)***Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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

Derivatives that do not qualify for hedge accounting*Derivative financial instruments*

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

Derecognition

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

For financial liabilities, they are removed from the Group's consolidated balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration received or receivable is recognised in profit or loss.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4. 主要會計政策(續)**金融工具(續)****金融負債(續)***股本工具*

股本工具為證明於本集團資產之餘額權益經扣除其所有負債後之任何合約。

本集團發行之股本工具以已收所得款項扣除直接發行成本後記錄。

不符合對沖會計法的衍生工具*衍生金融工具*

衍生金融工具初步按合約日期以公平值入賬，並於其後之申報日期重新計算至公平值。

不符合對沖會計法之衍生金融工具之公平值變動乃於產生時在損益中確認。

終止確認

當從資產收取現金流的權利屆滿時，或金融資產已轉讓而本集團已實質上轉移了與金融資產所有權有關的實質全部風險和報酬，會終止確認該項金融資產。一旦終止確認金融資產，資產的賬面值，與收到的代價及已直接在權益中確認的累積損益總和之間的差額在損益中確認。

金融負債於本集團綜合資產負債表剔除時(即有關合約中規定的義務解除、取消或到期時)，該項金融負債即終止確認。終止確認的金融負債的賬面值與已收或應收的代價之間的差額在損益中確認。

租賃

根據租賃條款將擁有權之大部份風險及回報歸於承租人之租賃列為融資租賃。所有其他租賃均列作經營租賃。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Where the Group is the lessor, rentals receivable under operating leases are credited to income statement on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Where the Group is the lessee, rentals payable under operating leases are charged to income statement on a straight-line basis over the relevant lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Taxation

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

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

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

4. 主要會計政策 (續)

租賃 (續)

如本集團為出租人，根據經營租賃應收之租金按相關租賃期以直線法計入收益表。商議及安排經營租賃之最初直接成本計入租賃資產之賬面值，並於租約期內以直線法基準確認為開支。

倘本集團為承租人，根據經營租賃應付之租金，於相關租約期內以直線法基準於收益表內扣除。作為訂立經營租賃獎賞之已收及應收利益以直線法於租約期內確認為租金開支扣減。

稅項

所得稅開支指現行應付稅項及遞延稅項之總和。

現行應付稅項根據本年度之應課稅溢利計算。由於應課稅溢利不包括其他年度應課稅或可扣稅之收入或開支項目，亦不包括毋須課稅或不可扣減之收益表項目，故有別於收益表所呈報之溢利淨額。本集團當期稅務負債使用於結算日已頒佈或實質頒佈之稅率確認。

遞延稅項乃就財務報表內資產及負債之賬面值與計算應課稅溢利時使用之相應稅基之差額而預期應付或可收回之稅項，乃以資產負債表負債法入賬。一般而言，所有應課稅暫時差額均確認遞延稅項負債，而僅於可能出現應課稅溢利以抵銷可扣稅暫時差額時，始確認遞延稅項資產。倘臨時差額因商譽（或負商譽），或初次確認（並非在業務合併之情況下）一項交易中之其他資產及負債而產生，惟對應課稅溢利或會計溢利概無影響，則不予確認該等資產及負債。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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 asset to be recovered.

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

4. 主要會計政策(續)

稅項(續)

遞延稅項資產之賬面值乃於每個結算日檢討並減至再無足夠應課稅溢利可用以就收回之全部或部份資產作準備之數額。

遞延稅項按償還負債或變現資產期間預期適用之稅率計算。遞延稅項於收益表中扣除或計入，惟倘與直接於權益扣除或計入權益之項目有關，則遞延稅項亦於權益中處理。

外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易均按交易日期之適用匯率換算為功能貨幣(即該實體經營所在主要經濟地區之貨幣)記賬。於各結算日，以外幣定值之貨幣項目均按結算日之適用匯率重新換算。按公平值以外幣定值之非貨幣項目乃按於公平值釐定當日之適用匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

於結算及換算貨幣項目時產生之匯兌差額均於彼等產生期間內於損益賬中確認。以公平值入賬之非貨幣項目經重新換算後產生之匯兌差額於該期間列作損益。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 April 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Goodwill and fair value adjustments arising on acquisitions of foreign operations prior to 1 April 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical exchange rate prevailing at the date of the acquisition.

Borrowing costs

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the assets. Capitalisation of such borrowing ceases when these qualifying assets are substantially ready for their intended use or sale.

All other borrowing cost are recognised as expenses in the period in which they are incurred.

4. 主要會計政策 (續)

外幣 (續)

就呈報綜合財務報表而言，本集團之境外業務資產及負債乃按結算日之適用匯率換算為本公司呈報貨幣(即港幣)，相關收支則按年內平均匯率換算，惟倘期內匯率顯著波動，則會採用交易日期適用之匯率。所產生之匯兌差額(如有)乃確認為權益之獨立部份(匯兌儲備)。該項匯兌差額乃於出售境外業務之期間在損益確認。

於二零零五年四月一日或之後，於收購境外業務時產生之有關所收購可識別資產之商譽及公平值調整乃作為該境外經營業務之資產及負債處理，並按結算日之適用匯率進行換算。產生之匯兌差額乃於匯兌儲備內確認。

於二零零五年四月一日前收購境外業務時產生之商譽及公平值調整乃視作收購公司之非貨幣外幣項目處理，並使用收購當日適用歷史匯率報告。

借貸成本

直接因收購、建造或生產合資格資產而產生之借貸成本，乃撥充資本作為部份資產。當此等合資格資產大致上已可作其擬定用途或予以出售時，則該等借貸停止撥充資本。

所有其他借貸成本均於其產生期間確認為開支項目。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments*Share options granted to employees of the Group*

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

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

Retirement benefit costs– Defined Contribution Plans

Payments to the Mandatory Provident Fund/Staff-managed retirement benefit scheme are charged as an expense as they fall due.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2006, the carrying amount of goodwill is HK\$42,542,000. No impairment loss has been recognised as, in the opinion of the management, the relevant projects of the Group will have sufficient cash flows generated from connection fees and gas sales. Details of the recoverable amount calculation are disclosed in note 18.

4. 主要會計政策(續)

股份形式之付款

授予本集團僱員之購股權

所獲服務之公平值乃參考購股權於授出日期之公平值釐定，在權益歸屬期間以直線法列作開支，並於權益(即購股權儲備)作相應之增加。

購股權獲行使時，先前於購股權儲備中確認之款項將撥入股份溢價。當購股權於歸屬日期後被沒收或於屆滿日仍未行使，先前於購股權儲備中確認之款項將撥入收入儲備。

退休福利成本— 定額供款計劃

強制性公積金／員工管理退休福利計劃之付款於到期時以開支形式扣除。

5. 估計不確定性之主要來源

商譽之估計減值

釐定商譽是否減值須對獲分派商譽之賺取現金單位之使用價值作出估計。使用價值計算要求本集團估計預期產生自賺取現金單位之日後現金流量及合適之折現率以計算現值。倘日後現金流量之實際金額少於預期金額，則可能產生重大減值。截至二零零六年三月三十一日，商譽之賬面值為港幣42,542,000元。由於管理層認為本集團將可自接駁費及天然氣銷售取得充足現金流量，故未有確認任何減值虧損。可收回金額計算方法之詳情於附註18披露。

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Income taxes

As at 31 March 2006, the Group has unused tax losses of HK\$35,533,000 available for offset against future profits. No deferred tax asset in relation to unused tax losses has been recognised in the Group's balance sheet due to unpredictability of future profit streams. In cases where there are future profits generated to utilise the tax losses, a material deferred tax assets may arise, which would be recognised in the income statement for the period in which such future profits are recorded.

Share option benefit expenses

The share option benefit expense is subject to the limitations of the Black-Scholes option pricing model and the uncertainty in estimates used by management in the assumptions. The estimates include limited early exercise behavior, expected interval and frequency of open exercise periods in the share option life, and other relevant parameters of the share option model.

Fair value of convertible bonds

The fair value of the conversion option element of the convertible bonds was calculated using the Binomial model. The model involves assumptions on the Company's credit spread, discount rate, expected credit rating and future cash flows. Should these assumptions change, there would be material changes to the valuation.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables, bank borrowings, convertible notes and bank overdrafts. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies applied by the Group on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

5. 估計不確定性之主要來源 (續)

所得稅

於二零零六年三月三十一日，本集團之未動用稅務虧損為港幣35,533,000元，可用作抵銷未來溢利。由於未能估計未來的溢利，故並無就未動用稅務虧損確認遞延稅項資產。倘日後錄得可用於抵銷稅務虧損之溢利，屆時可能出現重大遞延稅項資產，並會於錄得上述未來溢利期內的收益表確認。

購股權福利開支

購股權福利開支受Black-Scholes期權定價模式限制及管理層於假設所使用估計之不確定性所影響。該等估計包括有限提早行使行為、購股權有效期內預期公開行使期間之間隔及次數，以及購股權模式之其他相關參數。

可換股債券公平值

可換股債券換股選擇權成份之公平值乃使用二項模式計算。該模式涉及本公司有關信貸息差、折現率、預期信貸評級及未來現金流量所作之假設。假如此等假設改變，有關估值將出現重大變動。

6. 財務風險管理目標及政策

本集團之主要財務工具包括貿易及其他應收賬款、銀行結餘及現金、貿易及其他應付賬款、銀行借款、可換股債券及銀行透支。該等金融工具詳情於各有關之附註披露。下文載列與該等金融工具有關之風險及本集團所應用以降低該等風險之政策。管理層管理及監控該等風險，以確保及時和有效地採取適當之措施。

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6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Currency risk**

With most of the Group's significant operations located in the PRC, it derives most of its revenue in Renminbi ("RMB") and most of the expenditures as well as capital expenditures are also denominated in RMB. Management considers the Group has no significant currency risk exposure and will consider to use any hedging derivative when the situations require.

Credit risk

The Group's financial assets are trade and other receivables, pledged bank deposits, bank balances, the amounts of those assets stated in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk in relation to trade and other receivables, the management of the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk in relation bank balances is limited because the majority of the counterparties are financial institutions and banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

6. 財務風險管理目標及政策(續)**貨幣風險**

由於本集團之主要業務均設於中國，其收入亦以人民幣為主，另大部份支出以及資本支出亦以人民幣定值。管理層認為，本集團並無承受重大貨幣風險，並會於情況需要時考慮使用任何對沖衍生工具。

信用風險

本集團之金融資產為貿易及其他應收賬款、抵押銀行存款及銀行結餘，該等於綜合資產負債表列賬之資產金額代表本集團就金融資產之最大信用風險承擔程度。

為盡量減低貿易及其他應收賬款之信用風險，本集團管理層於每個結算日審閱每個個別債務之可收回金額，以確保就不可收回金額作出足夠的減值虧損。就此而言，本公司董事認為，本集團之信用風險已大幅減少。

由於大部分對手方為被國際信貸評級機構評為較高信用評級之金融機構及銀行，因此銀行結餘之信用風險有限。

本集團並無重大集中信用風險，風險分散於多個對手方及客戶。

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7. SEGMENT INFORMATION

(a) Business segment

For management purposes the Group is currently organised into four operating divisions— supply of natural gas, gas pipeline connection, glass product, property holding and investment. These divisions are the basis on which the Group reports its primary segment information.

