

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Company is a listed limited company incorporated in Hong Kong. The principal activities of the Group are property investment and development, manufacturing and trading of plastic packaging materials, stock broking & finance.

2. IMPACT OF A REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE (“SSAP”)

In the current year, the Group has adopted SSAP 12 (Revised) “Income Taxes”. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. The effect of this change in accounting policy is not material to the Group’s profit and net assets for both the current and prior years, therefore the opening balances of retained profits and the comparative information have not been restated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants and the disclosure requirements of the Hong Kong Companies ordinance. A summary of the significant accounting policies which have been adopted in preparation of the financial statement is set out below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st March, 2004. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

Investment in subsidiaries are stated at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**Associates**

An associate is an enterprise, not being a subsidiary or joint venture, in which the Group has a long term equity interest and over which the Group is in a position to exercise significant influence in management, including participation in financial and operating policy decisions.

The results of associates are accounted for by the Group using the equity method of accounting. At the balance sheet date, the Group's investments in associates are stated at its attributable share of net assets in the associates.

Investments in associates are stated in the Company's balance sheet at cost less impairment loss, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

Goodwill

Goodwill arising from consolidation of subsidiaries and from acquisition of associates represents the excess of purchase consideration over the fair values acquired to the net assets of subsidiaries and associates acquired.

Goodwill on acquisitions that occurred prior to 31st March, 2001 was eliminated against reserves.

Upon disposal of subsidiaries or associates, the relevant portion of attributable goodwill previously written off to retained profits is released and charged to the income statement in arriving at the gain or loss on sale of the investments.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment (Cont'd)

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Depreciation is provided to write off the cost of an asset over its estimated useful life using the following rates per annum:

Land held under medium term leases	Over the unexpired period of the lease
Buildings	Over the shorter of its useful life or unexpired period of the lease
Plant and machinery	10% – 20% on reducing balance method
Furniture, fixtures and equipment	15% – 25% on reducing balance method
Motor vehicles	15% – 25% on reducing balance method

Medium term lease is defined as a lease of over 10 years but not more than 50 years.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development has been completed and which are held for their long-term investment potential, any rental income being negotiated at arm's length.

No depreciation is provided in respect of investment properties which are held on leases with an unexpired term of more than twenty years. Investment properties are stated at their open market value based on the professional valuations at the balance sheet date.

Any surplus or deficit arising on the valuation of investment properties are dealt with in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the income statement.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment property revaluation reserve to the income statement.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Properties under development

Properties under development are stated at cost less impairment loss. Cost includes the cost of land, construction costs, financing cost and development expenditure capitalised.

Capitalisation of borrowing costs

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

Investment securities

Investment securities are stated at costs less impairment loss.

The carrying amount of individual investment is reviewed at each balance sheet date to assess whether the fair value has declined below the carrying amount. When a decline other than temporary has occurred, the carrying amount of such investment is reduced to its fair value. The amount of the reduction is recognised as an expense in the income statement.

Other investments

Other investments are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the income statement. Profits or losses on disposal of other investments, representing the differences between the net sales proceeds and the carrying amounts, are recognised in the income statement as they arise.

Trading properties

Trading properties are stated at the lower of cost and net realisable value. Cost includes the acquisition cost, financing cost and decoration cost capitalised. Net realisable value is the estimated selling price at which a property can be realised less related expenses.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprised of direct materials, direct labour cost and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less further costs expected to completion and costs to be incurred in selling and distribution.

Taxation

Taxation 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.

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 profits will be available against which tax losses and deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit.

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 realised. Deferred tax is charged or credited in 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.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if and only if the Company has the legally enforceable right to set off current tax assets against current tax liabilities. The principle of offsetting usually applies to income tax levied by the same tax authority on same taxable entity.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**Recognition of revenue**

- (i) Rental income under operating leases is recognised, on a straight-line basis over the lease terms.
- (ii) Guest house income is recognised when guest house services are provided.
- (iii) Income from sale of goods is recognised when goods are delivered and title has passed to customers.
- (iv) Income from sale of trading properties is recognised when the relevant contract is made and properly executed.
- (v) Brokerage income is recognised when the relevant contract note is made and properly executed.
- (vi) Gains on foreign exchange dealings are recognised when the exchange memorandum are made and properly executed respectively.
- (vii) Dividend income from investment is recognised when the shareholders' right to receive payment has been established. Dividend income from subsidiaries is recognised in the period to which the dividend relates.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the approximate rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are translated into Hong Kong dollars at the approximate rates of exchange ruling at the transaction dates. Profit and loss arising on exchange are dealt with in the income statement.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into Hong Kong dollars at exchange rates prevailing on the balance sheet date. Income and expenses items are translated into Hong Kong dollars at the average exchange rates for the year. Exchange differences arising on consolidation, if any, are classified as equity and transferred to the Group's exchange reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Retirement benefit costs

The Group's contributions to the retirement schemes are expensed as incurred.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances and bank overdrafts.

