

Notes to the Financial Statements

For the year ended 31st December, 2004

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Group are the manufacture and sale of novelties, decorations, packaging and toys products, and the trading of PVC films and plastic materials.

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as "New HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these New HKFRSs in the financial statements for the year ended 31st December, 2004.

The Group has commenced considering the potential impact of these New HKFRSs but is not yet in a position to determine whether these New HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These New HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities, and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

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

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.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is capitalised and amortised on a straight line basis over its useful economic life. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Rental income under operating leases is recognised on a straight line basis over the terms of the relevant leases.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments in securities is recognised when the shareholders' rights to receive payment have been established.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at each balance sheet date. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except when the unexpired term of the relevant lease is 20 years or less.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and amortisation and accumulated impairment losses.

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over the term of the lease
Buildings	Over the shorter of the term of the lease, or 50 years
Factory premises	5%
Furniture, fixtures and office equipment	15 – 20%
Plant, machinery and moulds	10 – 20%
Motor vehicles	25 – 30%

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Property, plant and equipment *(Cont'd)*

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets 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.

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.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight line basis over the relevant lease term.

Inventories

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

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net profit or loss for the period.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Foreign currencies

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the net profit or loss for the period.

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

Long term prepayment

Long term prepayment represents pre-paid lease payments for the land use rights which are amortised over the lease term in accordance with the pattern of benefits provided.

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.

Deferred tax is the tax expected to be payable or recoverable on 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, 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 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.

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 profits 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 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.

Retirement benefit costs

Payments to defined contribution retirement benefit plans and state-sponsored pension schemes are charged as an expense as they fall due.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

4. BUSINESS SEGMENTS

For management purposes, the Group is currently organised into four business segments, namely the manufacture and sale of novelties and decorations, the manufacture and sale of packaging products, the trading of PVC films and plastic materials and the manufacture and sale of toy products. These business segments are the basis on which the Group reports its primary segment information.

2004

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER						
External sales	140,412	145,074	83,012	141,322	–	509,820
Inter-segment sales	354	32,682	4,157	911	(38,104)	–
Total revenue	140,766	177,756	87,169	142,233	(38,104)	509,820
RESULT						
Segment result	14,181	11,133	3,190	4,963	(3,013)	30,454
Loss from investments, net						(2,112)
Unallocated corporate income, net						152
Profit from operations						28,494
Finance costs						(1,314)
Profit before taxation						27,180
Taxation charge						(1,831)
Profit after taxation						25,349

Inter-segment sales are charged at prevailing market rates.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

4. BUSINESS SEGMENTS *(Cont'd)*

BALANCE SHEET

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	85,609	110,651	38,677	62,835	297,772
Unallocated corporate assets					43,309
Consolidated total assets					341,081
LIABILITIES					
Segment liabilities	9,575	17,262	3,383	20,365	50,585
Borrowings	–	157	–	5,599	5,756
Unallocated corporate liabilities					6,533
Consolidated total liabilities					62,874

OTHER INFORMATION

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	5,159	10,621	219	5,720	–	21,719
Depreciation and amortisation	5,344	6,332	28	6,892	56	18,652
Amortisation of goodwill	–	–	–	–	107	107
Other non-cash expenses	24	1,422	–	281	500	2,227

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

4. BUSINESS SEGMENTS *(Cont'd)*

2003

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER						
External sales	135,924	125,455	44,536	9,442	–	315,357
Inter-segment sales	24	18,101	685	–	(18,810)	–
Total revenue	135,948	143,556	45,221	9,442	(18,810)	315,357
RESULT						
Segment result	11,566	3,444	1,011	314	(1,428)	14,907
Income from investments, net						7,068
Unallocated corporate expenses, net						(1,893)
Profit from operations						20,082
Finance costs						(181)
Profit before taxation						19,901
Taxation charge						(1,903)
Profit after taxation						17,998

Inter-segment sales are charged at prevailing market rates.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

4. BUSINESS SEGMENTS *(Cont'd)*

BALANCE SHEET

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	125,681	93,479	18,884	63,640	301,684
Unallocated corporate assets					31,868
Consolidated total assets					333,552
LIABILITIES					
Segment liabilities	8,011	17,702	2,211	21,818	49,742
Borrowings	–	–	–	26,650	26,650
Unallocated corporate liabilities					6,712
Consolidated total liabilities					83,104