An analysis of the Group's revenue and contribution by business segment during the year is as follows:

7. 分類資料

(a) 業務分類

為方便管理，本集團現分為四個業務分部— 供應天然氣、接駁燃氣管道、玻璃產品及物業持有及投資。本集團按此等分類報告其主要分類資料。

下表呈列本集團年內按業務分類之收入及貢獻：

		Discontinued operations 已終止業務															
		Supply of natural gas 供應天然氣		Gas pipeline connection 接駁燃氣管道		Glass product 玻璃產品		Property holding and investment 物業持有及投資		Building services (single-trade) 屋宇裝備(單項工程)		Packaged/design and build contracts 整套/設計建造合約		Environmental engineering services 環保工程		Consolidated 綜合	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Turnover	營業額	85,539	28,632	129,271	41,738	24,070	6,680	1,727	2,293	-	309	-	419	-	1,009	240,607	81,080
Segment results	分類業績	13,017	3,312	100,005	34,277	4,069	1,320	(3,889)	(6,686)	-	(405)	-	(514)	-	(1,346)	113,202	29,958
Unallocated other operating income	未分配其他經營收入															11,500	980
Change in fair value of convertible notes	可換股債券公平值變動															(117,800)	-
Convertible notes issue expenses	可換股債券發行開支															(10,140)	-
Unallocated corporate expenses	未分配企業開支															(30,218)	(5,125)
Finance costs	財務成本															(2,907)	(641)
Share of results of associates	應佔聯營公司業績	652	2,264	-	-	-	-	-	-	-	-	-	-	-	-	652	2,264
Share of result of a jointly-controlled entity	應佔共同控制實體業績	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
(Loss) profit before taxation	除稅前(虧損)溢利															(35,711)	27,435
Taxation	稅項															(19,400)	(11,603)
(Loss) profit for the year	本年度(虧損)溢利															(55,111)	15,832

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7. SEGMENT INFORMATION (Continued)

7. 分類資料(續)

(a) Business segments (Continued)

(a) 業務分類(續)

		Discontinued operations 已終止業務														Consolidated 綜合	
		Supply of natural gas 供應天然氣		Gas pipeline connection 接駁燃氣管道		Glass product 玻璃產品		Property holding and investment 物業持有及投資		Building services (single-trade) 屋宇裝備(單項工程)		Packaged/design and build contracts 整套/設計建造合約		Environmental engineering services 環保工程		2006	2005
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005				
		二零零六年 HK\$'000 港幣千元	二零零五年 HK\$'000 港幣千元	二零零六年 HK\$'000 港幣千元	二零零五年 HK\$'000 港幣千元	二零零六年 HK\$'000 港幣千元	二零零五年 HK\$'000 港幣千元	二零零六年 HK\$'000 港幣千元	二零零五年 HK\$'000 港幣千元	二零零六年 HK\$'000 港幣千元	二零零五年 HK\$'000 港幣千元	二零零六年 HK\$'000 港幣千元	二零零五年 HK\$'000 港幣千元	二零零六年 HK\$'000 港幣千元	二零零五年 HK\$'000 港幣千元	二零零六年 HK\$'000 港幣千元	二零零五年 HK\$'000 港幣千元
Segment assets	分類資產	263,352	128,686	47,011	43,166	25,807	17,556	6,984	48,474	-	-	-	-	-	-	343,154	237,882
Interest in associate	所佔聯營公司權益	3,564	-	-	-	-	-	-	-	-	-	-	-	-	-	3,564	-
Unallocated assets	未分配資產	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149,550	22,469
Total assets	資產總額	-	-	-	-	-	-	-	-	-	-	-	-	-	-	496,268	260,351
Segment liabilities	分類負債	13,177	11,054	6,559	43,049	4,742	2,755	847	1,069	-	-	-	-	-	-	25,325	57,927
Convertible notes	可換股債券	-	-	-	-	-	-	-	-	-	-	-	-	-	-	133,788	-
Unallocated liabilities	未分配負債	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,967	35,025
Total liabilities	負債總額	-	-	-	-	-	-	-	-	-	-	-	-	-	-	219,080	92,952
Other segment information:	其他分類資料:																
Depreciation	折舊	5,716	617	5	628	1,152	210	-	-	-	10	-	-	-	-	6,873	1,465
Unallocated amounts	未分配數額	-	-	-	-	-	-	-	-	-	-	-	-	-	-	412	16
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,285	1,481
Decrease in fair value of investment property	投資物業公平值之減少	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,000
Amortisation of goodwill	商譽攤銷	-	-	-	2,198	-	-	-	-	-	-	-	-	-	-	-	2,198
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	27	1,941	-	-	-	-	-	-	-	-	-	-	-	-	27	1,941
Capital expenditure Property, plant and equipment, through acquisition of subsidiaries	資本開支 透過收購附屬公司之物業、廠房及設備	104,217	116,042	-	634	-	-	-	-	-	-	-	-	-	-	104,217	116,676
Capital expenditure in PPE by the Group itself	本集團本身於PPE之資本支出	9,025	-	4	-	2,247	-	-	-	-	-	-	-	-	-	11,276	-
Unallocated amounts	未分配數額	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,870	897
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	119,363	117,573
Investment in securities, through acquisition of subsidiaries	透過收購附屬公司之證券投資	-	190	-	-	-	-	-	-	-	-	-	-	-	-	-	190
Investment properties, through acquisition of subsidiaries	透過收購附屬公司之投資物業	-	-	-	-	-	-	7,569	-	-	-	-	-	-	-	-	7,569
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	119,363	125,332

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7. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

For the year ended 31 March 2006, over 90% (2005: over 90%) of the Group's sales are made in the PRC and over 90% (2005: over 90%) of the Group's assets are situated in the PRC. Accordingly, no segmental analysis of geographical segments is presented for the year.

8. TURNOVER

An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

7. 分類資料(續)

(b) 地區分類

截至二零零六年三月三十一日止年度，本集團逾90%（二零零五年：逾90%）之銷售於中國進行，而其逾90%（二零零五年：逾90%）之資產位於中國。因此，本年度並無作出地區分類之分析。

8. 營業額

本集團之年度收入分析（包括持續經營及已終止業務）如下：

		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Continuing operations	持續經營業務		
Supply of natural gas	供應天然氣	90,533	28,632
Gas pipeline connection	接駁燃氣管道	129,271	41,738
Glass product	玻璃產品	19,076	6,680
Property holding and investment	物業持有及投資	1,727	2,293
		240,607	79,343
Discontinued operations	已終止業務		
Building services	屋宇裝備	-	309
Packaged/design and build contracts	整套／設計建造合約	-	419
Environmental engineering services	環保工程	-	1,009
		240,607	81,080

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9. OTHER OPERATING INCOME

9. 其他經營收入

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Other operating income comprises the following:	其他經營收入包括以下各項：		
Sales of equipment	銷售設備	331	178
Interest income	利息收入	657	433
Compensation from supplier	供應商賠償	1,957	-
Subsidy income	補貼收入	1,542	477
Written off of long-outstanding account payables	撇銷長期應付欠款	647	-
Surplus fund of scheme of arrangement (Note)	債務償還安排盈餘資金 (附註)	10,746	-
Discount on acquisition of subsidiaries	收購附屬公司折讓	2,812	-
Others	其他	97	547
		18,789	1,635

Note: In prior years, the Company entered into a debt restructuring and share subscription agreement with Wonderland Development Limited, the former holding company of the Group. The scheme of arrangement was set up to repay the debt owing. During the year, this scheme had been finalised by the appointed administrator after all claims had been fully settled and therefore, the surplus funds were refunded to the Company.

附註：於過往年度，本公司與本集團前控股公司Wonderland Development Limited 訂立債務重組及股份認購協議。債務償還安排乃設立以償還所欠債務。年內，於所有索償獲償還後，委任管理人已完成此安排，因此，盈餘資金已退回本公司。

10. FINANCE COSTS

10. 財務成本

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Interest on convertible notes	可換股票據之利息	1,063	-
Interest on bank loans and overdrafts: wholly repayable within five years	銀行貸款及透支利息： 須於五年內悉數償還	1,799	228
wholly repayable after five years	須於五年後悉數償還	-	413
Interest on other borrowing	其他借貸利息	45	-
		2,907	641

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11. (LOSS) PROFIT BEFORE TAXATION

11. 除稅前(虧損)溢利

		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
(Loss) profit before taxation has been arrived at after (crediting) charging:	除稅前(虧損)溢利已(計入)扣除下列各項：		
Staff costs	員工成本	22,362	4,910
Retirement benefits schemes contributions	退休金計劃供款	879	165
Share-based payment expense	以股份為基準付款開支	9,307	-
Total staff costs (including directors' emoluments)	員工成本總額(包括董事酬金)	32,548	5,075
Auditor's remuneration	核數師酬金	2,967	1,280
Depreciation	折舊	7,285	1,481
Amortisation of goodwill	商譽攤銷	-	2,198
Amortisation on prepaid lease payments	預付租金攤銷	72	47
Minimum lease payments under operating leases for rented premises	租用樓宇經營租賃 最低租金付款額	918	392
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	27	1,941
Cost of inventories recognised as expenses	確認為開支之存貨成本	19,641	26,174
Allowance for bad and doubtful debts	呆壞賬撥備	18	-
after crediting:	並計入下列各項：		
Interest income	利息收入	657	433
Rental income under operating leases, less outgoing of HK\$277,000 (2005: HK\$390,000)	按經營租賃之租金收入，減開支 港幣277,000元 (二零零五年：港幣390,000元)	1,450	1,903

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12. REMUNERATION OF DIRECTORS AND EMPLOYEES

12. 董事及僱員酬金

(a) Directors' emoluments

The amount disclosed below includes directors' fees of HK\$256,000 (2005: HK\$79,000) payable to independent non-executive directors. None of the directors waived any emoluments during the year.

(a) 董事酬金

下文所披露之金額包括應付獨立非執行董事之董事袍金港幣256,000元(二零零五年：港幣79,000元)。年內概無董事放棄任何酬金。

		2006 二零零六年				
Name of directors	董事姓名	Fee 袍金 HK\$'000 港幣千元	Salaries and allowances 薪金及津貼 HK\$'000 港幣千元	Share based- payment	Retirement benefit scheme 退休金 計劃供款	Total emoluments 總酬金 HK\$'000 港幣千元
				股份形式 之付款 HK\$'000 港幣千元	HK\$'000 港幣千元	
Xu Ruixin	徐瑞新	-	-	-	-	-
Liu Jing	劉京	-	772	2,251	-	3,023
Mo Shikang	莫世康	-	950	225	-	1,175
Zhu Peifeng	朱培風	-	928	225	-	1,153
Zhang Hesheng	張和生	-	928	225	-	1,153
Jin Song	靳松	-	124	2,251	-	2,375
Yan Wing Cheung	甄永祥	-	551	1,472	9	2,032
Liu Junmin	劉駿民	124	-	-	-	124
Tan Qinglian	譚慶璉	-	-	-	-	-
Wong Shing Kay, Oliver	黃承基	130	-	-	-	130
Ong Chi King	王子敬	-	192	2,251	5	2,448
Siu Man Po	蕭文波	2	-	-	-	2
Wang Ke Duan	王克端	-	-	-	-	-
Tjia Boen Sien	謝文盛	-	-	-	-	-
Wang Jing Ning	王京寧	-	-	-	-	-
Keung Kwok Cheung	姜國祥	-	-	-	-	-
Kong Kwok Fai	江國輝	-	-	-	-	-
Wong Sin Yee	黃倩儀	-	-	-	-	-
		256	4,445	8,900	14	13,615

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12. REMUNERATION OF DIRECTORS AND EMPLOYEES (Continued)

12. 董事及僱員酬金(續)

(a) Directors' emoluments (Continued)

(a) 董事酬金(續)

Name of directors	董事姓名	Fee 袍金 HK\$'000 港幣千元	2005 二零零五年		Total emoluments 總酬金 HK\$'000 港幣千元
			Salaries and allowance 薪金及津貼 HK\$'000 港幣千元	Retirement benefit scheme and contributions 退休金 計劃供款 HK\$'000 港幣千元	
Mo Shikang	莫世康	—	550	—	550
Zhu Peifeng	朱培風	—	18	—	18
Zhang Hesheng	張和生	—	18	—	18
Song Sio Chong	宋小莊	—	53	—	53
Tjia Boen Sien	謝文盛	—	590	11	601
Ong Chi King	王子敬	—	20	—	20
Wong Shing Kay, Oliver	黃承基	20	—	—	20
Siu Man Po	蕭文波	59	—	—	59
Wang Ke Duan	王克端	—	—	—	—
Wang Jing Ning	王京寧	—	—	—	—
Keung Kwok Cheung	姜國祥	—	—	—	—
Kong Kwok Fai	江國輝	—	—	—	—
Wong Sin Yee	黃倩儀	—	—	—	—
		79	1,249	11	1,339

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**12. REMUNERATION OF DIRECTORS AND EMPLOYEES
(Continued)****(b) Five highest paid individuals**

The five highest paid individuals in the Group in 2006 were all directors of the Company and details of their emoluments are included in note (a) above. In 2005, of the five individuals with the highest emoluments in the Group, four were directors of the Company whose emoluments are disclosed in note (a) above. The emoluments of the remaining one was as follows:

		HK\$'000 港幣千元
Salaries and allowance	薪金及津貼	96
Retirement benefit scheme contributions	退休金計劃供款	1
		97

For the years ended 31 March 2006 and 31 March 2005, no remuneration was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during both years.