Related parties

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

Impairment loss

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its net realizable value and value in use, in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the smallest group of assets, to which the asset belongs, that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at revalued amount under another SSAP, in which case the impairment loss is treated as a revaluation decrease under that SSAP.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities

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

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

Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Segment assets consist primarily of non-current assets, inventories, receivables, operating cash and interest in associates but excludes investment securities. Segment liabilities comprise operating liabilities and exclude certain corporate borrowings. Capital expenditure comprises additions to fixed assets.

In respect of geographical segment reporting, sales, total assets and capital expenditure are based on the destination country to which goods are shipped and location of assets respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Dividends

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

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

4. TURNOVER

Turnover comprises the aggregate of gross invoiced values of goods sold less discounts and returns, gross proceeds from sale of trading properties, gross rental income, brokerage commission, guest house income, gains on foreign exchange dealings and dividend income.

	2004	2003
	HK\$	HK\$
Sale of goods	167,348,127	145,749,518
Gross rental income	14,064,118	15,283,728
Brokerage commission	22,480,415	11,952,037
Guest house income	2,190,964	2,799,995
Gains on foreign exchange dealings	492,266	473,551
Dividend income	1,126,914	481,076
	<u>207,702,804</u>	<u>176,739,905</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SEGMENT INFORMATION

(i) Business segment

	Property development and investments		Manufacturing and trading of plastic packaging material		Stock broking and finance		Eliminations		Consolidated	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Turnover										
External sales	16,533,366	18,083,722	167,348,127	145,749,518	23,821,311	12,906,665	-	-	207,702,804	176,739,905
Inter-segment sales	1,770,196	1,764,894	-	-	-	-	(1,770,196)	(1,764,894)	-	-
Total Turnover	<u>18,303,562</u>	<u>19,848,616</u>	<u>167,348,127</u>	<u>145,749,518</u>	<u>23,821,311</u>	<u>12,906,665</u>	<u>(1,770,196)</u>	<u>(1,764,894)</u>	<u>207,702,804</u>	<u>176,739,905</u>
Result										
Segment result	<u>(3,689,920)</u>	<u>6,244,090</u>	<u>16,471,883</u>	<u>19,518,744</u>	<u>16,209,590</u>	<u>(5,117,991)</u>			28,991,553	20,644,843
Finance costs									(4,309,259)	(6,099,123)
Share of (loss) profit of associates	(181,671)	145,501	(611,595)	(1,718,375)	-	-			(793,266)	(1,572,874)
Profit from ordinary activities before taxation									23,889,028	12,972,846
(Taxation) tax refund	(571,106)	2,306	(214,083)	(145,789)	(121,417)	110,436			(906,606)	(33,047)
Profit from ordinary activities after taxation									22,982,422	12,939,799
Minority interests	-	-	(456,963)	(402,601)	(11,559)	(10,987)			(468,522)	(413,588)
Profit attributable to shareholders									<u>22,513,900</u>	<u>12,526,211</u>
Segment assets	309,106,708	319,171,064	185,627,016	136,528,711	202,467,378	112,734,834			697,201,102	568,434,609
Interests in associates	19,125,656	14,746,501	10,612,079	11,470,197	-	-			29,737,735	26,216,698
Unallocated corporate assets	-	-	-	-	-	-			6,475,889	6,475,889
Total assets	<u>328,232,364</u>	<u>333,917,565</u>	<u>196,239,095</u>	<u>147,998,908</u>	<u>202,467,378</u>	<u>112,734,834</u>			<u>733,414,726</u>	<u>601,127,196</u>
Segment liabilities	35,689,919	31,189,399	23,733,695	11,770,147	135,963,610	46,744,793			195,387,224	89,704,339
Unallocated liabilities									103,401,956	109,477,235
Consolidated total liabilities									<u>298,789,180</u>	<u>199,181,574</u>
Minority interests	-	-	10,419,350	4,931,663	1,551,245	1,539,686			11,970,595	6,471,349
Depreciation for the year	474,496	539,654	5,022,860	4,619,279	286,609	343,958			5,783,965	5,502,891
Capital expenditure incurred during the year	176,987	663,702	35,074,320	8,949,953	114,558	113,384			<u>35,365,865</u>	<u>9,727,039</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. SEGMENT INFORMATION (Cont'd)

(ii) Geographical Segment

	Turnover	
	2004 HK\$	2003 HK\$
Hong Kong	49,614,921	39,703,532
Mainland China	332,801	1,255,613
North America	58,520,227	50,580,036
Europe	30,508,712	25,888,000
Australia	31,265,548	23,915,817
Asia	37,460,595	35,396,907
	<u>207,702,804</u>	<u>176,739,905</u>

	Carrying amount of Segment assets		Additions to Property, Plant and Equipment	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Hong Kong	507,052,281	397,536,911	572,800	807,547
Mainland China	175,208,107	159,064,250	34,793,065	8,919,492
North America	4,990,731	3,331,108	–	–
Europe	2,089,408	2,921,340	–	–
Australia	4,891,021	2,887,023	–	–
Asia	2,969,554	2,693,977	–	–
	<u>697,201,102</u>	<u>568,434,609</u>	<u>35,365,865</u>	<u>9,727,039</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. OTHER REVENUES