OTHER INFORMATION

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	4,160	4,929	3	–	264	9,356
Depreciation and amortisation	5,618	7,433	35	82	79	13,247
Amortisation of goodwill	–	–	–	–	107	107
Other non-cash expenses	–	6,731	–	–	1,790	8,521

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

5. GEOGRAPHICAL SEGMENTS

The following table provides an analysis of the Group's sales by geographical market:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Sales revenue by geographical market:		
Hong Kong	231,029	180,824
Europe	114,828	82,881
America	87,850	37,283
Asia (other than Hong Kong)	74,809	4,701
Others	1,304	9,668
	509,820	315,357

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Hong Kong	144,969	150,911	584	20
The People's Republic of China (the "PRC")	196,112	182,641	21,135	9,336
	341,081	333,552	21,719	9,356

6. OTHER OPERATING EXPENSES

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Unrealised holding loss on trading securities	749	374
Impairment loss recognised in respect of other securities	500	1,790
	1,249	2,164

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

7. PROFIT FROM OPERATIONS

	2004 HK\$'000	2003 HK\$'000
Profit from operations has been arrived at after charging:		
Amortisation of goodwill (included in administrative expenses)	107	107
Amortisation of long term prepayment (included in administrative expenses)	73	73
Allowances for bad and doubtful debts	1,654	6,731
Auditors' remuneration	787	688
Depreciation and amortisation of property, plant and equipment	18,652	13,174
Foreign exchange losses, net	2,864	–
Loss on disposals of property, plant and equipment	210	–
Staff costs (including directors' emoluments)	88,017	47,101
and after crediting:		
Interest income	1,748	2,063
Dividend income from trading and other securities	469	279
Foreign exchange gain, net	–	4,452
Gain on disposals of trading securities	58	1,845
Gain on redemption of other securities	128	–
Negative goodwill released to income (included in other operating income)	–	421

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

	2004 HK\$'000	2003 HK\$'000
Fees:		
Executive directors	–	–
Non-executive director	100	–
Independent non-executive directors	100	200
	200	200
Other emoluments (executive directors):		
Salaries and other benefits	4,983	5,145
Contributions to retirement benefit schemes	75	75
	5,058	5,220
Total emoluments	5,258	5,420

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Cont'd)*

(a) Directors' emoluments *(Cont'd)*

The emoluments of the directors were within the following bands:

	2004 Number of directors	2003 Number of directors
Nil – HK\$1,000,000	5	3
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$1,500,001 – HK\$2,000,000	3	1
HK\$2,000,001 – HK\$2,500,000	–	1
	8	6

(b) Employees' emoluments

Of the five individuals with the highest emoluments of the Group, three (2003: three) were directors of the Company whose emoluments are set out in (a) above. The emoluments of the remaining two (2003: two) individuals were as follows:

	2004 HK\$'000	2003 HK\$'000
Salaries and other benefits	2,541	1,841
Contributions to retirement benefit schemes	27	21
	2,568	1,862

Their emoluments were within the following bands:

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

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

9. FINANCE COSTS

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Interest expenses on:		
Bank borrowings wholly repayable within five years	1,141	130
Other borrowings wholly repayable within five years	152	49
A finance lease	21	2
	1,314	181

10. TAXATION CHARGE

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
The charge comprises:		
Current tax:		
Hong Kong Profits Tax		
Current year	1,916	1,864
Underprovision in prior year	–	84
	1,916	1,948
Deferred tax (<i>note 26</i>):		
Current year	(85)	(137)
Attributable to a change in tax rate	–	92
	(85)	(45)
	1,831	1,903

The provision for Hong Kong Profits Tax is made in accordance with Departmental Interpretation and Practice Note No. 21 issued by the Hong Kong Inland Revenue Department which specifies that 50% of the assessable profit derived from the sale of goods manufactured in the PRC under processing agreements would be assessed to tax at the prevailing Hong Kong Profits Tax rate of 17.5%. The Group has therefore made a provision at the prevailing Hong Kong Profits Tax on 50% of its assessable profit from the sale of goods manufactured in the PRC under processing agreements for respective years.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