13. TAXATION

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
The charge comprises:	支出包括：		
Current tax	即期稅項		
PRC Enterprise Income Tax	中國企業所得稅	19,400	11,603
Taxation attributable to the Company and its subsidiaries	本公司及其附屬公司應佔稅項	19,400	11,603

12. 董事及僱員酬金(續)**(b) 最高薪酬個別人士**

二零零六年本集團五名最高薪酬人士包括本公司所有董事，而董事之酬金詳情已於附註上文(a)披露。於二零零五年，本集團五名最高薪酬人士包括本公司四名董事，董事之酬金詳情已於附註上文(a)披露。其餘一名人士之酬金如下：

截至二零零六年三月三十一日及二零零五年三月三十一日止年度，本集團概無支付酬金予董事或五位最高薪酬人士，作為加盟本集團之獎勵或作為離職補償。概無董事於兩個年度內放棄任何酬金。

13. 稅項

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13. TAXATION (Continued)

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group did not have any assessable profit in Hong Kong for both years.

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

Pursuant to the relevant law and regulations in the PRC, certain Company's PRC subsidiaries are entitled to exemption from PRC Enterprise Income Tax for two years commencing from their first profit-making year of operation and thereafter, they are entitled to a 50% relief from PRC Enterprise Income Tax for the following three years. During the year, Enterprise Income Tax has been provided in the financial statements for two of the PRC subsidiaries at 50% of the applicable tax rate as it is under the income tax relief. Pursuant to Guoshuifa (1994) No. 209, Chongqing Zhongmin Gas Co., Ltd. and LongXin (Yan Ting) Natural Gas Co., Ltd. were exempted from PRC Enterprise Income Tax for the year ended 31 March 2006. For other PRC subsidiaries they were subject to an income tax rate of 33% on their taxable profits.

Details of the deferred tax liabilities are set out in note 30.

13. 稅項(續)

由於本集團本年度及上年度均並無來自香港之應課稅溢利，故並未於財務報表作出香港利得稅撥備。

產生自其他司法權區之稅項按有關司法權區之現行稅率計算。

根據中國有關法律及規例，本公司若干中國附屬公司有權自經營首個獲利年度起獲豁免繳納中國企業所得稅兩年，而其後三年則有權獲豁免繳納50%中國企業所得稅。於本年度，其中一間中國附屬公司獲享所得稅優惠，故按適用稅率50%於財務報表作出企業所得稅撥備。根據國稅發(1994)209號，重慶中民燃氣有限公司及鹽亭龍興燃氣有限責任公司獲豁免繳納截至二零零六年三月三十一日止年度之中國企業所得稅。其他中國附屬公司則須按其應課稅溢利以33%之所得稅率繳稅。

遞延稅項負債之詳情載於附註30。

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13. TAXATION (Continued)

The taxation for the year can be reconciled to the profit per the consolidated income statements as follows:

13. 稅項(續)

綜合收益表之溢利與本年度之稅項對賬如下：

		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
(Loss) profit before taxation	除稅前(虧損)溢利	(35,711)	27,435
Tax at the applicable tax rate of 33% (2005: 33%)	按適用稅率33%計算之稅項 (二零零五年：33%)	(11,785)	9,053
Tax effect of share of results of associates	分佔聯營公司業績之稅務影響	(215)	(747)
Tax effect of income not taxable in determining taxable profit	釐定應課稅溢利毋須繳稅 收入之稅務影響	(4,708)	(747)
Tax effect of expenses not deductible for tax purpose	不可扣稅支出之稅務影響	43,236	4,521
Tax loss not recognised	未確認之稅項虧損	11,000	726
Tax effect of 50% income tax relief granted to subsidiaries	附屬公司獲授50%所得稅 優惠之稅務影響	(4,317)	(1,863)
Tax effect of exemption granted to subsidiaries	附屬公司獲授豁免之稅務 影響	(12,934)	-
Effect of different tax rate of subsidiaries	附屬公司不同稅率之影響	(725)	544
Others	其他	(152)	116
Taxation for the year	本年度稅項	19,400	11,603

The applicable tax rate of PRC is 33% as the principle business is operated in the PRC.

由於本集團主要於中國經營業務，故中國之適用稅率為33%。

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14. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Earnings	盈利		
(Loss) earnings for the purposes of basic earnings per share	計算每股基本盈利之(虧損)盈利	(56,061)	15,336

The diluted loss per share for the year ended 31 March 2006 was not presented as the exercise of the share options and convertible notes outstanding would result in a decrease in loss per share.

14. 每股(虧損)盈利

本公司普通權益持有人應佔每股基本及攤薄(虧損)盈利按下列數據計算：

於截至二零零六年三月三十一日止年度每股攤薄虧損並未呈列，因行使已發行購股權及可換股債券將導致每股虧損減少。

		Number of shares 股份數目	
		2006 二零零六年	2005 二零零五年
Number of shares	股份數目		
Weighted average number of ordinary shares for the purposes of basic earnings per share	計算每股基本盈利之普通股加權平均數	2,629,455,628	2,524,716,736
Effect of dilutive potential ordinary shares: – share options	潛在普通股攤薄影響： – 購股權		264,602,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	計算每股攤薄盈利之普通股加權平均數		2,789,318,736

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14. (LOSS) EARNINGS PER SHARE (Continued)

Impact of changes in accounting policies and the restatement of figures for 2005:

Changes in the Group's accounting policies and the restatement of figures 2005 during the year are described in detail in note 3A. The following table summarises the impact on basic earnings per share:

Figures before adjustments	調整前數字
Adjustments arising from changes in accounting policies	會計政策變動產生之調整
As reported	如申報

14. 每股(虧損)盈利(續)

會計政策變動之影響及二零零五年數字之重列：

年內本集團會計政策之變動及二零零五年數字之重列載於附註3A詳述。下表概述對每股基本盈利之影響：

2006
二零零六年
Impact on
basic (loss)
per share
對每股基本(虧損)之影響
HK cents
港仙
2.51
(4.64)
(2.13)

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15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Leasehold improvements		Furniture, fixtures and office equipment	Plant, machinery and pipeline	Motor vehicles	Construction in progress	Total
	Building	租約物業	及辦公室	傢俬、裝置	廠房、	汽車	在建工程	總計
	樓宇	裝修	設備	及辦公室	機器及	管道		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
THE GROUP	本集團							
COST	成本							
At 1 April 2004	於二零零四年四月一日	-	585	1,833	1,656	43	-	4,117
Acquisition of subsidiaries	收購附屬公司	8,264	-	438	18,521	1,217	81,287	109,727
Additions	增加	167	-	122	7,254	38	265	7,846
Disposal of subsidiaries	出售附屬公司	-	(585)	(1,833)	(1,656)	(43)	-	(4,117)
Transfer	轉讓	2,308	-	-	40,268	-	(42,576)	-
Disposals	出售	-	-	-	-	-	(1,966)	(1,966)
At 31 March 2005	於二零零五年三月三十一日	10,739	-	560	66,043	1,255	37,010	115,607
Currency realignment	重整貨幣	175	-	10	1,080	21	605	1,891
Acquisition of subsidiaries	收購附屬公司	3,369	-	384	45,002	314	55,148	104,217
Additions	增加	505	427	371	2,383	3,362	8,098	15,146
Transfer	轉讓	-	-	-	98,932	-	(98,932)	-
Transfer to prepaid expenses	轉撥預付開支	-	-	-	-	-	(230)	(230)
Disposals	出售	-	-	-	-	(106)	-	(106)
At 31 March 2006	於二零零六年三月三十一日	14,788	427	1,325	213,440	4,846	1,699	236,525
DEPRECIATION AND IMPAIRMENT LOSS	折舊及減值虧損							
At 1 April 2004	於二零零四年四月一日	-	582	1,691	1,522	43	-	3,838
Provided for the year	本年度撥備	126	-	53	1,203	99	-	1,481
Disposal of subsidiaries	出售附屬公司	-	(582)	(1,700)	(1,522)	(43)	-	(3,847)
At 31 March 2005	於二零零五年三月三十一日	126	-	44	1,203	99	-	1,472
Currency realignment	重整貨幣	2	-	-	20	1	-	23
Provided for the year	本年度撥備	501	21	191	6,078	494	-	7,285
Eliminated on disposal	出售時撇銷	-	-	-	-	(79)	-	(79)
At 31 March 2006	於二零零六年三月三十一日	629	21	235	7,301	515	-	8,701
NET BOOK VALUES	賬面淨值							
At 31 March 2006	於二零零六年三月三十一日	14,159	406	1,090	206,139	4,331	1,699	227,824
At 31 March 2005	於二零零五年三月三十一日	10,613	-	516	64,840	1,156	37,010	114,135

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15. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Buildings	Over the shorter of 40 years or the operation period of the relevant company
Leasehold improvement	Over the shorter of the terms of the leases, or 5 years
Furniture, fixtures and office equipment	20%
Plant, machinery and pipeline	2.5% – 20%
Motor vehicles	20%

15. 物業、廠房及設備(續)

上述物業、廠房及設備項目乃以直線法按下列年率折舊：

樓宇	40年或有關公司之經營期限(以較短者為準)
租約物業裝修	租約期限或5年(以較短者為準)
傢俬、裝置及辦公室設備	20%
廠房、機器及管道	2.5%至20%
汽車	20%

16. INVESTMENT PROPERTIES

16. 投資物業

		HK\$'000 港幣千元
Fair value of investment properties	投資物業公平值	
At 1 April 2004 (reclassified from properties held-for-sale)	於二零零四年四月一日 (由持作出售物業重新分類)	54,138
Decrease in fair value during the year	年內公平值減少	(6,000)
At 1 April 2005	於二零零五年四月一日	48,138
Disposals	出售	(41,154)
At 31 March 2006	於二零零六年三月三十一日	6,984

Detail of geographical locations and tenure of investment properties were:

投資物業之地理位置及年期詳情如下：

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
China Mainland – leases between 10 to 50 years	中國內地 – 租賃期 由10年至50年	6,984	48,138

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16. INVESTMENT PROPERTIES (Continued)

The Group leases out certain investment properties under operating leases, for an initial period of one to two years, with an option to renew on renegotiated terms.

As at 31 March 2005, the Group's investment properties amounting to HK\$41,569,000 were pledged to secure bank loans granted to the Group.

None of the leases include contingent rentals. During the year ended 31 March 2006, the gross rental income from investment properties amounted to approximately HK\$1,727,000 (2005: HK\$2,293,000).

As determined by an independent qualified valuers, BI Appraisals, the valuation of the investment properties on 31 March 2005 had a total value of HK\$62,400,000, which was different from the carrying book value of HK\$48,138,000 because the Group took into consideration a subsequent sale of the investment properties that reflected a lower price per square foot.

No valuation of the investment properties was carried out on 31 March 2006 because the Group took into consideration a subsequent sale of the investment properties in April 2006 that reflect a similar price of the carrying value of investment properties of HK\$6,984,000 held by the Group.

16. 投資物業(續)

本集團根據經營租賃出租若干投資物業，最初期限由1年至2年，可選擇按重新商議條款續期。

於二零零五年三月三十一日，本集團之投資物業港幣41,569,000元已予抵押作為授予本集團銀行貸款之擔保。

概無任何租賃包括或然租金。於截至二零零六年三月三十一日止年度，來自投資物業之總租金收入為約港幣1,727,000元(二零零五年：港幣2,293,000元)。

據獨立合資格估值機構BI Appraisals所釐定，於二零零五年三月三十一日投資物業估值之總價值為港幣62,400,000元，此價值與賬面值港幣48,138,000元有所差異，因為本集團已考慮一項結算日後之投資物業出售，而該出售反映較低之每平方呎價格。

於二零零六年三月三十一日之投資物業並無進行估值，因為本集團已考慮一項於二零零六年四月進行之結算日後投資物業出售，而該出售所反映價格與本集團所持有投資物業之賬面值港幣6,984,000元相若。

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17. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

Leasehold land outside Hong Kong Medium-term lease	香港以外租賃土地 中期租約
Analysed for reporting purposes as:	按申報目的分析：
Current portion	即期部份
Non-current portion	非即期部份

The amount represents medium-term land use rights situated in the PRC.