	2004 HK\$	2003 HK\$
Profit on disposals of other investments	10,400,771	73,534
Interest income	3,347,706	3,803,371
Other income	3,023,556	1,958,161
Consultancy & management fee	282,540	342,580
Unrealised holding gains (loss) on other investments	23,335	(6,001,256)
	<u>17,077,908</u>	<u>176,390</u>

7. PROFIT FROM OPERATIONS

	2004 HK\$	2003 HK\$
Profit from operations is arrived at after charging :		
Auditors' remuneration	638,367	537,300
Cost of inventories sold	108,580,182	88,180,568
Impairment loss of properties under development	2,422,522	-
Impairment loss of trading properties	2,500,000	-
Net bad debt provision and write-off	3,437,256	891,011
Loss on disposal of plant and equipment	351,640	443,680
Staff costs (including directors' remuneration)		
Salaries, wages and welfare	37,917,426	31,670,973
Operating lease rental in respect of land and buildings	714,539	939,082
Depreciation	5,783,965	5,502,891
Exchange loss	14,833	-
and after crediting :		
Exchange gain	-	29,916
Gross rental income from investment properties	14,064,118	15,283,728
Less: outgoings	(188,496)	(179,190)
Net rental income	<u>13,875,622</u>	<u>15,104,538</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. FINANCE COSTS

	2004	2003
	HK\$	HK\$
Interest on:		
Bank loans and overdrafts wholly repayable within five years	3,095,896	4,910,466
Other borrowings	549,063	595,083
Bank charges	664,300	593,574
	<u>4,309,259</u>	<u>6,099,123</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. TAXATION

The amount of taxation in the consolidated income statement represents:

	2004 HK\$	2003 HK\$
Current tax-Provision for Hong Kong profits tax		
Tax for the year	2,150,945	1,746,139
Benefit of previously unrecognized tax losses	(1,932,730)	(1,723,579)
	<u>218,215</u>	<u>22,560</u>
Deferred tax		
Origination and reversal of temporary differences	501,511	(45,947)
Effect of increase in tax rate on deferred tax balances at the beginning of the year	86,540	–
Tax loss recognized	(27,953)	(31,573)
Prior years' tax losses utilized this year	–	84,700
	<u>560,098</u>	<u>7,180</u>
Share of taxation attributable to associates	<u>128,293</u>	<u>3,307</u>
Total charge for taxation	<u>906,606</u>	<u>33,047</u>
Effective tax rate	<u>3.8%</u>	<u>0.3%</u>
Reconciliation between taxation charge and accounting profit at applicable tax rates:		
Profit before taxation	<u>23,889,028</u>	<u>12,972,846</u>
Notional tax on profit before taxation, calculated at Hong Kong profits tax rate of 17.5% (2003: 16%)	4,180,580	2,075,655
Tax effect of:		
Different tax rates in other countries	19,914	196,418
Non-deductible expenses	1,937,928	2,161,749
Non-taxable revenue	(4,234,815)	(3,389,714)
Effect of increase in tax rate on deferred tax balances at the beginning of the year	86,540	–
Prior years' tax losses utilized this year	(1,946,296)	(1,723,579)
Current year's tax loss not recognized	847,606	927,608
Tax-exempted profit	–	(104,395)
Over-provision in prior years	–	(116,031)
Minimum income tax imposed	15,149	5,336
Actual charge for taxation	<u>906,606</u>	<u>33,047</u>

In March, 2003, the Hong Kong government announced an increase in the profits tax rate applicable to the Group's operations in Hong Kong from 16% to 17.5%. This increase is taken into account in the preparation of the Group's financial statements for the year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. DIRECTORS' AND EMPLOYEES' REMUNERATION

The aggregate amounts of remuneration payable to the Directors of the Company during the year are as follows:

	2004	2003
	HK\$	HK\$
Fees	210,000	210,000
Salaries and other allowances*	4,543,119	4,765,823
	4,753,119	4,975,823

* Including consultancy fees paid to Sonliet Investment Company Limited ("Sonliet"), Rolling Development Limited ("Rolling") and Holytex Investment Company Limited ("Holytex") of which Mr. Chua Nai Tuen and Mr. Chua Nai King were directors of Sonliet and Rolling respectively and Mr. Se Ying Kin was the manager of Holytex.