10. TAXATION CHARGE *(Cont'd)*

The tax charge for the year can be reconciled to the profit before taxation as follows:

	2004	2003
	HK\$'000	HK\$'000
Profit before taxation	27,180	19,901
Tax at Hong Kong Profits Tax of 17.5%	4,756	3,483
Tax effect of income not taxable for tax purposes	(4,082)	(3,041)
Tax effect of expenses not deductible for tax purposes	1,340	1,132
Utilisation of tax losses previously not recognised	(33)	(241)
Tax effect on tax losses not recognised	(150)	394
Underprovision in prior year	–	84
Increase in opening net deferred tax liability resulting from increase in applicable tax rate	–	92
Tax charge for the year	1,831	1,903

11. DIVIDENDS

	2004	2003
	HK\$'000	HK\$'000
Interim, paid – 1 cent (2003: 0.5 cent) per share	3,064	1,409
Final, paid – 3.5 cents per share for 2003 (2003: 5 cents per share for 2002)	10,724	13,900
	13,788	15,309

The final dividend of 4.5 cents (2003: 3.5 cents) per share has been proposed by the directors and is subject to approval by the shareholders in annual general meeting.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the net profit for the year of approximately HK\$22,590,000 (2003: HK\$18,175,000) and the following data:

	2004	2003
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	304,716,361	277,503,798
Effect of dilutive potential ordinary shares on share options	308,689	530,864
Weighted average number of ordinary shares for the purposes of diluted earnings per share	305,025,050	278,034,662

13. GOODWILL

	<i>HK\$'000</i>
THE GROUP COST	
At 1st January, 2004 and 31st December, 2004	1,070
AMORTISATION	
At 1st January, 2004	642
Charge for the year	107
At 31st December, 2004	749
NET BOOK VALUES	
At 31st December, 2004	321
At 31st December, 2003	428

Goodwill is amortised over a period of 10 years.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

14. INVESTMENT PROPERTIES

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
At beginning of the year	4,000	4,100
Revaluation surplus (deficit)	300	(100)
At end of the year	4,300	4,000

The Group's investment properties were valued at their open market value at 31st December, 2004 by Norton Appraisals Limited, Registered Professional Surveyors, Valuers & Property Advisers, on an open market value basis. This valuation gave rise to a revaluation increase of HK\$300,000 (2003: decrease of HK\$100,000) which has been credited to the consolidated income statement.

All of the Group's investment properties are rented out under operating leases.

All of the Group's investment properties are situated in Hong Kong and are held under medium-term leases.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Factory premises <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Plant, machinery and moulds <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP						
COST						
At 1st January, 2004	3,019	36,852	28,379	187,351	4,111	259,712
Additions	–	1,155	3,293	16,470	801	21,719
Disposals	–	–	(1,369)	–	(333)	(1,702)
At 31st December, 2004	3,019	38,007	30,303	203,821	4,579	279,729
DEPRECIATION AND AMORTISATION						
At 1st January, 2004	623	18,251	16,785	130,823	3,452	169,934
Provided for the year	57	1,862	4,760	11,365	608	18,652
Eliminated on disposals	–	–	(1,026)	–	(333)	(1,359)
At 31st December, 2004	680	20,113	20,519	142,188	3,727	187,227
NET BOOK VALUES						
At 31st December, 2004	2,339	17,894	9,784	61,633	852	92,502
At 31st December, 2003	2,396	18,601	11,594	56,528	659	89,778

The net book value of properties shown above comprises:

	Leasehold land and buildings		Factory premises	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Held in Hong Kong:				
Medium-term lease	2,339	2,396	–	–
Held outside Hong Kong:				
Medium-term lease	–	–	17,894	18,601
	2,339	2,396	17,894	18,601

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

15. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

The Group has not obtained Certificate for Housing Ownership in respect of the Group's factory premises with an aggregate net book value of approximately HK\$17,894,000 (2003: HK\$18,601,000) at 31st December, 2004.

The net book value of plant and machinery includes an amount of approximately HK\$412,000 (2003: HK\$527,000) in respect of assets held under a finance lease.