17. 預付租金

本集團預付租金包括：

2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
9,103	5,063
366	103
8,737	4,960
9,103	5,063

該金額指位於中國之中期土地使用權。

18. GOODWILL

COST	成本	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Arising on acquisition of subsidiaries and balance at 1 April	於四月一日收購附屬公司產生成本及結餘	41,093	41,093
Eliminated of amortisation accumulated prior to the adoption of HKFRS 3	撇除於採納香港財務報告準則第3號前之累計攤銷	(2,198)	—
Arising on acquisition of subsidiaries	因收購附屬公司而產生	5,659	—
Arising on acquisition of additional interests in subsidiaries	因收購附屬公司額外權益而產生	171	—
At end of the year	於年終	44,725	41,093
AMORTISATION	攤銷		
At beginning of the year	於年初	2,198	—
Charged for the year	本年度扣除	—	2,198
Eliminated of amortisation accumulated prior to the adoption of HKFRS 3	撇除於採納香港財務報告準則第3號前之累計攤銷	(2,198)	—
At end of the year	於年終	—	2,198
CARRYING VALUES	賬面值		
At 31 March 2006/2005	於二零零六年／二零零五年三月三十一日	44,725	38,895

18. 商譽

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18. GOODWILL (Continued)

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The management considers each subsidiary represents a separate cash generating unit ("CGU") for the purpose of goodwill impairment testing. At 31 March 2006, the carrying amount of goodwill mainly represents goodwill arising from the acquisition of Main Zhu City Han Wang Natural Gas Co. Ltd., relevant natural gas assets in Bei Chuan County, Chongqing Tong Nan Tongfa Gas Co. Ltd. and Xin Hua Resources Investment Limited of HK\$2,286,000, HK\$1,777,000, HK\$1,596,000 and HK\$38,895,000 respectively.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling price and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and executions of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 3 years on an estimated growth pattern at growth rates between 2.34% to 12.45% (2005: 5% to 10%) and a discount rate of 10% (2005: 10%). The financial budgets and growth rates are estimated accordingly to the stage of each operation with reference to the development curve of the natural gas industry in the PRC region. This pattern is consistent with the track record of the Group's projects.

18. 商譽(續)

本集團每年檢測商譽減值，或倘有跡象顯示商譽可能已減值，則更頻密檢測減值。

管理層認為，就商譽減值測試而言，每家附屬公司代表一個獨立的現金產生單位。於二零零六年三月三十一日，商譽的賬面值主要指因收購綿竹市漢旺天然氣有限公司、北川縣相關天然氣資產、重慶市潼南縣通發燃氣有限責任公司及 Xin Hua Resources Investment Limited 而分別產生商譽港幣2,286,000元、港幣1,777,000元、港幣1,596,000元及港幣38,895,000元。

現金產生單位之可收回金額乃經計算使用價值而釐定。計算使用價值所採用之主要假設為期內該等相關之貼現率、增長率、售價及直接成本之預計變動。管理層利用可反映市場對當時貨幣價值之評估以及現金產生單位之特定風險的除稅前利率來估計貼現率。增長率則按行業增長預測為基準。售價及直接成本之預計變動乃按過往慣例及預期市場之日後變動為基準。

本集團乃根據經管理層就未來3年審批之最近期財政預算案，以增長率2.34%至12.45%（二零零五年：5%至10%）及10%折現率（二零零五年：10%）推斷之增長模式編製現金流量預測。財政預算及增長率根據各業務之階段，經參考中國地區天然氣行業之發展曲線作出估計。這模式與本集團項目之往績一致。

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19. INTEREST IN AN ASSOCIATE

19. 所佔聯營公司權益

		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Cost of unlisted investment	未上市投資成本	2,904	—
Share of post-acquisition profit	分佔收購後溢利	652	—
Exchange adjustment	匯兌調整	8	—
		3,564	—

The Group acquired 50% of the equity shareholdings of Yin Chuen Zhongmin Gas Company Limited on 24 August 2005.

本集團於二零零五年八月二十四日收購銀川中民燃氣有限公司50%股權。

Details of the Group's an associate as at 31 March 2006 is as follow:

於二零零六年三月三十一日，本集團之聯營公司詳情如下：

Name of company 公司名稱	Form of business structure 業務架構形式	Place of establishment operation 成立及經營所在地	Proportion of nominal value of registered capital held by the Group 由本集團持有註冊資本之面值百分比	Principal activities 主要業務
Yin Chuen Zhongmin Gas Company Limited (Formerly known as Yongming Bonerg Natural Gas Co. Ltd.) 銀川中民燃氣有限公司 (前稱永寧縣博能天然氣有限公司)	Incorporated 註冊成立	PRC 中國	50%	Provision of natural gas and gas pipeline construction 提供天然氣及燃氣管道建造

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19. INTEREST IN AN ASSOCIATE (Continued)

Included in the cost of investment in an associate is goodwill of HK\$1,379,000 arising on acquisitions of an associate during the year. This goodwill is attributable to the anticipated profitability of sales and distribution of gas fuel and related products and the gas pipeline construction operations. The movement of goodwill is set out below.

		HK\$'000 港幣千元
COST	成本	
At 1 April 2005	於二零零五年四月一日	–
Arising on acquisition of an associate	因收購聯營公司而產生	1,379
At 31 March 2006	於二零零六年三月三十一日	1,379

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of investment in an associate are determined from value in use calculations. The value in use of the investment represents the Group's share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment.

The Group prepares cash flow forecasts derived from the most recent years financial budgets approved by management of the associate on an estimated growth pattern at growth rate of 10% at discount rate of 10%. The financial budgets and growth rates are estimated according to the stage of each operation with reference to the development curve of the natural gas industry in the PRC region. This pattern is consistent with the track record of the Group's projects.

19. 所佔聯營公司權益(續)

聯營公司投資成本包括年內因收購聯營公司而產生之商譽港幣1,379,000元。此商譽乃歸因於銷售及分銷燃氣及相關產品以及天然氣管道建設業務之預期盈利能力。商譽之變動載列如下：

本集團每年檢測商譽減值，或倘有跡象顯示商譽可能已減值，則更頻密檢測減值。

聯營公司投資之可收回金額以使用價值方法計算。投資之使用值為本集團應佔預期聯營公司可產生之估計日後現金流之現值，包括來自聯營公司業務之現金流及最終出售投資所得款項。

本集團乃根據經聯營公司管理層審批最近年度之財政預算案，以增長率10%及折讓率10%推斷之增長模式編製現金流量預測。財政預算及增長率根據各業務之階段，經參考中國地區天然氣行業之發展曲線作出估計。這模式與本集團項目之往績一致。

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19. INTEREST IN AN ASSOCIATE (Continued)

The summarised financial information in respect of the Group's associates is set out below:

		2006 二零零六年 HK\$'000 港幣千元
Total assets	資產總額	5,923
Total liabilities	負債總額	(1,553)
Net assets	資產淨額	4,370
Group's share of net assets of associates	本集團應佔聯營公司資產淨額	2,185
Goodwill on acquisition of an associate	收購聯營公司之商譽	1,379
		3,564
Revenue	收益	2,914
Profit for the year	本年度溢利	1,304
Group's share of results of associates for the year	本集團應佔聯營公司 本年度業績	652

19. 所佔聯營公司權益(續)

本集團聯營公司之財務資料概述如下：

20. AVAILABLE-FOR-SALE INVESTMENTS

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Unlisted equity investment outside Hong Kong	香港以外之非上市 股本投資	194	-

20. 可供出售投資

The above unlisted investment represents investment in unlisted equity securities issued by a private entity incorporated in the PRC. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

上述非上市投資指於中國註冊成立之私人實體所發行之非上市股本證券之投資，由於合理公平值估計的範圍頗大，以致本公司董事認為其公平值不能可靠地計量，故有關投資在各結算日按成本減減值計量。

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21. INVESTMENT IN SECURITIES

Investment securities as at 31 March 2005 are set out below. Upon the application of HKAS 39 on 1 January 2005, investment securities were reclassified to appropriate categories under HKAS 39.

21. 證券投資

於二零零五年三月三十一日之投資證券載列如下。於二零零五年一月一日應用香港會計準則第39號後，投資證券已重新分類為香港會計準則第39號項下之適當類別。

		HK\$'000 港幣千元
Unlisted equity securities	非上市股本證券	190

22. INVENTORIES

Raw materials	原材料
Work in progress	在建工程
Finished goods	製成品
Consumables	消費品

All inventories were stated at costs.

22. 存貨

	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
	1,979	648
	116	-
	1,729	427
	580	291
	4,404	1,366

所有存貨均以成本值列賬。

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23. TRADE AND OTHER RECEIVABLES

An aged analysis of trade receivables as at the balance sheet date, based on invoice date, net of allowances, is as follows:

Current to 90 days	即時至90日
91 to 180 days	91至180日
181 to 365 days	181至365日
Trade receivables	貿易應收款項
Deposit paid to Scheme Administrator	支付計劃管理人之按金
Advances to third parties	第三方之墊款
Payment in advance to suppliers	支付供應商之墊款
Deposit paid for investments	支付投資按金
Others	其他
Total	合計

The Group allows a credit period ranging from 30 to 90 days to its customers.

The fair values of the Group's trade and other receivables at 31 March 2006 approximates to the corresponding carrying amounts.

23. 貿易及其他應收款項

貿易應收賬款於結算日按發票日期減去準備之賬齡分析如下：

2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
13,372	1,276
52	398
465	132
13,889	1,806
–	2,614
19,498	23,800
9,311	4,274
18,391	2,272
5,395	7,675
66,484	42,441

本集團給予客戶之信貸期由30日至90日不等。

於二零零六年三月三十一日，本集團貿易及其他應收款項之公平值與其賬面值相若。

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24. TRADE AND OTHER PAYABLES

An aged analysis of trade payables as at the balance sheet date is as follows:

Current to 90 days	即時至90日
91 to 180 days	91至180日
Over 180 days	逾180日
Trade payables	應付貿易賬款
Deposits received from customers (<i>Note</i>)	收取客戶之按金 (附註)
Rental deposits received	收取租金按金
Accruals	應計費用
Others	其他

Note: Deposits received from customers represent the gas pipeline connection fee received but the pipelines have not yet been completed.

The fair values of trade and other payables determined based on estimated cash flows discounted at prevailing market rate at the balance sheet date approximate to the corresponding carrying amounts.

24. 貿易及其他應付款項

貿易應付賬款於結算日之賬齡分析如下：

	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Current to 90 days	2,990	6,492
91 to 180 days	55	361
Over 180 days	1,893	290
Trade payables	4,938	7,143
Deposits received from customers (<i>Note</i>)	5,583	44,199
Rental deposits received	175	350
Accruals	14,186	1,280
Others	443	7,053
	25,325	60,025

附註： 收取客戶之按金指已收取之燃氣管道連接費收入，惟管道尚未完成。

根據於結算日按現行市率折算之估計現金流量釐定之貿易及其他應付款項與其賬面值相若。

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25. BANK BORROWINGS

25. 銀行貸款

		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Bank loans, secured	銀行貸款，有抵押	11,518	21,007
Bank loans, unsecured	銀行貸款，無抵押	19,553	–
		31,071	21,007
Bank loans repayable:	須於下列時間償還之銀行貸款：		
Within one year or on demand	一年內或於要求時	28,264	9,922
In the second year	於第二年	2,807	969
In the third to fifth years, inclusive	於第三至五年(包括首尾兩年)	–	3,262
Over five years	五年後	–	6,854
		31,071	21,007
Portion classified as current liabilities	歸類為流動負債部份	28,264	9,922
Long term portion	長期部份	2,807	11,085

All bank loans (secured and unsecured) are fixed rate borrowings of which interest rates are in the range of 1% to 10.04% per annum (2005: ranging from 5.58% to 6.138%).

The directors of the Company consider the carrying amount of the Group's bank loans within one year approximate their fair value and estimate the difference between carrying amount and fair value of bank loans due after one year as insignificant.