The remuneration of the above directors fell within the following bands:

	2004	2003
	Number of directors	Number of directors
Nil – HK\$1,000,000	8	8
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$1,500,001 – HK\$2,000,000	–	–
HK\$2,000,001 – HK\$2,500,000	1	1

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

For the year under review, total emoluments (including any reimbursement) of HK\$40,000 (2003: HK\$40,000) were paid and/or payable to Independent Non-executive Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. DIRECTORS' AND EMPLOYEES' REMUNERATION (Cont'd)

Five highest paid employees

The five highest paid employees of the Group during the year included three directors, details of whose remuneration are set out in note 10 above. The remuneration of the other two employees disclosed pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited was as follows:

	2004 HK\$	2003 HK\$
Salaries and other allowances	<u>4,742,348</u>	<u>1,431,990</u>

The remuneration of the other two employees fell within the following band:

	2004 Number of employees	2003 Number of employees
Nil – HK\$1,000,000	–	2
HK\$1,000,001 – HK\$1,500,000	1	–
HK\$3,500,001 – HK\$4,000,000	1	–
	<u>2</u>	<u>2</u>

11. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

	2004 HK\$	2003 HK\$
Dealt with in the financial statements of the Company	13,386,459	10,804,255
Retained by subsidiaries	10,049,000	3,298,137
Retained by associates	(921,559)	(1,576,181)
	<u>22,513,900</u>	<u>12,526,211</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. PROPOSED DIVIDENDS

	2004 HK\$	2003 HK\$
Proposed final dividend of HK5.0 cents per share (2003: HK2.5 cents)	<u>9,882,675</u>	<u>4,941,338</u>

13. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to shareholders of HK\$22,513,900 (2003: HK\$12,526,211) and ordinary shares in issue of 197,653,500.

14. INVESTMENT PROPERTIES

Group

	Medium term lease in Hong Kong HK\$	Medium term lease in the Mainland China HK\$	Total HK\$
Valuation			
At 1st April, 2003	264,500,000	824,771	265,324,771
Surplus (Deficit) arising from revaluation	<u>10,250,000</u>	<u>(8,406)</u>	<u>10,241,594</u>
31st March, 2004	<u>274,750,000</u>	<u>816,365</u>	<u>275,566,365</u>

Company

Valuation			
At 1st April, 2003	188,000,000	824,771	188,824,771
Deficit arising from revaluation	<u>–</u>	<u>(8,406)</u>	<u>(8,406)</u>
31st March, 2004	<u>188,000,000</u>	<u>816,365</u>	<u>188,816,365</u>

Investment properties were revalued at their open market value at 31st March, 2004. The revaluation was carried out by K.T. Liu Surveyors Limited, an independent valuer. The surplus (deficit) arising from revaluation has been charged to the investment property revaluation reserve.

Regarding the investment property in the Mainland China, the Group is entitled to the property-use right for fifty years as from 12th January, 1992 to 11th January, 2042, and is allowed to transfer or lease the property-use right according to the regulations of the Shenzhen Government.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Land & buildings		Plant and Machinery	Furniture, fixtures & equipment	Motor vehicles	Total
	Medium term lease in Hong Kong	Medium term lease in the Mainland China				
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Cost						
At 1st April, 2003	3,375,457	35,595,985	69,409,422	18,125,041	6,970,085	133,475,990
Additions	–	114,190	10,808,226	1,013,849	1,805,186	13,741,451
Disposals	–	–	(702,574)	(2,540,723)	(1,156,419)	(4,399,716)
Exchange realignments	–	(160,327)	(300,043)	(10,745)	(18,252)	(489,367)
At 31st March, 2004	3,375,457	35,549,848	79,215,031	16,587,422	7,600,600	142,328,358
Accumulated depreciation						
At 1st April, 2003	946,628	11,064,663	39,750,834	12,281,345	5,071,203	69,114,673
Charge for the year	63,303	1,168,408	2,784,388	1,265,005	502,861	5,783,965
Written back on disposals	–	–	(501,696)	(2,402,370)	(909,611)	(3,813,677)
Exchange realignments	–	(49,836)	(177,218)	(5,560)	(12,047)	(244,661)
At 31st March, 2004	1,009,931	12,183,235	41,856,308	11,138,420	4,652,406	70,840,300
Net book value as at						
31st March, 2004	2,365,526	23,366,613	37,358,723	5,449,002	2,948,194	71,488,058
31st March, 2003	2,428,829	24,531,322	29,658,588	5,843,696	1,898,882	64,361,317

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. PROPERTY, PLANT & EQUIPMENT (Cont'd)

Company

	Furniture, fixtures & equipment HK\$	Motor vehicles HK\$	Total HK\$
Cost			
At 1st April, 2003	5,913,274	1,826,386	7,739,660
Additions	54,537	120,000	174,537
At 31st March, 2004	<u>5,967,811</u>	<u>1,946,386</u>	<u>7,914,197</u>
Accumulated depreciation			
At 1st April, 2003	4,183,866	1,469,275	5,653,141
Charge for the year	314,251	71,566	385,817
At 31st March, 2004	<u>4,498,117</u>	<u>1,540,841</u>	<u>6,038,958</u>
Net book value as at 31st March, 2004	<u>1,469,694</u>	<u>405,545</u>	<u>1,875,239</u>
31st March, 2003	<u>1,729,408</u>	<u>357,111</u>	<u>2,086,519</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. PROPERTIES UNDER DEVELOPMENT

	Group	
	2004	2003
	HK\$	HK\$
Balance at the beginning of the year	14,642,080	14,642,080
Impairment loss	(2,422,522)	–
	12,219,558	14,642,080

The remaining properties under development are situated in Mainland China under long leases and medium term lease. The progress status is summarised on page 61.