16. LONG TERM PREPAYMENT

	<i>HK\$'000</i>
THE GROUP	
COST	
At 1st January, 2004 and 31st December, 2004	516
AMORTISATION	
At 1st January, 2004	2
Charge for the year	73
At 31st December, 2004	75
CARRYING AMOUNT	
At 31st December, 2004	441
At 31st December, 2003	514

Long term prepayment is amortised over the remaining period of 9 years.

17. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	32,061	32,061

Details of the principal subsidiaries as at 31st December, 2004 are set out in note 36.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

18. INVESTMENTS IN SECURITIES

	Trading securities		Other securities		Total	
	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP						
Equity securities:						
Listed in Hong Kong	10,136	3,990	–	–	10,136	3,990
Debt securities:						
Unlisted	–	–	2,239	3,531	2,239	3,531
Total:						
Listed in Hong Kong	10,136	3,990	–	–	10,136	3,990
Unlisted	–	–	2,239	3,531	2,239	3,531
	10,136	3,990	2,239	3,531	12,375	7,521
Market value of listed securities	10,136	3,990			10,136	3,990
Carrying amount analysed for reporting purposes as:						
Non-current	–	–	–	1,010	–	1,010
Current	10,136	3,990	2,239	2,521	12,375	6,511
	10,136	3,990	2,239	3,531	12,375	7,521

19. INVENTORIES

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Raw materials	68,946	48,149
Work in progress	5,254	6,951
Finished goods	25,220	18,780
	99,420	73,880

Included above are raw materials of approximately HK\$9,155,000 (2003: HK\$7,480,000), work in progress of approximately HK\$50,000 (2003: Nil) and finished goods of approximately HK\$778,000 (2003: HK\$3,735,000) which are carried at net realisable value.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

20. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 to 90 days to its trade customers.

The following is an aged analysis of the Group's trade receivables at the balance sheet date:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
0 – 60 days	47,425	43,718
61 – 90 days	12,317	12,598
91 – 120 days	9,936	7,689
Over 120 days	12,487	4,970
	82,165	68,975

21. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at the balance sheet date:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
0 – 60 days	20,504	23,123
61 – 90 days	7,496	5,369
91 – 120 days	2,591	4,619
Over 120 days	1,843	1,664
	32,434	34,775

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

22. OBLIGATIONS UNDER A FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Amount payable under a finance lease:				
Within one year	207	207	195	185
More than one year, but not exceeding two years	138	207	135	196
More than two years, but not exceeding five years	–	137	–	135
	345	551	330	516
Less: Future finance charges	(15)	(35)	–	–
Present value of lease obligations	330	516	330	516
Less: Amount due within one year shown under current liabilities			(195)	(185)
Amount due after one year			135	331

It is the Group's policy to lease certain of its plant and equipment under a finance lease. The average lease term is 3 years. For the year ended 31st December, 2004, the average effective borrowing rate was 2.6% (2003: 2.6%). Interest rate is fixed at the contract date. The lease is on a fixed repayment basis and no arrangements has been entered into for contingent rental payments.

The Group's obligations under a finance lease are secured by the lessors' charge over the leased assets.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

23. BANK BORROWINGS

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Bank loans	–	13,917
Bank overdrafts	561	1,772
Trust receipt loans	5,195	10,961
	5,756	26,650
Secured	–	26,650
Unsecured	5,756	–
	5,756	26,650

The above bank borrowings mature within one year.

At 31st December, 2003, the bank borrowings were secured by:

- (i) personal guarantee granted by a director of subsidiaries and a director of former ultimate holding company of these subsidiaries;
- (ii) certain properties held by former related companies of those subsidiaries; and
- (iii) bank deposits of approximately HK\$7,500,000.

24. SHARE CAPITAL

	Authorised		Issued and fully paid	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each				
At beginning of the year	70,000	70,000	28,170	27,000
Issue of new shares (<i>note a</i>)	–	–	2,100	–
Exercise of share options (<i>note b</i>)	–	–	370	1,170
At end of the year	70,000	70,000	30,640	28,170

note a: During the year, the Company issued and allotted 21,000,000 shares of HK\$0.10 each for cash at the placement price of HK\$0.68 per share pursuant to the Placement Agreement dated 5th January, 2004.

note b: During the year, 3,700,000 shares in the Company of HK\$0.10 each were issued upon the exercise of 3,700,000 share options at subscription prices of HK\$0.638 per share.