所有銀行貸款(有抵押及無抵押)為年利率介乎1%至10.04%之固定息率貸款(二零零五年：由5.58%至6.138%)。

本公司董事認為本集團一年內到期之銀行貸款賬面值與其公平值相約，並估計一年後到期銀行貸款之賬面值與其公平值之差異乃屬微不足道。

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26. SHARE CAPITAL

26. 股本

		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Authorised:	法定：		
4,999,999,999 (2005: 4,999,999,999) shares at HK\$0.07 (2005: HK\$0.07) each	4,999,999,999 股(二零零五年：4,999,999,999股) 每股面值港幣0.07元(二零零五年：港幣0.07元)	350,000	350,000
Issued and fully paid:	已發行及繳足：		
2,885,559,946 (2005: 2,614,715,736) ordinary shares of HK\$0.07 (2005: HK\$0.07) each	2,885,559,946股(二零零五年：2,614,715,736股) 每股面值港幣0.07元(二零零五年：港幣0.07元)之普通股	201,989	183,030

		<i>Notes</i>	Number of	Amount
		<i>附註</i>	ordinary shares	金額
			普通股數目	金額
				HK\$'000
				港幣千元
Authorised:	法定：			
At 31 March 2005 and at 31 March 2006	於二零零五年三月三十一日及二零零六年三月三十一日		4,999,999,999	350,000
Issued and fully paid:	已發行及繳足：			
At 1 April 2004	於二零零四年四月一日		1,519,715,736	106,380
Issue of shares for acquisition of a subsidiary and associates	收購附屬公司及聯營公司時發行股份	(i)	370,000,000	25,900
Placement of shares	配售股份	(ii)	400,000,000	28,000
Subscription of shares	認購股份	(iii)	325,000,000	22,750
At 31 March 2005	於二零零五年三月三十一日		2,614,715,736	183,030
Issue of shares upon exercise of share options	行使購股權時發行股份	(iv)	36,000,000	2,520
Issue of shares upon conversion of convertible notes	轉換可換股票據時發行股份	(v)	234,844,210	16,439
At 31 March 2006	於二零零六年三月三十一日		2,885,559,946	201,989

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26. SHARE CAPITAL (Continued)

Notes:

- (i) On 18 February 2004, the Group entered into agreements with independent third parties to acquire an aggregate 49% equity interest in Xin Hua Resources Investment Limited and its related shareholder's loan for HK\$29,500,000 (the "Xin Hua Acquisition"). The consideration was satisfied by way of issuing 295,000,000 shares in the Company at HK\$0.10 each.

On 18 February 2004, the Group also entered into an agreement with Deson to acquire the entire issued share capital of Penmark Limited ("Penmark") and its related shareholder's loan at a consideration of HK\$7,500,000 (the "Penmark Acquisition"). The consideration was satisfied by issuing 75,000,000 shares in the Company at HK\$0.10 each to Deson or its nominee. The Company also granted Deson's nominee an option to subscribe for one option share for every two shares issued at the option exercise price of HK\$0.105 per option share.

The above transactions were approved by independent shareholders and shareholders of the Company at a special general meeting on 16 April 2004 and completed on 30 April 2004.

The share options granted above will expire on 27 October 2006.

- (ii) On 18 February 2004, the Company entered into a placing agreement with a placing agent to place up to 800,000,000 new shares in the Company at a price of HK\$0.10 per share (the "Placing"). The placing agent agreed to place to not less than six independent placees (a) 200,000,000 placing shares on a fully underwritten basis and (b) 600,000,000 placing shares on a best endeavours basis. An aggregate of 400,000,000 placing shares were successfully placed. Pursuant to the placing agreement, the Company granted each placee a placing option which will entitle the placee to subscribe for one option share for every two placing shares subscribed for by the placee at the option exercise price of HK\$0.105 per option share.

The above transactions were approved by independent shareholders and shareholders of the Company at a special general meeting on 16 April 2004 and completed on 30 April 2004.

26. 股本(續)

附註：

- (i) 於二零零四年二月十八日，本集團與獨立第三方訂立協議，以港幣29,500,000元收購於Xin Hua Resources Investment Limited之合共49%股權及相關股東貸款（統稱「Xin Hua收購」）。代價以每股港幣0.10元發行本公司295,000,000股股份支付。

於二零零四年二月十八日，本集團亦與迪臣訂立協議，收購景達物業有限公司（「景達」）全部已發行股本及相關股東貸款（「景達收購」），代價為港幣7,500,000元。代價以每股港幣0.10元向迪臣或其提名人發行75,000,000股本公司股份支付。本公司亦授予迪臣之提名人購股權，使其有權按每發行兩股股份獲一份購股權股份，購股權行使價為每股購股權港幣0.105元。

上述交易於二零零四年四月十六日由本公司獨立股東及股東於股東特別大會上通過，並於二零零四年四月三十日完成。

上述授出之購股權於二零零六年十月二十七日期。

- (ii) 於二零零四年二月十八日，本公司與一位配售代理人訂立配售協議，以每股港幣0.10元配售本公司800,000,000股新股份（「配售事項」）。配售代理人同意配售予不少於六名獨立承配人，並按以下基礎配售(a) 以全數包銷基準配售200,000,000股配售股份及(b) 以盡力配售基準配售600,000,000股配售股份。共400,000,000股配售股份已經成功配售。根據配售協議，本公司授予每名承配人配售購股權，承配人有權按其認購每兩股配售股份獲一股購股權股份，購股權行使價為每股購股權港幣0.105元。

上述交易於二零零四年四月十六日由本公司獨立股東及股東於股東特別大會上通過，並於二零零四年四月三十日完成。

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26. SHARE CAPITAL (Continued)

Notes: (Continued)

- (ii) (Continued)
10,000,000 options were exercised on 24 January 2006 and the average share price of the Company at the date of exercise of these share options was HK\$0.47.

The share options granted above will expire on 27 October 2006.

- (iii) On 18 February 2004, the Company entered into a subscription agreement with Super Win Development Limited ("Super Win"), the immediate holding company of the Company. The Company issued 325,000,000 new shares to Super Win at a price of HK\$0.10 per share for an aggregate consideration of HK\$32,500,000 (the "Subscription"). Pursuant to the subscription agreement, Super Win will be entitled to subscribe for one option share for every two shares subscribed for at the option exercise price of HK\$0.105 per option share.

The above transactions were approved by independent shareholders and shareholders of the Company at a special general meeting on 16 April 2004 and completed on 30 April 2004.

The share options granted above will expire on 27 October 2006.

- (iv) The Company allotted and issued 10,000,000 shares of HK\$0.07 each for cash at the exercise prices of HK\$0.105 and 26,000,000 shares of HK\$0.07 each for cash at the exercise prices of HK\$0.365 per share as a result of the exercise of share options.
- (v) In February and March 2006, the convertible notes holder converted US\$10,000,000 convertible notes into 234,844,210 shares of HK\$0.07 each, of which 212,181,816 and 22,662,394 shares were converted at HK\$0.33 and HK\$0.3433 per share respectively.

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

26. 股本(續)

附註：(續)

- (ii) (續)
合共10,000,000份購股權於二零零六年一月二十四日被行使，而此等購股權被行使日期本公司之平均股價為港幣0.47元。

上述授出之購股權於二零零六年十月二十七日到期。

- (iii) 於二零零四年二月十八日，本公司與本公司直接控股公司Super Win Development Limited (「Super Win」) 訂立認購協議。本公司以每股港幣0.10元之價格發行325,000,000股新股予Super Win，總代價為港幣32,500,000元(「認購事項」)。根據認購協議，Super Win有權按其認購每兩股認購股份獲一份購股權股份，購股權行使價為每股購股權股份港幣0.105元。

上述於二零零四年四月十六日由本公司獨立股東及股東於股東特別大會上通過，並於二零零四年四月三十日完成。

上述授出之購股權於二零零六年十月二十七日到期。

- (iv) 由於購股權被行使，本公司按行使價每股港幣0.105元之現金，配發及發行10,000,000股每股面值港幣0.07元之股份，以及按行使價每股港幣0.365元之現金，配發及發行26,000,000股每股面值港幣0.07元之股份。
- (v) 於二零零六年二月及三月，可換股債券持有人將10,000,000美元之可換股債券轉換為234,844,210股每股面值港幣0.07元之股份，其中212,181,816股及22,662,394股分別按每股港幣0.33元及每股港幣0.3433元兌換。

上述所有股份與其他已發行股份在所有方面獲享同等權利。

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27. SHARE OPTIONS

The Company operates a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include full-time employees (including executive directors) of the Group. The Option Scheme became effective on 4 April 1997 and, unless otherwise amended or altered, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Option Scheme is limited to 25% of the aggregate number of shares for the time being issued and are issuable under the Option Scheme.

The offer of a grant of share options may be accepted within 28 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 three years from the date of the offer of the share options or the expiry date of the Option Scheme, if earlier.

The exercise price of the share options is determinable by the directors at their discretion and will be the higher of a price being not less than 80% of the average of the closing price of the shares on the Stock Exchange for the five trading days immediately preceding the offer date, and the nominal value of the shares of the Company.

27. 購股權

本公司設有一項購股權計劃（「該計劃」），藉以鼓勵及回饋對本集團之成功經營作出貢獻之合資格參與者。該計劃之合資格參與者包括本集團之全職僱員（包括執行董事）。除非另外修訂或更改，該計劃將自一九九七年四月四日起十年內有效。

根據該計劃，現時可授出之未行使購股權最高數目，於彼等獲行使時，可相等於本公司於任何時間已發行股份之10%。最多向每名合資格參與該計劃之人士授出可發行股份之購股權數目，限於根據該計劃下本公司當時已發行及可發行股份總數之25%。

提出授予購股權之建議可自建議之日期起二十八天內，在購股權承授人支付面值總代價港幣1元後被接納。所授出之購股權之行使期由董事釐定，並在若干歸屬期後開始，但不能長於提出授予購股權之日計三年後或該計劃到期日（以較早者為準）止。

該計劃之行使價由董事酌情釐定，將不少於股份於聯交所於建議日前五個交易日所報之平均收市價之80%之價格及本公司股份面值（以較高者為準）。

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27. SHARE OPTIONS (Continued)

On 1 September 2001, the Stock Exchange amended Chapter 17 (Share Option Schemes) of the Listing Rules. In accordance with the revised rules, it is possible for the Company to grant further options from its existing scheme only if the options granted are in accordance with the requirements of the new rules of Chapter 17. Accordingly to the new rules of Chapter 17, the total number of shares in respect of which options may be granted under the Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and that may be granted to any individual in any one year is not permitted exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

27. 購股權(續)

於二零零一年九月一日，聯交所修訂上市規則第17章(購股權計劃)。根據修訂規則，本公司可根據現有計劃再授出購股權，惟所授出之購股權必須符合第17章新規則之規定。根據第17章新規則之規定，未得本公司股東事先批准前，按購股權計劃可予授出購股權之股份總數不得超過本公司於任何時間已發行股份之10%。未得本公司股東事先批准前，於任何一年向任何個別人士授出及可予授出購股權之已發行及將予發行股份之數目不得超過本公司於任何時間已發行股份之1%。向主要股東或獨立非執行董事授出超過本公司股本0.1%或價值超逾港幣5,000,000元之購股權，均須獲得本公司股東之事先批准。

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27. SHARE OPTIONS (Continued)

The following tables disclose details of the Company's share options held by employees (including directors) and movements in such holdings during the year.

Name or category of participant 參與者姓名或類別	At 1 April 2005 於二零零五年四月一日	Granted during the year 年內已授出	Exercised during the year 年內已行使	At 31 March 2006 於二零零六年三月三十一日	Date of grant of share options* 購股權授出日期*	Exercise period of share options 購股權行使期間	Exercise price of share options** 購股權行使價**
Directors 董事							
Liu Jing 劉京	-	26,000,000	-	26,000,000	13 April 2005 二零零五年四月十三日	12 October 2005 to 3 April 2007 二零零五年十月十二日至二零零七年四月三日	0.365
Mo Shikang 莫世康	-	2,600,000	-	2,600,000	13 April 2005 二零零五年四月十三日	12 October 2005 to 3 April 2007 二零零五年十月十二日至二零零七年四月三日	0.365
Zhu Peifeng 朱培風	-	2,600,000	-	2,600,000	13 April 2005 二零零五年四月十三日	12 October 2005 to 3 April 2007 二零零五年十月十二日至二零零七年四月三日	0.365
Zhang Hesheng 張和生	-	2,600,000	-	2,600,000	13 April 2005 二零零五年四月十三日	12 October 2005 to 3 April 2007 二零零五年十月十二日至二零零七年四月三日	0.365
Jin Song 靳松	-	26,000,000	-	26,000,000	13 April 2005 二零零五年四月十三日	12 October 2005 to 3 April 2007 二零零五年十月十二日至二零零七年四月三日	0.365
Yan Wing Cheung 甄永祥	-	26,000,000	-	26,000,000	18 November 2005 二零零五年十一月十八日	17 May 2006 to 3 April 2007 二零零六年五月十七日至二零零七年四月三日	0.400
Sub-total 小計	-	85,800,000	-	85,800,000			
Other employees 其他僱員							
In aggregate 合計	-	31,000,000	(26,000,000)	5,000,000	13 April 2005 二零零五年四月十三日	12 October 2005 to 3 April 2007 二零零五年十月十二日至二零零七年四月三日	0.365
	-	116,800,000	(26,000,000)	90,800,000			

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

27. 購股權(續)

下表披露僱員(包括董事)持有本公司購股權之詳情及年內該等持有量之變動情況。

* 購股權之歸屬期由授出日期至行使期間開始為止。

** 當本公司配售新股、發行紅股或本公司股本出現其他類似變動時，購股權之行使價須作出調整。

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27. SHARE OPTIONS (Continued)

Total consideration received during the year from employees and directors for taking up 116,800,000 options granted amounted to HK\$8.