17. INTERESTS IN SUBSIDIARIES

	Company	
	2004	2003
	HK\$	HK\$
Unlisted shares, at cost	37,064,778	37,064,778
Amounts due from subsidiaries	162,310,598	152,645,379
	199,375,376	189,710,157
Impairment loss	(4,536,530)	(4,536,530)
	194,838,846	185,173,627

Details of the Company's principal subsidiaries at 31st March, 2004 are set out in note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. INTERESTS IN ASSOCIATES

	Group		Company	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Unlisted shares, at cost	–	–	13,921,154	13,921,154
Share of net assets other than goodwill	7,459,362	8,292,691	–	–
	7,459,362	8,292,691	13,921,154	13,921,154
Amounts due from associates	22,278,373	17,924,007	9,184,862	7,595,579
	29,737,735	26,216,698	23,106,016	21,516,733

Details of the Group's associates at 31st March, 2004 are set out in note 39 to the financial statements.

19. INVESTMENT SECURITIES

	Group		Company	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
At cost				
Unlisted in Hong Kong	3,664,649	3,664,649	3,664,649	3,664,649
Unlisted outside Hong Kong	2,929,990	2,929,990	2,929,990	2,929,990
	6,594,639	6,594,639	6,594,639	6,594,639
Impairment loss				
Unlisted outside Hong Kong	(118,750)	(118,750)	(118,750)	(118,750)
Carrying value				
Unlisted in Hong Kong	3,664,649	3,664,649	3,664,649	3,664,649
Unlisted outside Hong Kong	2,811,240	2,811,240	2,811,240	2,811,240
	6,475,889	6,475,889	6,475,889	6,475,889

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. OTHER ASSETS

	Group	
	2004 HK\$	2003 HK\$
Hong Kong Stock Exchange trading rights	3,150,001	3,150,001
Hong Kong Future Exchange trading rights	201,205	201,205
Membership in Chinese Gold and Silver Exchange	1,475,000	1,475,000
Statutory deposits in respect of securities and commodities dealings	450,000	550,000
Jewellery	–	203,300
	<u>5,276,206</u>	<u>5,579,506</u>

21. DEFERRED TAXATION

Group

(i) Deferred tax assets and liabilities recognized

The components of deferred tax (assets) liabilities recognized in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation HK\$	General provision HK\$	Tax losses HK\$	Total HK\$
At 1 April 2003	1,027,402	–	(104,310)	923,092
Charged (credited) to income statement	<u>734,162</u>	<u>(201,381)</u>	<u>27,317</u>	<u>560,098</u>
At 31 March 2004	<u>1,761,564</u>	<u>(201,381)</u>	<u>(76,993)</u>	<u>1,483,190</u>
At 1 April 2002	1,073,349	–	(157,437)	915,912
Charged (credited) to income statement	<u>(45,947)</u>	<u>–</u>	<u>53,127</u>	<u>7,180</u>
At 31 March 2003	<u>1,027,402</u>	<u>–</u>	<u>(104,310)</u>	<u>923,092</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. DEFERRED TAXATION (Cont'd)

Group (Cont'd)

(i) Deferred tax assets and liabilities recognized (Cont'd)

	2004 HK\$	2003 HK\$
Net deferred tax assets recognized on the balance sheet	<u>(92,670)</u>	<u>(104,310)</u>
Net deferred tax liabilities recognized on the balance sheet	<u>1,575,860</u>	<u>1,027,402</u>

(ii) Deferred tax assets unrecognized

Deferred tax asset has not been recognized in respect of the following item:

	2004 HK\$	2003 HK\$
Tax losses	<u>1,849,607</u>	<u>2,207,546</u>

The tax losses do not expire under current tax legislation.

Company

(i) Deferred tax liabilities recognized

The components of deferred tax liabilities recognized in the balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation HK\$	General provision HK\$	Total HK\$
At 1 April 2003	–	–	–
Charged (credited) to income statement	<u>471,256</u>	<u>(9,170)</u>	<u>462,086</u>
At 31 March 2004	<u>471,256</u>	<u>(9,170)</u>	<u>462,086</u>
At 1 April 2002	–	–	–
Charged (credited) to income statement	<u>–</u>	<u>–</u>	<u>–</u>
At 31 March 2003	<u>–</u>	<u>–</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. DEFERRED TAXATION (Cont'd)**Company (Cont'd)****(i) Deferred tax liabilities recognized (Cont'd)**

	2004	2003
	HK\$	HK\$
Net deferred tax asset recognized on the balance sheet	—	—
Net deferred tax liability recognized on the balance sheet	462,086	—

(ii) Deferred tax asset unrecognized

Deferred tax asset has not been recognized in respect of the following item:

	2004	2003
	HK\$	HK\$
Tax losses	525,615	2,207,546

The tax losses do not expire under current tax legislation.