The new shares rank *pari passu* with the then existing shares in all respects.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

25. RESERVES

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY					
At 1st January, 2003	54,872	2,529	11,888	37,124	106,413
Shares issued at premium, net	6,023	–	–	–	6,023
Net profit for the year	–	–	–	50,328	50,328
Dividends (<i>note 11</i>)	–	–	–	(15,309)	(15,309)
At 31st December, 2003					
and 1st January, 2004	60,895	2,529	11,888	72,143	147,455
Shares issued at premium, net	13,723	–	–	–	13,723
Net loss for the year	–	–	–	(113)	(113)
Dividends (<i>note 11</i>)	–	–	–	(13,788)	(13,788)
At 31st December, 2004					
	74,618	2,529	11,888	58,242	147,277

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1992.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

In the opinion of the directors, the Company's reserves available for distribution to shareholders were as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Contributed surplus	11,888	11,888
Retained profits	58,242	72,143
	70,130	84,031

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

26. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP			
At 1st January, 2003	1,660	(672)	988
Acquisition of subsidiary	795	–	795
Charge (credit) to income for the year	(248)	111	(137)
Effect of change in tax rate – charge to the income statement	155	(63)	92
At 31st December, 2003 and 1st January, 2004	2,362	(624)	1,738
Under(over) provision in prior year	1,242	(1,242)	–
Charge (credit) to income for the year	339	(424)	(85)
At 31st December, 2004	3,943	(2,290)	1,653

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Deferred tax liabilities	2,513	2,164
Deferred tax assets	(860)	(426)
	1,653	1,738

At the balance sheet date, the Group has unused tax losses of approximately HK\$29,463,000 (2003: HK\$28,082,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$13,086,000 (2003: HK\$10,663,000) of such losses. No deferred tax has been recognised in respect of the remaining HK\$16,377,000 (2003: HK\$17,419,000) due to the unpredictability of future profit streams.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

26. DEFERRED TAXATION *(Cont'd)*

	Tax losses
	<i>HK\$'000</i>
<hr/>	
THE COMPANY	
At 1st January, 2003	(207)
Credit to income for the year	65
Effect of change in tax rate	
– charge to the income statement	(19)
<hr/>	
At 31st December, 2003 and 1st January, 2004	(161)
Credit to income for the year	44
<hr/>	
At 31st December, 2004	(117)
<hr/>	

At the balance sheet date, the Company has unused tax losses of approximately HK\$669,000 (2003: HK\$920,000) available for offset against future profits. A deferred tax asset has been recognised in respect of such losses.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

27. ACQUISITION OF A SUBSIDIARY

On 9th December, 2003, the Group acquired 59% of the issued share capital of Perfectech International Manufacturing Limited (formerly known as "Rich Success Profits Limited") for a consideration of approximately HK\$15.86 million. This acquisition had been accounted for by the acquisition method of accounting. The amount of negative goodwill arising as a result of the acquisition was approximately HK\$421,000 which had been credited to the income statement.

	2004 HK\$'000	2003 HK\$'000
NET ASSETS ACQUIRED		
Property, plant and equipment	-	35,962
Inventories	-	13,395
Trade and other receivables	-	22,505
Tax recoverable	-	131
Pledged bank deposits	-	7,500
Bank balances and cash	-	1,148
Trade and other payables	-	(22,696)
Tax liabilities	-	(227)
Bank borrowings	-	(25,397)
Obligations under a finance lease	-	(533)
Bank overdrafts	-	(1,772)
Deferred tax liabilities	-	(795)
Minority interests	-	(12,940)
	-	16,281
Negative goodwill	-	(421)
Total consideration	-	15,860
SATISFIED BY		
Cash	-	15,860
Net outflow of cash arising on acquisition:		
Cash consideration	-	(15,860)
Bank balances and cash acquired	-	1,148
Bank overdrafts acquired	-	(1,772)
Net outflow of cash and cash equivalents in respect of the purchase of a subsidiary	-	(16,484)

The subsidiary acquired contributed approximately HK\$9.4 million to the Group's turnover, and HK\$0.3 million to the Group's profit from operations in 2003.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

28. PLEDGE OF ASSETS

At 31st December, 2004, the following assets were pledged to secure the margin loan facilities granted to the Group:

- (i) Investment in securities with a carrying value of approximately HK\$1,527,000; and
- (ii) Bank balances and cash of approximately HK\$21,264,000.