The fair value of the Company's shares at the dates of issue of share options during the year is HK\$0.365 and 0.395 respectively.

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

These fair values were calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

		2005 13 April 二零零五年 四月十三日 HK\$'000 港幣千元	2005 18 November 二零零五年 十一月十八日 HK\$'000 港幣千元
Weighted average share price	加權平均股價	HK\$0.365	HK\$0.395
Weighted average exercise price	加權平均行使價	HK\$0.365	HK\$0.400
Expected volatility	預期波幅	40%	40%
Expected life	預期年期	2	1.37
Risk free rate	無風險利率	2.951%	4.163%
Expected dividend yield	預期股息收益	N/A 不適用	N/A 不適用

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over one and a half years immediately preceding the grant date.

The weighted average share price of the Company at the dates of exercise of the share options was at a range of HK\$0.530 to HK\$0.590.

27. 購股權 (續)

年內自僱員及董事接納116,800,000份已授出之購股權收取之總代價為港幣8元。

年內，本公司股份於購股權發行日期之公平值為港幣0.365元至港幣0.395元。

購股權不會授予持有人享有股息或於股東大會上投票之權利。

此等公平值乃採用Black-Scholes定價模式計算。該模式輸入值如下：

	2005 13 April 二零零五年 四月十三日 HK\$'000 港幣千元	2005 18 November 二零零五年 十一月十八日 HK\$'000 港幣千元
Weighted average share price	加權平均股價	HK\$0.365
Weighted average exercise price	加權平均行使價	HK\$0.400
Expected volatility	預期波幅	40%
Expected life	預期年期	1.37
Risk free rate	無風險利率	4.163%
Expected dividend yield	預期股息收益	N/A 不適用

以預期股價回報標準差計量之波幅乃根據緊接授出日期前之一年半內每日股價之統計分析。

於購股權行使日期本公司加權平均股價之範圍港幣0.530元至港幣0.590元。

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28. CONVERTIBLE NOTES

The Company issued US\$20 million, 2% coupon convertible notes at a par value of US\$1 million each on 28 October 2005 with a maturity date on 27 October 2008 (collectively referred to as the "Notes"). The Notes are unsecured and denominated in United States dollars. The Notes entitle the holders to convert them into ordinary shares of the Company in the period commencing from the date falling 2 calendar months after the issue date and ending on the date 3 weeks prior to the maturity date at the lesser of (i) fixed conversion price of HK\$0.3433 or (ii) floating conversion price, which is equal to the average of any four consecutive trading days as selected by the holders during the 30 consecutive trading days immediately prior to date of conversion. The Company is entitled to redeem the Notes by paying a premium of 6% per annum if the closing price of the Company is equal or less than 65% of the fixed conversion price of HK\$0.3433 (i.e. HK\$0.223 or below). In addition, if the amount of the Notes being converted is less than USD5 million after six months from the Grant Date or less than USD10 million after 12 months from the Grant Date, the Company is entitled to redeem the balancing amount of the convertibles which is not converted.

If the share price of any 10 consecutive trading days is equal or less than the 40% of the fixed conversion price, the holders can require the Company to redeem the Notes. The redemption schedule is 50% of the Notes to be redeemed within six months after notice, another 25% within nine months and the balance amount within twelve months. The Company's circular dated 12 October 2005 contained the details of the terms of the Notes.

As determined by an independent qualified valuer, Vigers Appraisal & Consulting Limited, no value has been assigned for these redemption options of the issuer and holder as they are considered to be insignificant in value.

The Company incurred one-off expenses of HK\$10,140,000 for the issuance of the Notes. Such expenses have been recognised in the income statement for the year.

28. 可換股票據

於二零零五年十月二十八日，本公司按票面值1,000,000美元發行合共20,000,000美元之2%票息可換股票據，到期日為二零零八年十月二十七日（統稱為「票據」）。票據為無抵押並以美元為面值。票據賦予持有人權利可轉換該等票據為本公司普通股，由發行日期起計屆滿兩個歷月之日開始，於到期日前屆滿三個星期之日止，換股價按以下之較低者為準(i)固定換股價港幣0.3433元或(ii)浮動換股價（相等於緊接換股日期前30個連續交易日內，由持有人選定之任何連續4個交易日之平均價）。本公司有權支付年息率6%之溢價贖回票據，倘本公司收市價相等於或低於固定換股價港幣0.3433元（即港幣0.223元或以下）之65%。此外，倘於授出日期起計6個月後，已兌換票據金額低於5,000,000美元，或於於授出日期起計12個月後低於10,000,000美元，本公司有權贖回尚未兌換之可換股債券餘下金額。

倘於任何10個連續交易日之股價相等於或低於固定換股價之40%，持有人可要求本公司贖回票據。贖回時間為於接到通知後6個月內贖回50%之票據、9個月內贖回另外25%及於12個月內贖回其餘金額。有關票據條款之詳情請參閱本公司二零零五年十月十二日之通函。

誠如獨立合資格估值公司威格斯資產評估顧問有限公司所釐定，此等發行人及持有人之贖回選擇權並無賦予任何價值，因該等選擇權之價值被視為微不足道。

本公司因發行債少而引起一次性開支港幣10,140,000元。該等開支已於該年度收益表內確認。

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28. CONVERTIBLE NOTES (Continued)

The functional currency of the Group is Renminbi and the conversion option of these Notes is denominated in U.S. dollars. Since the conversion price for the Notes is subject to change, the conversion will not result in settlement by the exchange of a fixed number of equity instruments. Therefore, upon application of HKAS 32 and HKAS 39, it was determined that the Notes do not contain any equity component and the entire Notes were designated as "financial liabilities at fair value through profit or loss" which requires the Notes to be carried at fair value at the balance sheet date and the changes in fair values are recognised in the income statement. During the year, a charge on change in its fair value of HK\$117,800,000 is recognised in the income statement.

The fair value of the Notes at 31 March 2006 was calculated using the market value basis. The inputs into the model were as follows:

Stock price	股價	HK\$0.57 港幣0.57元
Exercise price	行使價	0.3433
Expected volatility	預期波幅	40%
Stock borrowing cost	股份借貸成本	4.31%
Expected dividend yield	預期股息收益	0%
Market yield	市場收益	6.88%

29. RESERVES

The Company did not have any distributable reserves as at 31 March 2006 and 2005.

30. DEFERRED TAX LIABILITIES

At the balance sheet date, the Group has unrecognised tax losses of HK\$35,533,000 (2005: HK\$2,200,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the unrecognised tax losses due to the unpredictability of future profit streams. Such unrecognised tax losses will be carried forward for five years from date of origination.

28. 可換股票據(續)

本公司之功能貨幣為人民幣，此等票據之換股選擇權則以美元為面值。由於換股價可予變動，換股不會導致須以固定數目股本工具作為結算。因此，於採納香港會計準則第32號及第39號後，本集團釐定票據並不包含任何股本成份，而全部票據已指定為「按公平值入賬損益之金融負債」，規定票據須於結算日以公平值列值，其公平值之變動於收益表內確認。年內，收益表內確認其公平值變動產生之扣減值為港幣117,800,000元。

於二零零六年三月三十一日票據之公平值使用市值基準計算。該模型之輸入值如下：

29. 儲備

於二零零六年及二零零五年三月三十一日，本公司並無任何可供分派之儲備。

30. 遞延稅項負債

於結算日，本集團可用作抵銷未來溢利之未確認稅項虧損為港幣35,533,000元(二零零五年：港幣2,200,000元)。由於未來溢利乃不可預料，概無就未確認之稅項虧損確認遞延稅項資產。該等未確認稅項虧損將由產生日期起計結轉五年。

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31. DISPOSAL OF SUBSIDIARIES

In the prior year, the Group discontinued its provision of electrical and mechanical engineering service operations at the time of disposal of Kenworth Group. On 30 December 2005, the Group disposed of two subsidiaries, namely Billion Treasure Holdings Limited and Bless Honour Limited. The net assets of these subsidiaries at the date of disposal were as follows:

31. 出售附屬公司

於過往年度，本集團於出售Kenworth Group時終止提供機電工程服務業務。於二零零五年十二月三十日，本集團出售Billion Treasure Holdings Limited及Bless Honour Limited兩間附屬公司。該兩間附屬公司於出售日期之資產淨額如下：

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Net assets disposed of	出售資產淨額：		
Investment properties	投資物業	41,154	–
Property, plant and equipment	物業、廠房及設備	–	270
Interest in a joint controlled entity	於一家共同控制實體之權益	–	474
Trade and other receivables	貿易及其他應收款項	1,456	9,681
Amounts due from fellow subsidiaries	應收共同系附屬公司金額	–	887
Gross amounts due from contract customers	應收合約客戶總額	–	5,339
Pledged bank deposits	有抵押銀行存款	–	5,183
Bank balances and cash	銀行結餘及現金	233	1,050
Trade and other payables	貿易及其他應付款項	(15,824)	(7,868)
Retention money payables	應付保留款項	–	(1,353)
Gross amounts due to contract customers	應付合約客戶總額	–	(4,324)
Amounts due to fellow subsidiaries	應付同系附屬公司金額	–	(3,712)
Amounts due to a jointly controlled entity	應付一家共同控制實體金額	–	(388)
Borrowings	借貸	–	(5,448)
Minority interests	少數股東權益	–	(273)
Net assets (liabilities) disposed of	出售資產(負債)淨額	27,019	(482)
Loss on disposal	出售虧損	(5,519)	–
Capital contribution through disposal of subsidiaries to former holding company	透過出售附屬公司予前控股公司出資	–	7,482
Total consideration	總代價	21,500	7,000
Satisfied by:	以下列方式支付：		
Cash	現金	21,500	7,000
Net cash inflow arising on disposal:	出售之現金流入淨額：		
Cash consideration	現金代價	21,500	7,000
Bank balances and cash disposed of	出售之銀行結餘及現金	(233)	(1,050)
		21,267	5,950

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32. ACQUISITIONS OF SUBSIDIARIES/BUSINESS

During the year, the Group acquired several subsidiaries/business at an aggregated consideration of HK\$31,417,000. These transactions have been accounted for by the purchase method of accounting.

The net assets acquired, being the fair value, in the transaction, and the goodwill on acquisition or discount arising, are as follows:

32. 收購附屬公司／業務

本年度內，本集團以總代價港幣31,417,000元收購若干附屬公司／業務。該等交易已以收購會計法入賬。

於交易中收購之資產淨額(即公平值)及收購時商譽或所產生之折讓如下：

Data of acquisition	收購日	31 July 2005		31 July 2005		31 July 2005		5 August 2005									
		二零零五年		二零零五年		二零零五年		二零零五年									
		七月三十一日		七月三十一日		七月三十一日		八月五日									
Percentage of equity interests acquired (voting rights)	所收購股權(投票權)百分比	100%		N/A		100%		80%									
				不適用													
		Chongqing Tong Nan															
		Mian Zhu City Han Wang Natural Gas Co. Ltd.				Relevant natural gas assets in Bei Chuan County				Tongfa Gas Co. Ltd.				Fu Ping Natural Gas Co. Ltd.		Total	
		綿竹市漢旺天然氣有限公司				北川縣相關天然氣輸配資產				重慶市潼南縣通發燃氣有限責任公司				富平縣天然氣有限責任公司		總計	
		Acquiree's carry amount		Acquiree's carry amount		Acquiree's carry amount		Acquiree's carry amount		Acquiree's carry amount		Acquiree's carry amount		Acquiree's carry amount			
		before combination		before combination		before combination		before combination		before combination		before combination		before combination			
		Fair Value		Fair Value		Fair Value		Fair Value		Fair Value		Fair Value		Fair Value			
		adjustments		adjustments		adjustments		adjustments		adjustments		adjustments		adjustments			
		收購公司		收購公司		收購公司		收購公司		收購公司		收購公司		收購公司			
		賬面值		賬面值		賬面值		賬面值		賬面值		賬面值		賬面值			
		調整		調整		調整		調整		調整		調整		調整			
		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000			
		港幣千元		港幣千元		港幣千元		港幣千元		港幣千元		港幣千元		港幣千元			
Properties, plant and equipment	物業、廠房及設備	11,810	62	11,872	16,313	(36)	16,277	61,883	1,534	63,417	12,690	(39)	12,651	102,696	1,521	104,217	
Prepaid lease payment	預付租金	428	-	428	105	-	105	3,571	-	3,571	8	-	8	4,112	-	4,112	
Inventories	存貨	67	-	67	74	-	74	761	-	761	270	-	270	1,172	-	1,172	
Trade and other receivables	貿易及其他應收款項	4,539	-	4,539	1,783	-	1,783	14,229	130	14,359	606	-	606	21,157	130	21,287	
Bank balance and cash	銀行結存及現金	185	-	185	77	-	77	3,065	-	3,065	91	-	91	3,418	-	3,418	
Trade and other payables	貿易及其他應付款項	(13,350)	(415)	(13,765)	(9,580)	-	(9,580)	(62,368)	-	(62,368)	(2,777)	-	(2,777)	(88,075)	(415)	(88,490)	
Tax recoverable/(payable)	可收回/(應付)稅項	(85)	-	(85)	-	-	-	84	-	84	(21)	-	(21)	(22)	-	(22)	
Bank borrowings	銀行借貸	-	-	-	(2,904)	-	(2,904)	(11,906)	-	(11,906)	(193)	-	(193)	(15,003)	-	(15,003)	
		3,594	(353)	3,241	5,868	(36)	5,832	9,319	1,664	10,983	10,674	(39)	10,635	29,455	1,236	30,691	
Minority interests	少數股東權益	-	-	-	-	-	-	-	-	-	-	-	(2,127)	-	-	(2,127)	
Goodwill	商譽	-	-	2,286	-	-	1,777	-	-	1,596	-	-	-	-	-	5,659	
Discount on acquisition	收購時折讓	-	-	-	-	-	-	-	-	-	-	-	(2,806)	-	-	(2,806)	
Satisfied by:	支付方式:																
Cash consideration	現金代價			5,527		7,609		12,579		5,702		31,417					