22. INVENTORIES

	Group	
	2004	2003
	HK\$	HK\$
Raw materials	22,371,367	14,495,515
Work in progress	1,554,145	1,274,412
Finished goods	6,950,500	4,813,453
	30,876,012	20,583,380

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to 90 days to its trade customers. The ageing analysis of trade receivables was as follows:

	Group	
	2004 HK\$	2003 HK\$
0 – 1 month	121,445,800	71,757,429
2 – 3 months	8,661,329	5,602,986
Over 3 months	21,941,539	40,014,775
	<u>152,048,668</u>	<u>117,375,190</u>
Provision for bad debts	(1,545,587)	(7,935,481)
	<u>150,503,081</u>	<u>109,439,709</u>

24. OTHER INVESTMENTS

	Group	
	2004 HK\$	2003 HK\$
At fair value		
Listed in Hong Kong, market value at 31st March	<u>79,878</u>	<u>14,062,793</u>
Market value at 31st March	<u>79,878</u>	<u>14,062,793</u>

25. LOANS AND ADVANCE

	Group		Company	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Loans and advance, at cost	13,459,723	13,756,008	–	173,000
Provision for bad debts	(10,204,261)	(3,000,000)	–	–
Loans and advance, net	<u>3,255,462</u>	<u>10,756,008</u>	<u>–</u>	<u>173,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

26. TRADE AND OTHER PAYABLES

The ageing analysis of trade and other payables was as follows:

	Group	
	2004 HK\$	2003 HK\$
0 – 1 month	162,420,012	68,114,618
2 – 3 months	14,679,153	1,169,870
Over 3 months	14,166,966	17,157,413
	<u>191,266,131</u>	<u>86,441,901</u>

27. BORROWINGS

	Group		Company	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Secured bank overdrafts	93,135	15,482,534	990	9,041,231
Secured bank loans	103,308,821	93,994,701	65,662,314	74,678,314
	<u>103,401,956</u>	<u>109,477,235</u>	<u>65,663,304</u>	<u>83,719,545</u>
Secured bank loans and overdrafts repayable:				
Within one year	97,797,762	84,671,338	61,558,990	59,263,231
More than one year but not exceeding two years	5,457,194	11,911,583	3,957,314	11,562,000
More than two years but not exceeding five years	147,000	12,894,314	147,000	12,894,314
	<u>103,401,956</u>	<u>109,477,235</u>	<u>65,663,304</u>	<u>83,719,545</u>
Portion due within one year included under current liabilities	(97,797,762)	(84,671,338)	(61,558,990)	(59,263,231)
Portion due after one year	<u>5,604,194</u>	<u>24,805,897</u>	<u>4,104,314</u>	<u>24,456,314</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. SHARE CAPITAL

	2004 HK\$	2003 HK\$
Authorized :		
200,000,000 shares of HK\$1.00 each	<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid:		
197,653,500 (2003: 197,653,500) shares of HK\$1.00 each	<u>197,653,500</u>	<u>197,653,500</u>

29. RESERVES

	Investment property revaluation reserve HK\$	Capital reserve HK\$	Exchange reserve HK\$	Retained profits HK\$	Total HK\$
Group					
At 1st April, 2002	205,435,419	37,647	(3,175,143)	50,865,788	253,163,711
Exchange difference arising from consolidation	-	-	(433,133)	-	(433,133)
Goodwill written back in respect of interest in associates	-	-	-	601,505	601,505
Bonus issue of shares	(65,884,500)	-	-	-	(65,884,500)
Deficit arising from revaluation	(1,958,508)	-	-	-	(1,958,508)
Share of reserves in associates	-	-	(194,513)	-	(194,513)
Profit for the year	-	-	-	12,526,211	12,526,211
Proposed final dividends (note 12)	-	-	-	(4,941,338)	(4,941,338)
	<u>137,592,411</u>	<u>37,647</u>	<u>(3,802,789)</u>	<u>59,052,166</u>	<u>192,879,435</u>
At 31st March, 2003	<u>137,592,411</u>	<u>37,647</u>	<u>(3,802,789)</u>	<u>59,052,166</u>	<u>192,879,435</u>
Attributable to:					
Company and subsidiaries	142,129,415	-	(2,858,371)	51,605,450	190,876,494
Associates	(4,537,004)	37,647	(944,418)	7,446,716	2,002,941
	<u>137,592,411</u>	<u>37,647</u>	<u>(3,802,789)</u>	<u>59,052,166</u>	<u>192,879,435</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. RESERVES (Cont'd)