The margin loan facilities utilised by the Group at the balance sheet date, amounting to approximately HK\$1,371,000, was included in other payables.

29. OPERATING LEASES

The Group as lessee

	2004 HK\$'000	2003 HK\$'000
Minimum lease payments paid under operating leases during the year		
Rented premises	7,918	3,747
Plant and machinery	162	13
	8,080	3,760

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2004 HK\$'000	2003 HK\$'000
Within one year	4,971	7,600
In the second to fifth years inclusive	8,537	18,000
Over five years	34,461	37,700
	47,969	63,300

Operating lease payments represent rentals payable by the Group for certain of its office and factory properties. Leases are negotiated for a term from 2 to 42 years.

The Group as lessor

Property rental income earned from investment properties of the Group during the year was approximately HK\$378,000 (2003: HK\$384,000), less negligible outgoings.

At 31st December, 2004, the Group had contracted with tenants for future minimum lease receipts, expiring within one year, amounting to approximately HK\$378,000 (2003: Nil).

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

30. CAPITAL COMMITMENTS

	THE GROUP	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements	1,407	1,084

The Company had no significant capital commitment at the balance sheet date.

31. OTHER COMMITMENTS

At 31st December, 2004, the Group carried outstanding forward contracts which entailed commitments for purchase of listed securities of approximately HK\$64,300,000 (2003: Nil). In the opinion of the directors, the commitments will be settled monthly with an amount ranging from approximately HK\$3 million to HK\$6 million. All acquired listed securities are for trading purposes and will be disposed shortly and the proceeds of which will mainly be used to finance the purchase of listed securities being committed in accordance with the forward contacts. Hence, the commitments are not expected to have a material impact on the overall cash flow of the Group.

The Company had no such commitment at the balance sheet date.

32. CONTINGENT LIABILITIES

The Company and certain subsidiaries have given unlimited cross guarantees to banks to secure general banking facilities granted to the Group. The Company has given guarantees to banks in respect of general facilities granted to its subsidiaries. The extent of such facilities utilised by the subsidiaries at 31st December, 2004 amounted to approximately HK\$7,300,000 (2003: Nil).

A subsidiary of the Group (the "Subsidiary") has served a writ and claimed against three former employees of the Subsidiary (the "Defendants"). The claim related to the misconduct of the Defendants during their employment with the Subsidiary. The Defendants has filed a defence and counterclaim against the Subsidiary for wages and other payments allegedly payable upon their termination of employment with the Subsidiary amounting to approximately HK\$419,000 together with interest and costs. The directors of the Company take the views that the amount of their claims against the Defendants well exceed the Defendants' claims, and accordingly, no provision for any liabilities that may result has been made in the financial statements of the Group.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

33. SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted on 17th May, 2002 and will expire on 16th May, 2012. The primary purpose of the Scheme is to recognise and motivate the contribution of employees and other persons who may have a contribution to the Group and to provide incentives and help the Company in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

Under the Scheme, the board of directors of the Company may offer to any employees, including full time or part time employees, of the Company and/or its subsidiaries including any executive and non-executive director or proposed executive and non-executive director of the Company or any subsidiary options to subscribe for shares in the Company in accordance with the terms of the Scheme for the consideration of HK\$1 for each lot of share options granted.

At the date of this report, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 12,900,000, representing approximately 4.2% of the shares of the Company in issue at that date.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue. In addition, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of shares of the Company in issue, at any point at time, without prior approval from the Company's shareholder.