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32. ACQUISITIONS OF SUBSIDIARIES/BUSINESS
(Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries/assets and liabilities is as follows:

			Relevant natural gas assets in Bei Chuan County	Chongqing Tong Nan Tongfa Gas Co. Ltd. 重慶市潼南縣 通發燃氣 有限責任公司	Fu Ping Natural Gas Co. Ltd. 富平縣天然氣 有限責任公司	Total
	Mian Zhu City Han Wang Natural Gas Co. Ltd. 綿竹市 漢旺天然氣 有限公司		北川縣 相關天然氣 輸配資產	重慶市潼南縣 通發燃氣 有限責任公司	富平縣天然氣 有限責任公司	總計
	HK\$'000 港幣千元		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Cash consideration	現金代價	5,527	7,609	12,579	5,702	31,417
Bank balance and cash acquired	收購銀行結存及現金	(185)	(77)	(3,065)	(91)	(3,418)
Net cashflow of cash and cash equivalents in respect of acquisition of subsidiaries/assets and liabilities	就收購附屬公司／資產與負債之現金等值項目流出淨額	5,342	7,532	9,514	5,611	27,999

The goodwill arising on the acquisition of Mian Zhu City Han Wang Natural Gas Co. Ltd., relevant natural gas assets in Bei Chuan County and Chongqing Tong Nan TongFa Gas Co. Ltd. is attributable to the anticipated profitability of the gas pipeline connection business of the subsidiaries/business.

For Fu Ping Natural Gas Co. Ltd., the management of the Group has re-assessed the fair values of the assets and liabilities at the date of acquisition and the discount on acquisition represented the better bargaining position of the Group.

32. 收購附屬公司／業務(續)

就收購附屬公司／資產及負債之現金等值項目流出淨額之分析如下：

因收購綿竹市漢旺天然氣有限公司、北川縣相關天然氣輸配資產及重慶市潼南縣通發燃氣有限責任公司而產生之商譽乃由於附屬公司／業務之燃氣管道接駁業務預期會盈利而致。

就富平縣天然氣有限責任公司而言，本集團管理層已於收購日重新評估其資產及負債之公平值，而收購折讓反映本集團較佳之議價地位。

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32. ACQUISITIONS OF SUBSIDIARIES/BUSINESS (Continued)

The subsidiaries acquired during the year contributed HK\$101,694,000 to the Group's turnover and a profit of HK\$55,588,000 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on 1 April 2005, total group revenue for the year would have been HK\$251,472,000 and loss for the year would have been HK\$52,797,000. The proforma information is for illustrative purpose only and is not necessarily an indicative revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2005, nor is it intended to be a projection of future results.

33. CAPITAL COMMITMENTS

Capital expenditure in respect of investment in a subsidiary	投資附屬公司之資本支出
– contracted for but not provided in the financial statements	– 已訂合約但未於財務報表內撥備

On 31 March 2006, the Group entered into an Equity Transfer Contract whereby the Group agreed to acquire a 51% equity interest in Wei Nan City Natural Gas Company from Wei Nan City Development Company ("Vendor") at a provisional consideration of RMB33,000,000 (approximately HK\$31,942,697), which is subject to certain adjustments. The vendor will also procure that the Group will obtain the exclusive right to operate the business of supplying natural gas within the city of Wei Nan in Shaanxi province, the PRC. Deposit of RMB1,000,000 (approximately HK\$967,961) had been paid before year end date. At the date of issue of the annual report, the acquisition had still not been completed.

32. 收購附屬公司／業務(續)

年內收購之附屬公司於收購日期至結算日期間為本集團之營業額貢獻港幣101,694,000元及為本集團之除稅前溢利貢獻溢利港幣55,588,000元。倘若收購事項於二零零五年四月一日完成，年內集團總收入將為港幣251,472,000元及年內虧損將為港幣52,797,000元。備考資料僅作說明之用，未必能夠真實反映倘若收購事項已於二零零五年四月一日完成本集團實際可達致之收入及經營業績，亦不作為對未來業績之預測。

33. 或然負債

2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
30,975	–

於二零零六年三月三十一日，本集團訂立股權轉讓合約，據此本集團同意向渭南市城市建設總公司(「賣方」)購入渭南市天然氣公司之51%股權，暫定代價為人民幣33,000,000元(約港幣31,942,697元)，可作出若干調整。賣方亦將促使本集團獲得獨家權利以於中國陝西省渭南市內經營供應天然氣業務。於年結日前已支付之按金為人民幣1,000,000元(約港幣967,961元)。於刊發本年報日期，該項收購仍未完成。

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34. OPERATING LEASES ARRANGEMENTS

(a) The Group as lessor

The Group leases its investment properties, as set out in note 16, under operating lease arrangements with leases negotiated for terms ranging from one to two years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments.

Within one year	一年內
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)
After five years	五年後

(b) The Group as lessee

Certain office properties leased by the Group are under operating lease arrangements. Leases for properties are negotiated for terms of two years.

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

Within one year	一年內
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)

34. 經營租賃安排

(a) 本集團作為出租人

如附註16所載，本集團根據經營租賃安排出租其投資物業，經商討後租賃年期為一至二年。租賃條款一般要求租戶按當時的市場情況，繳交保證按金及作定期租金調整。

於結算日，本集團與租戶訂有合約之未來最低租賃款項如下：

2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
240	2,304
520	904
—	84
760	3,292

(b) 本集團作為承租人

根據經營租賃安排，本集團承租若干辦公室物業，經商討後租約年期為兩年。

於結算日，本集團根據不能取消經營租賃之未來最低租賃付款承擔如下：

2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
1,300	611
336	520
1,636	1,131

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35. RETIREMENT BENEFITS SCHEMES

In April 2005, the Group enrolled all non-PRC employees in a Mandatory Provident Fund ("MPF") Scheme. The assets of the MPF Scheme are held separately from those of the Group under the control of trustees. The retirement benefit cost for the MPF charged to the income statement represents contributions payable to the fund by the Group at rates specified in the rules of the MPF Scheme.

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their ending basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 12% to 25% percent of basis salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

36. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with certain related parties during the year.

35. 退休福利計劃

於二零零五年四月，本集團安排所有非中國僱員參與強制性公積金計劃（「強積金計劃」）。強積金計劃之資產與本集團受託人所控制之資產分開持有。於收益表內扣除之退休福利成本指本集團按強積金計劃規則指定之比率應付基金之供款。

本集團於中國營運之附屬公司已參加中國有關地方政府機構營辦之定額供款退休計劃。所有中國僱員有權享有相等於彼等於退休日期時之基本薪資之固定比例作為退休年金。本集團須按中國僱員基本薪資之12%至25%向退休計劃作出特別供款，除作出之年度供款外，本集團並無其他退休後福利之承擔。

36. 與有關連人士之交易

本集團年內與若干有關連人士進行之重大交易如下：

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Rental expense paid to a fellow subsidiary	已付同集團附屬公司租金開支	-	48
Acquisition of subsidiaries from the former ultimate holding company	從最終控股公司收購附屬公司	-	7,500
Disposal of subsidiaries to the former holding company	向前最終控股公司出售附屬公司	-	7,000
Issue of new shares to former holding company	向前控股公司發行新股	-	32,500

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37. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2006 are as follows:

37. 主要附屬公司

於二零零六年三月三十一日，本公司之主要附屬公司詳情如下：

Name of company 公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Capital contributed by the Group 本集團注資	Proportion of nominal value of registered capital 本集團所持有註冊資本面值之比例		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
Brilliant China Investments Limited	BVI 英屬處女群島	US\$1 1美元	100	–	Investment holding 投資控股
Penmark Limited 景達物業有限公司	Hong Kong 香港	HK\$30 港幣30元	100	–	Property holding 物業持有
Beijing Zhongmin Gas Co., Ltd. [北京中民燃氣有限公司]	PRC # 中國#	US\$24,320,000 24,320,000美元	100	–	Investment holding 投資控股
Mian Zhu City Han Wang Natural Gas Co. Ltd. [綿竹市漢旺天然氣有限公司]	PRC# 中國#	RMB1,000,000 人民幣1,000,000元	–	100	Distribution and supply of piped natural gas 分銷及供應管道天然氣
Mian Zhu City Hong Sen Natural Gas Co., Ltd. [綿竹市紅森天然氣有限責任公司]	PRC # 中國#	RMB16,308,800 人民幣16,308,800元	–	100	Distribution and supply of piped natural gas 分銷及供應管道天然氣
Mian Zhu City Long Teng Gas Installation Co. Ltd. [綿竹市龍騰燃氣安裝有限責任公司]	PRC # 中國#	RM7,633,400 人民幣7,633,400元	–	100	Installation of natural gas distribution facilities 安裝天然氣分銷設施
LongXin (Yan Ting) Natural Gas Company Limited [鹽亭龍興燃氣有限責任公司]	PRC # 中國#	RMB3,018,900 人民幣3,018,900元	–	100	Distribution and supply of piped natural gas and installation of natural gas distribution facilities 分銷及供應管道天然氣及裝設天然氣管道設施

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37. PRINCIPAL SUBSIDIARIES (Continued)

37. 主要附屬公司(續)

Name of company 公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Capital contributed by the Group 本集團注資	Proportion of nominal value of registered capital 本集團所持有 註冊資本面值之比例		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
Mian Zhu City Hongsen Glass Products Company Limited [綿竹市紅森林玻璃製品有限公司]	PRC ## 中國##	RMB1,000,000 人民幣1,000,000元	–	70	Manufacturing and sale of glass products 生產銷售玻璃製品
Bei Chuen County Zhongmin Gas Co. Ltd. [北川縣中民燃氣有限公司]	PRC # 中國#	RMB6,000,000 人民幣6,000,000元	–	100	Distribution and supply of piped natural gas 分銷及供應管道天然氣
Chongqing Zhongmin Gas Co. Ltd. [重慶中民燃氣有限公司] (Formerly known as, Chongqing Tong Nan Tongfa Gas Co. Ltd.) (前稱重慶市潼南縣通發燃氣有限 責任公司)	PRC # 中國#	RMB4,080,004 人民幣4,080,004元	–	100	Distribution and supply of piped natural gas and installation of natural gas distribution facilities 分銷及供應管道天然氣 及裝設天然氣管道設施
Fu Ping County Zhongmin Gas Co. Ltd. [富平縣中民燃氣有限公司] (Formerly known as Fu Ping Natural Gas Co. Ltd.) (前稱富平縣天然氣有限公司)	PRC ## 中國##	RMB10,000,000 人民幣10,000,000元	–	80	Distribution and supply of piped natural gas 分銷及供應管道天然氣

Wholly foreign-owned enterprises registered in the PRC.

Sino-foreign joint equity enterprises registered in the PRC.