	Investment property revaluation reserve HK\$	Capital reserve HK\$	Exchange reserve HK\$	Retained profits HK\$	Total HK\$
At 1st April, 2003	137,592,411	37,647	(3,802,789)	59,052,166	192,879,435
Exchange difference arising from consolidation	–	–	(960,455)	–	(960,455)
Surplus arising from revaluation	10,088,342	–	–	–	10,088,342
Share of reserves in associates	567,166	–	(86,937)	–	480,229
Profit for the year	–	–	–	22,513,900	22,513,900
Proposed final dividends (note 12)	–	–	–	(9,882,675)	(9,882,675)
At 31st March, 2004	148,247,919	37,647	(4,850,181)	71,683,391	215,118,776
Attributable to:					
Company and subsidiaries	152,217,757	–	(3,818,826)	65,158,234	213,557,165
Associates	(3,969,838)	37,647	(1,031,355)	6,525,157	1,561,611
	148,247,919	37,647	(4,850,181)	71,683,391	215,118,776
Company					
At 1st April, 2003	85,097,372	–	–	9,549,051	94,646,423
Profit for the year	–	–	–	13,386,459	13,386,459
Deficit arising from revaluation	(8,406)	–	–	–	(8,406)
Proposed final dividends (note 12)	–	–	–	(9,882,675)	(9,882,675)
At 31st March, 2004	85,088,966	–	–	13,052,835	98,141,801

Reserves of the Company available for distribution to shareholders amount to HK\$22,935,510 (2003: HK\$14,490,389).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004	2003
	HK\$	HK\$
Profit before taxation	23,889,028	12,972,846
Impairment loss of properties under development	2,422,522	–
Impairment loss of trading properties	2,500,000	–
Share of loss of associates	793,266	1,572,874
Dividend income	(1,126,914)	(481,076)
Interest income	(3,347,706)	(3,803,371)
Foreign exchange loss (gain)	14,833	(29,916)
Finance costs	4,309,259	6,099,123
Net bad debts provision and write-off	3,437,256	891,011
Depreciation	5,783,965	5,502,891
Loss on disposals of plant & equipment	351,640	443,680
Loss on disposals of other assets	101,650	98,350
Profit on disposals of other investments	(10,400,771)	(73,534)
Unrealised holding (gain) loss on other investments	(23,335)	6,001,256
	<hr/>	<hr/>
Operating profit before working capital changes	28,704,693	29,194,134
Increase in inventories	(10,292,632)	(6,297,157)
Decrease (Increase) in pledged time deposits	999,314	(8,172)
(Increase) Decrease in clients' trust money	(60,113,315)	388,276
Decrease in loans and advances	579,267	63,321
Increase in trade and other receivables	(37,300,044)	(21,384,160)
Increase in deposits and prepayments	(772,075)	(253,449)
Increase in deposits and other accounts payable	104,887,105	25,626,294
	<hr/>	<hr/>
NET CASH INFLOW FROM OPERATING ACTIVITIES	26,692,313	27,329,087
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. RETIREMENT BENEFIT COSTS

The Group operates a Mandatory Provident Fund Scheme (“MPF Scheme”) under the rules and regulations of Mandatory Provident Fund Scheme Ordinance for all its employees up to a maximum of HK\$1,000 per person per month. The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HK\$4,000 per month. The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid. The Group also makes voluntary contribution which are in excess of the MPF Scheme requirement for certain employees. Before the voluntary contributions become fully vested in the employees, the relevant portion of the voluntary contributions forfeited will be reverted to the Group to offset future employer’s contributions. The assets of the MPF Scheme and voluntary contributions are held separately from those of the Group in an independently administered fund.

The Group’s contribution to the MPF scheme charged to the income statement during the year amounted to HK\$744,851 (2003 : HK\$723,520).

32. COMMITMENTS

As at 31st March 2004, the Group had commitments under non-cancellable operating leases in respect of land and buildings to make payment in the following period as follows:

	Group	
	2004	2003
	HK\$	HK\$
Within one year	1,687,742	1,823,987
More than one year but not exceeding five years	271,742	1,381,742
	<u>1,959,484</u>	<u>3,205,729</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33. FUTURE RENTAL INCOMES

As at 31st March 2004, the total future rental incomes receivable under non-cancellable operating leases are analysed as follows:

	Group		Company	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Within one year	9,608,158	11,060,884	8,834,158	6,875,884
More than one year but not exceeding five years	4,096,854	4,788,542	4,150,854	3,768,542
Total	13,705,012	15,849,426	12,985,012	10,644,426

34. PLEDGE OF ASSETS

As at 31st March, 2004, the Group had the following assets pledged to bank to secure general banking facilities granted to the Group.

	Group		Company	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Investment properties in Hong Kong, at valuation	242,450,000	235,500,000	188,000,000	188,000,000
Land & building in Hong Kong, at net book value	719,341	739,317	–	–
Other investments, at market value	–	14,006,250	–	–
Time deposits	13,685,491	14,684,804	–	–
	256,854,832	264,930,371	188,000,000	188,000,000
Margin clients' Hong Kong listed shares, at market value	26,608,878	14,952,750	–	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. CONTINGENT LIABILITIES

(I)

	Group		Company	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Bills discounted with recourse	10,733,874	7,909,439	–	–
Guarantees issued to banks in respect of bank facilities granted to :				
– Associates	6,810,000	6,810,000	–	–
– Subsidiaries	–	–	149,650,000	156,650,000
in respect of mortgage loans granted to purchasers of trading properties	8,058,000	9,257,000	–	9,061,000

(II) The Company had unsettled tax dispute regarding the deductibility of interest expenses incurred in the year of 2000/2001.