Options granted must remain open for acceptance until 5:00 p.m. the 5th business day following the offer date provided that no such offer shall be opened for acceptance after the tenth anniversary of the adoption date or after the Scheme has been terminated. Option may be exercised during the period as the board of directors of the Company may in its absolute discretion determine, save that such period shall not be more than 10 years from the date of the grant of the option and the board of directors may provide restrictions on the exercise of an option during the period an option may be exercised. The exercise price is determined by the board of directors of the Company and will be at least the highest of the followings:

- a) the closing price of shares at the date of grant of a share option;
- b) the average closing price of the shares for the five business days immediately preceding the date of grant; and
- c) the nominal value of a share.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

33. SHARE OPTION SCHEME *(Cont'd)*

The followings table discloses details of the Company's share options held by employees and movements in such holdings during the year:

	Option type	Number of share options					At 31.12.2004
		At 1.1.2003	Granted during the year	Exercised during the year	At 31.12.2003 & 1.1.2004	Exercised during the year	
Directors (Note)	A	1,400,000	–	(1,400,000)	–	–	–
	B	–	4,000,000	(4,000,000)	–	–	–
		1,400,000	4,000,000	(5,400,000)	–	–	–
Employees	A	2,300,000	–	(2,300,000)	–	–	–
	B	–	3,000,000	(3,000,000)	–	–	–
	C	–	3,700,000	–	3,700,000	(3,700,000)	–
		2,300,000	6,700,000	(5,300,000)	3,700,000	(3,700,000)	–
Others	A	1,000,000	–	–	1,000,000	–	1,000,000
	B	–	1,000,000	(1,000,000)	–	–	–
		1,000,000	1,000,000	(1,000,000)	1,000,000	–	1,000,000
Total		4,700,000	11,700,000	(11,700,000)	4,700,000	(3,700,000)	1,000,000
<i>Note:</i>							
Directors							
Mr. Ip Siu On	A	700,000	–	(700,000)	–	–	–
	B	–	2,000,000	(2,000,000)	–	–	–
Mr. Tsui Yan Lee, Benjamin	A	700,000	–	(700,000)	–	–	–
	B	–	2,000,000	(2,000,000)	–	–	–
		1,400,000	4,000,000	(5,400,000)	–	–	–

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

33. SHARE OPTION SCHEME *(Cont'd)*

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price <i>HK\$</i>
A	5th June, 2002	5th July, 2002 – 17th May, 2012	0.664
B	8th January, 2003	8th February, 2003 – 31st December, 2011	0.592
C	22nd July, 2003	22nd August, 2003 – 31st December, 2011	0.638

No charge is recognised in the income statement in respecting the value of options granted in the year.

The closing prices of the Company's shares immediately before the date of grant of the options on 5th June, 2002, 8th January, 2003 and 22nd July, 2003, the dates of grant of the options, were HK\$0.64, HK\$0.59 and HK\$0.63 respectively.

Share options were exercised on various dates from 20th February, 2004 to 2nd April, 2004. The weighted average closing prices of the Company's shares immediately before the dates on which the share options were exercised during such period ranged from HK\$0.82 to HK\$0.99.

34. RETIREMENT BENEFITS SCHEME

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme are required to switch to the MPF Scheme and all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by the employee.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rate of 5% the employee's basic salary.

Employees of the Group in the PRC are members of the state-sponsored pension operated by the PRC Government. The Group are required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions.

At the balance sheet date, the total amount of forfeited contributions, which arose upon employees leaving the ORSO Scheme and which are available to reduce the contributions payable in future years, was approximately HK\$10,000 (2003: HK\$22,000).

The total cost charged to income of approximately HK\$795,000 (2003: HK\$467,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

35. RELATED PARTY TRANSACTIONS

- (a) During the year, the Group entered into the following significant transactions with related parties who are not members of the Group:

	2004	2003
	HK\$'000	HK\$'000
Rental expenses paid to:		
Nice Step Investment Limited (<i>Note a</i>)	860	801
Mr. Poon Siu Chung	168	168
Professional fees paid to Messrs. Cheung, Tong & Rosa (<i>Note b</i>)	111	107
Printing fees paid to Run All Limited (<i>Note c</i>)	128	263

Notes:

- (a) Mr. Leung Ying Wai, Charles, a substantial shareholder and director of the Company, has beneficial interest in Nice Step Investment Limited.
- (b) Mr. Tong Wui Tung, a non-executive director of the Company, is a partner of Messrs. Cheung, Tong & Rosa, the legal advisers of the Group.
- (c) Mr. Ng Siu Yu, Larry, an independent non-executive director of the Company, has beneficial interest in Run All Limited.