None of the subsidiaries had issued any debt securities during the year and at the end of the year.

於中國註冊之外商獨資企業。

於中國註冊之中外合資合營企業。

年內及直至本年度完結，附屬公司概無發行任何債務證券。

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38. POST BALANCE SHEET EVENTS

(a) On 28 April 2006, the Company entered into an agreement with Deson Ventures Limited, a company incorporated in the British Virgin Islands, for the disposal of Penmark Limited, a wholly-owned subsidiary of the Company. Pursuant to the terms of Agreement, Deson Ventures Limited will pay HK\$6,500,000 as consideration and the Company has assigned the indebtedness owed by Penmark Limited in the aggregate amount of HK\$7,806,848.33 to the Deson Ventures Limited. This resulted in a loss on disposal of HK\$171,000.

(b) On 30 May 2006, the Company entered into a subscription agreement with an indirect wholly-owned subsidiary of Merrill Lynch for the issue of US\$40,000,000 (equivalent to approximately HK\$310,000,000) 2% convertible bonds due 2009 ("Subscription Agreement"). Pursuant to the terms of the Subscription Agreement, the convertible bonds shall be redeemed by the Company at 106% of their principal amount at the third anniversary of the date of issue. Details of the terms of convertible bonds was set out in the announcement dated 30 May 2006 issued by the Company. The convertible bonds were issued on 15 June 2006.

(c) On 1 June 2006, the Company entered into an Equity Transfer Contract whereby the Company agreed to acquire a 50% equity associate interest in Yan Bian Hua Xin Oil Exploitation Company Limited at a consideration of HK\$30,000,000.

Yan Bian Hua Oil Exploitation Company Limited is engaged in the exploration and extraction of oil and gas in the Yanji Basin located in the Yan Bian Korean Nation Autonomous Area in Jilin Province, the PRC in cooperation with Daqing Oilfield Company. Details of the term of the Agreement was set out in the announcement dated 1 June 2006 issued by the Company.

38. 結算日後事項

(a) 於二零零六年四月二十八日，本公司與Deson Ventures Limited（一家於英屬處女群島註冊成立公司）訂立一項協議，以出售景達物業有限公司（本公司全資附屬公司）。根據協議之條款，Deson Ventures Limited將支付港幣6,500,000元作為代價，而本公司已轉讓景達物業有限公司所欠債務合共港幣7,806,848.33元予Deson Ventures Limited。上述導致一項出售虧損港幣171,000元。

(b) 於二零零六年五月三十日，本公司與美林集團一家間接全資附屬公司訂立一項認購協議，以發行40,000,000美元（相等於約港幣310,000,000元）於二零零九年到期之2%可換股債券（「認購協議」）。根據認購協議之條款，本公司將於發行日期第3周年，按可換股債券本金額之106%贖回可換股債券。可換股債券之條款載於本公司於二零零六年五月三十日刊發之公告。可換股債券於二零零六年六月十五日發行。

(c) 於二零零六年六月一日，本公司訂立股權轉讓合約，據此，本公司同意按港幣30,000,000元之代價收購延邊州華新石油開發有限公司50%股權。

延邊州華新石油開發有限公司與大慶油田公司於中國吉林省延邊朝鮮族自治州境內合作勘探及開發延吉盆地之石油及天然氣資源。協議之條款詳情載於本公司於二零零六年六月一日刊發之公告內。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

38. POST BALANCE SHEET EVENTS (Continued)

(c) (Continued)

Because the legal procedures of completing the acquisition are not yet finalised, management is still in the progress of gathering accounting information to determine the effect of business combination on the consolidated financial statements.

- (d) On 8 June 2006, the Group entered into an Equity Transfer Contract whereby the Group agreed to acquire a 70% equity interest in a natural gas business at Yanliang District, Xian at a consideration of RMB42,500,000 (HK\$41,062,802) and formation of new joint venture company. Because the legal procedures of completing the acquisition is not yet finalised, management is still in the progress of gathering accounting information to determine the effect of business combination on the consolidated financial statements.

The new JV company will engage in the sales distribution of natural gas, design of gas pipeline and related maintenance in the Yanliang District, Xian, Shaanxi province, the PRC. Details of the term of the Agreement was set out in the circular dated 3 July 2006 issued by the Company.

- (e) On 18 July 2006, the Group entered an agreement with Tong Xin Energy whereby the parties agreed to form a Joint Venture Company in Huaihua City of Hunan province in the PRC. The registered capital of the Joint Venture Company is RMB18,180,000 (approximately HK\$17,650,485) of which a 55% and a 45% equity interest will be held by the Group and Tong Xin Energy respectively. After the formation of the JV Company, it will principally engage in the business of installation and supply of natural gas and the sell of liquefied petroleum gas in Huaihua City of Hunan province in the PRC.

Because the legal procedures of completing the acquisition are not yet finalised, management is still in the progress of gathering accounting information to determine the effect of business combination on the consolidated financial statements.

38. 結算日後事項(續)

(c) (續)

由於完成該項收購之法律程序尚未落實，管理層現仍在收集會計資料以釐定業務合併於綜合財務報表上之影響。

- (d) 於二零零六年六月八日，本集團訂立股權轉讓合約，據此，本公司同意按代價人民幣42,500,000元(港幣41,062,802元)收購在西安市閻良區天然氣業務70%之股本權益及成立一間新合營公司。由於完成收購之法律程序現時仍未有定案，管理層現仍在收集會計資料，以釐定於綜合財務報表上業務合併之影響。

新合營公司將於中國陝西省西安市閻良區從事天然氣銷售及分銷；天然氣管道設計及相關之維修。協議條款之詳情載於本公司於二零零六年七月三日刊發之通函內。

- (e) 於二零零六年七月十八日，本集團與同心能源訂立一項協議，據此雙方同意於中國湖南省懷化市成立一家合營公司。該合營公司之註冊資本為人民幣18,180,000元(約港幣17,650,485元)，由本集團及同心能源分別持有55%及45%股權。合營公司成立後，將主要於中國湖南省懷化市經營天然氣安裝及供應以及液化石油天然氣銷售業務。

由於完成該項收購之法律程序尚未落實，管理層現仍在收集會計資料以釐定業務合併於綜合財務報表上之影響。

FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

The following is a summary of the published results and of the assets, liabilities and minority interests of the Group for the five financial years ended 31 March 2006.

本集團截至二零零六年三月三十一日止五個財政年度之資產、負債及少數股東權益之刊發業績概要如下：

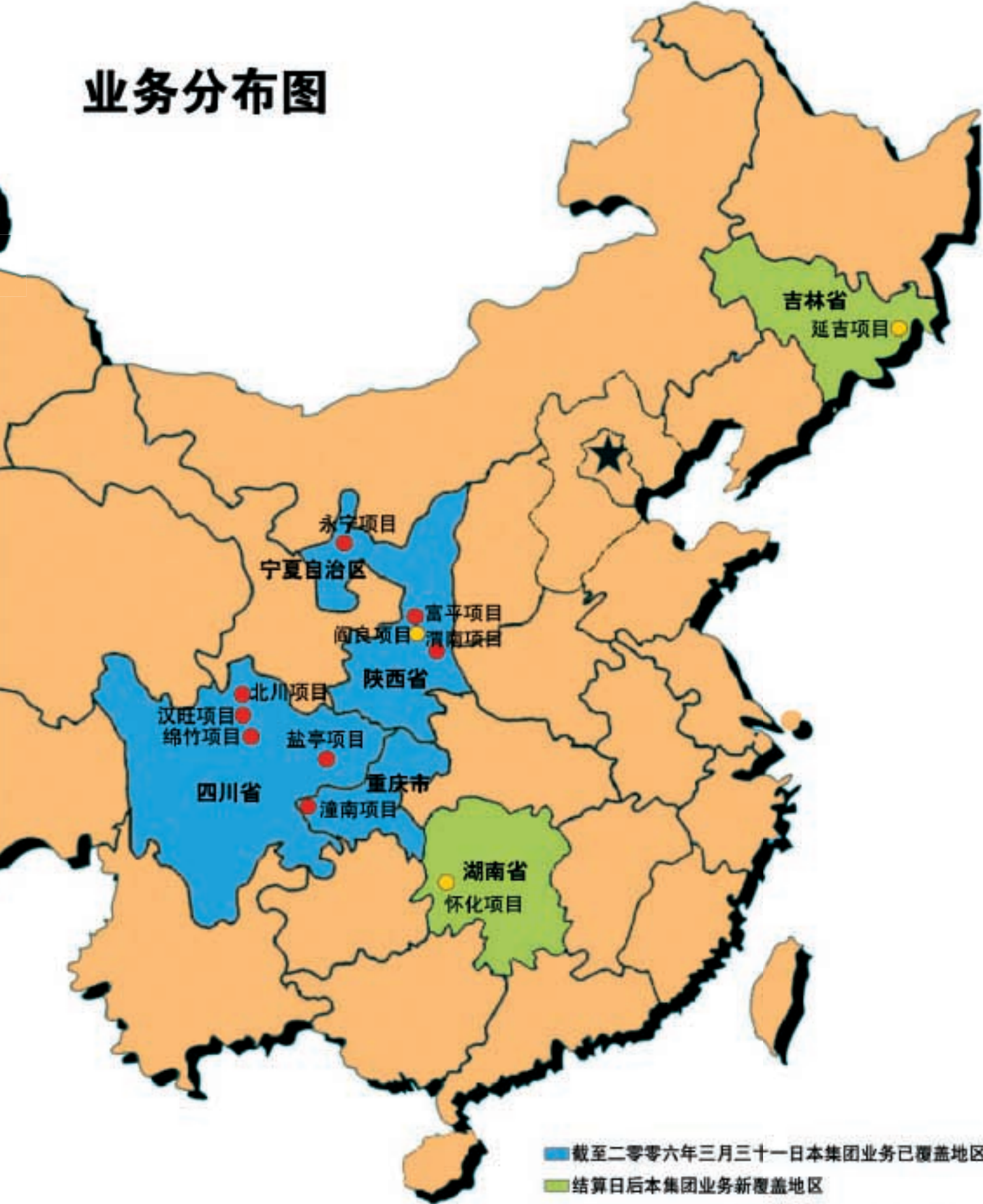
		Year ended 31 March				
		截至三月三十一日止年度				
		2006	2005	2004	2003	2002
		二零零六年	二零零五年	二零零四年	二零零三年	二零零二年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS	業績	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Turnover	營業額	240,607	81,080	38,243	31,136	19,117
(Loss) profit before tax	除稅前溢利 (虧損)	(35,711)	27,435	(9,024)	(8,805)	(10,874)
Tax	稅款	(19,400)	(11,603)	(135)	-	-
(Loss) profit for the year	本年度溢利 (虧損)	(55,111)	15,832	(9,159)	(8,805)	(10,874)
Attributable to:	由以下應佔：					
Equity holders of the Company	本公司權益 持有人	(56,061)	15,336	(9,132)	(8,760)	(10,860)
Minority interests	少數股東權益	950	496	(27)	(45)	(14)

		As at 31 March				
		於三月三十一日				
		2006	2005	2004	2003	2002
		二零零六年	二零零五年	二零零四年	二零零三年	二零零二年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS, LIABILITIES AND MINORITY INTERESTS	資產、負債及 少數股東 權益	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Total assets	資產總額	496,268	260,351	72,053	17,274	22,459
Total liabilities	負債總額	(219,080)	(92,952)	(38,711)	(20,420)	(16,803)
Net assets (liabilities)	資產(負債)淨額	277,188	167,399	33,342	(3,146)	5,656
Minority interests	少數股東權益	(4,713)	(1,834)	(274)	(683)	(728)

Note 1: The results of the year ended 31 March 2002, 2003 and 2004 have not been restated for the effect of the changes to the Group's accounting policies for the adoption of the new HKFRSs.

附註1: 本集團並無因為採納新香港財務報告準則導致會計政策變動造成之影響而重列截至二零零二年、二零零三年及二零零四年三月三十一日止各年度之業績。

业务分布图



- 截至二零零六年三月三十一日本集团业务已覆盖地区
- 结算日后本集团业务新覆盖地区
- 截至二零零六年三月三十一日本集团已投资项目
- 结算日后本集团新投资项目

中民燃氣控股有限公司
CHINESE PEOPLE GAS HOLDINGS COMPANY LIMITED

Unit 2113, 21/F., China Merchants Tower, Shun Tak Centre,
168-200 Connaught Road Central, Hong Kong

香港中環干諾道中168-200號信德中心招商局大廈21樓2113室