36. CAPITAL COMMITMENTS

	Group	
	2004 HK\$	2003 HK\$
Contracted for but not provided in the financial statements, net of deposit paid in respect of plant expansion project and building re-development project	9,162,000	14,308,000

37. RELATED PARTIES TRANSACTIONS

During the year, the Group had the following material transaction with an associate:

- The Group received accountancy fee of HK\$256,800 (2003: HK\$314,500).
- The Group paid interest of HK\$Nil (2003: HK\$2,803).
- The Group received interest of HK\$40,448 (2003: HK\$28,080).
- The Group received rental of HK\$43,200 (2003: HK\$36,000).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. PRINCIPAL SUBSIDIARIES

Name of Company	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity interest held by		Principal activities
			Company	Group	
Always Best Company Limited	British Virgin Islands/ Mainland China	US\$1	–	95%	Investment holding
Brightgate Limited	Hong Kong	HK\$1,000	100%	100%	Guest house operation
Dongguan Nan Sing Plastics Limited**	Mainland China	HK\$150,000,000*	–	95%	Manufacture of plastics products
Edinburgh Holdings Limited	British Virgin Islands/ Mainland China	US\$10	100%	100%	Property investment
Fortune State Investments Limited	Hong Kong	HK\$2	100%	100%	Investment holding
Goldtower Investments Limited	Hong Kong/ Mainland China	HK\$2	100%	100%	Property investment
Happy Dragon Investment Limited	Hong Kong	HK\$2	100%	100%	Investment holding
K.W. Associates Company Limited	Hong Kong	HK\$2,000,000	100%	100%	Property investment
Modern Extrusion Limited	Hong Kong	HK\$3,400,000	–	99%	Trading
More Investments Limited	Hong Kong/Mainland China	HK\$2	100%	100%	Property investment
Nan Sing Holdings Limited	Hong Kong	HK\$10,000	100%	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of Company	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity interest held by		Principal activities
			Company	Group	
Nan Sing Plastics Limited	Hong Kong	HK\$15,000,000	–	95%	Trading of Plastics products
Nanryo Super Plastics (Hong Kong) Limited	Hong Kong	HK\$19,500,000	–	71.5%	Trading of Plastics products
Nan Sing Plastics International Limited	British Virgin Islands/Mainland China	US\$10	–	95%	Provision of Consultancy services
Polex Products Company Limited	Hong Kong	HK\$2,900,000	–	98%	Trading
Polypak Limited	Hong Kong	HK\$3,000,000	–	99%	Trading
Silver Advance Limited	Hong Kong/Mainland China	HK\$2	100%	100%	Property investment
Southeast Asia Properties & Finance (China) Limited	Hong Kong/Mainland China	HK\$2	100%	100%	Property investment and development
Southeast Asia Properties & Finance (Exchange) Limited	Hong Kong	HK\$1,000,000	75%	75%	Money exchange
Southeast Asia Properties & Finance (Nominees) Limited	Hong Kong	HK\$10,000	100%	100%	Nominees and estate management
South Force Limited	Hong Kong/Mainland China	HK\$2	100%	100%	Property agency

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of Company	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity interest held by		Principal activities
			Company	Group	
Stockwell Securities Limited	Hong Kong	HK\$20,000,000	100%	100%	Stock broking
Super Dragon Investment Limited	Hong Kong/Mainland China	HK\$2	100%	100%	Property investment and development
Tanpar Company Limited	Hong Kong	HK\$2	-	100%	Trading and nominee
Topland Development Limited	Hong Kong/Mainland China	HK\$2	100%	100%	Property investment
Tsen Hsin Industrial Company Limited	Hong Kong	HK\$400,000	-	95%	Property investment

* Paid-up capital up to 31st March, 2004 amounted to HK\$130,242,096

** Subsidiaries not audited by K.L. Young & Co.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of the other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. ASSOCIATES

Name of Company	Place of incorporation/ operation	Nominal value of issued ordinary registered registered capital	Percentage of equity interest held by		Principal activities
			Company	Group	
Full Safe Industries Limited	Hong Kong	HK\$100,000	–	28.6%	Manufacture of plastics products
Ongoing Investments Limited	British Virgin Islands/Mainland China	US\$100	–	20%	Property investment
Sequin Developments Limited	British Virgin Islands/ Mainland China	US\$100	–	20%	Property investment
Titan Dragon Properties Corporation	Philippines	Peso 80,000,000	30%	49%	Property investment

The above associates companies are not audited by K.L. Young & Co.

40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

41. APPROVAL AND AUTHORIZATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 16th July, 2004.