The pricing of the above transactions was determined by the directors on the basis of estimated market value.

- (b) During the year, the Group issued guarantees to certain financial institutions to secure general banking facilities granted to the Group including its subsidiaries which are not wholly-owned by the Group. The extent of such facilities utilised by these non-wholly-owned subsidiaries at 31st December, 2004 amounted to approximately HK\$5,928,000 (2003: Nil).

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place of incorporation or registration	Proportion of nominal value of issued/registered capital held by the Company		Paid up issued/registered ordinary share capital	Principal activities
		Directly	Indirectly		
Asia Rich (Far East) Limited	Hong Kong	–	59%	HK\$2	Investment holding
Benefit International Packing Materials Limited	Hong Kong	–	100%	HK\$10,000	Trading of PVC films
Benefit Packing Materials Limited	Hong Kong	–	75%	HK\$1,000,000	Trading of PVC films
Beyond Growth International Limited	Hong Kong	–	59%	HK\$100,000	Manufacture and sales of toys
Dream Creation Limited	Hong Kong	–	59%	HK\$2	Investment holding and distribution of toys
Golden Enterprise Holdings Limited	Hong Kong	–	59%	HK\$2	Distribution of toys
iTech Limited	Hong Kong	–	100%	HK\$2	Investment holding
Leader Stationery & Gifts Manufacturing Company Limited	Hong Kong	–	80%	HK\$1,000,000	Manufacturing of stationery and gifts products
Link Faith Company Limited	Hong Kong	–	100%	HK\$100,000	Securities investments
Onward Packing Manufacturer Limited	Hong Kong	–	100%	HK\$320,000	Manufacture of novelties, festival decorations and packaging products
Perfectech Colour Centre Limited	Hong Kong	–	100%	HK\$1,000,000	Dye stuff manufacturing
Perfectech Enterprises (B.V.I.) Limited	British Virgin Islands ("BVI")	–	100%	US\$1	Investment holding
Perfectech International (B.V.I.) Limited	BVI	100%	–	US\$50	Investment holding

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Cont'd)*

Name of subsidiary	Place of incorporation or registration	Proportion of nominal value of issued/registered capital held by the Company		Paid up issued/registered ordinary share capital	Principal activities
		Directly	Indirectly		
Perfectech International (China) Limited	The PRC	–	100%	HK\$2,000,000	Manufacture of novelties and festival decorations products
Perfectech International Limited	Hong Kong	–	100%	HK\$200 HK\$80,000 (non-voting deferred shares)	Investment holding
Perfectech International Manufacturing Limited	BVI	–	59%	US\$2,457,000	Investment holding
Perfectech International Packaging Products Company Limited	Hong Kong	–	100%	HK\$450,000	Manufacture of PVC blister and box
Perfectech International Trading Limited	Hong Kong	–	100%	HK\$2	Trading of novelties, festival decorations and packaging products
Perfectech Paper Products Company Limited	Hong Kong	–	99%	HK\$1,000,000	Manufacture of paper products
Perfectech Plastics Limited	Hong Kong	–	100%	HK\$1,000,000	Trading of plastic materials
Perfectech Printing Company Limited	Hong Kong	–	90%	HK\$1,000,000	Printing
Shouji Tooling Factory Limited	Hong Kong	–	44.96%	HK\$1,000	Manufacture and sales of moulds
Sunflower Garland Manufactory Limited	Hong Kong	–	100%	HK\$2 HK\$160,000 (non-voting deferred shares)	Property investment
Yu-Me (H.K.) Limited	Hong Kong	–	59%	HK\$2	Provision of management services

Notes to the Financial Statements *(Cont'd)*

For the year ended 31st December, 2004

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Cont'd)*

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

Perfectech International (China) Limited is registered under PRC law as a cooperative joint venture and all principal activities of subsidiaries are carried out in Hong Kong and PRC.

None of the subsidiaries had any debt securities outstanding at the end of the year.