

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which includes all applicable Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group 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, 2005. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

Investment in subsidiaries are stated at cost less impairment loss.

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.

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

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.

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

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.

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.

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

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.

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.

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

Taxation (Cont'd)

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.

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.

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

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.

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.

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

Impairment loss (Cont'd)

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.

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 property, plant and equipment.

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.

2. 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.

Future changes in accounting policies

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("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 March, 2005.

Although the Group has not yet decided whether to adopt Cost Model or Fair Value Model to account for investment properties, a preliminary assessment of the impact of these HKFRSs has been made and so far concluded that the adoption of Hong Kong Accounting Standards ("HKAS") 40 "Investment property", and HK(SIC) Interpretation 21 "Income taxes – Recovery of revalued non-depreciable assets" will have a significant impact on its financial statements as set out below:

- If investment properties continue to be stated at open market value, all surpluses/deficits arising from the revaluation of the investment properties will be taken directly to the income statement, instead of the investment properties revaluation reserve. However, if Cost Model is adopted for investment properties, then they will be stated at cost less accumulated depreciation and impairment losses and the Group's net assets will be reduced as a result of the reversal of investment properties revaluation reserve.
- If Fair Value Mode is adopted for investment properties, provision for deferred taxation will be made on revaluation surpluses/deficits of investment properties and calculated at prevailing profit tax rates.

The Group will be continuing with the assessment of the impact of the new HKFRSs and other significant changes may be identified as a result.

3. 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.

	2005	2004
	HK\$	HK\$
Sale of goods	226,521,524	167,348,127
Gross rental income	14,210,443	14,064,118
Brokerage commission	21,628,910	22,480,415
Sale of trading properties	3,650,185	–
Guest house income	2,416,944	2,190,964
Gains on foreign exchange dealings	481,202	492,266
Dividend income	100,951	1,126,914
	<u>269,010,159</u>	<u>207,702,804</u>

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For the Year ended 31st March, 2005

4. SEGMENT INFORMATION**(i) Business segment**

	Property development and investments		Manufacturing and trading of plastic packaging material		Stock broking and finance		Eliminations		Consolidated	
	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$
Turnover										
External sales	20,277,572	16,533,366	226,521,524	167,348,127	22,211,063	23,821,311	-	-	269,010,159	207,702,804
Inter-segment sales	1,928,538	1,770,196	-	-	-	-	(1,928,538)	(1,770,196)	-	-
Total Turnover	<u>22,206,110</u>	<u>18,303,562</u>	<u>226,521,524</u>	<u>167,348,127</u>	<u>22,211,063</u>	<u>23,821,311</u>	<u>(1,928,538)</u>	<u>(1,770,196)</u>	<u>269,010,159</u>	<u>207,702,804</u>
Result										
Segment result	<u>262,906</u>	<u>(3,689,920)</u>	<u>12,147,262</u>	<u>16,471,883</u>	<u>6,027,355</u>	<u>16,209,590</u>			<u>18,437,523</u>	<u>28,991,553</u>
Gain on disposal of interest in associate	-	-	2,154,640	-	-	-			2,154,640	-
Finance costs									(5,016,766)	(4,309,259)
Share of (loss) profit of associates	359,586	(181,671)	(6,223,400)	(611,595)	-	-			(5,863,814)	(793,266)
Profit before taxation									<u>9,711,583</u>	<u>23,889,028</u>
Taxation	(613,915)	(571,106)	(1,242,016)	(214,083)	(546,078)	(121,417)			<u>(2,402,009)</u>	<u>(906,606)</u>
Profit after taxation									<u>7,309,574</u>	<u>22,982,422</u>
Minority interests	-	-	(259,282)	(456,963)	(12,756)	(11,559)			<u>(272,038)</u>	<u>(468,522)</u>
Profit attributable to shareholders									<u>7,037,536</u>	<u>22,513,900</u>
Segment assets	370,351,470	309,106,708	237,913,594	185,627,016	130,403,200	202,467,378			738,668,264	697,201,102
Interests in associates	17,416,646	19,125,656	2,120,188	10,612,079	-	-			19,536,834	29,737,735
Unallocated corporate assets	-	-	-	-	-	-			6,475,889	6,475,889
Total assets	<u>387,768,116</u>	<u>328,232,364</u>	<u>240,033,782</u>	<u>196,239,095</u>	<u>130,403,200</u>	<u>202,467,378</u>			<u>764,680,987</u>	<u>733,414,726</u>
Segment liabilities	37,611,426	35,689,919	28,284,724	23,733,695	52,388,515	135,963,610			118,284,665	195,387,224
Unallocated liabilities									190,895,562	103,401,956
Consolidated total liabilities									<u>309,180,227</u>	<u>298,789,180</u>
Minority interests	-	-	11,034,071	10,419,350	1,564,001	1,551,245			<u>12,598,072</u>	<u>11,970,595</u>
Depreciation for the year	1,440,101	474,496	7,267,364	5,022,860	207,853	286,609			8,915,318	5,783,965
Capital expenditure incurred during the year	57,591,959	176,987	31,255,269	35,074,320	306,053	114,558			<u>89,153,281</u>	<u>35,365,865</u>

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For the Year ended 31st March, 2005

4. SEGMENT INFORMATION

(ii) Geographical Segment

	Turnover	
	2005 HK\$	2004 HK\$
Hong Kong	52,032,813	49,614,921
Mainland China	4,538,416	332,801
North America	69,396,251	58,520,227
Europe	33,099,576	30,508,712
Australia	41,146,949	31,265,548
Asia	64,502,243	37,460,595
Others	4,293,911	–
	<u>269,010,159</u>	<u>207,702,804</u>

	Carrying amount of Segment assets		Additions to Property, Plant, Equipment,	
	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$
Hong Kong	530,600,263	507,052,281	58,194,776	572,800
Mainland China	191,427,366	175,208,107	30,958,505	34,793,065
North America	4,310,103	4,990,731	–	–
Europe	1,789,029	2,089,408	–	–
Australia	4,364,651	4,891,021	–	–
Asia	5,749,221	2,969,554	–	–
Others	427,631	–	–	–
	<u>738,668,264</u>	<u>697,201,102</u>	<u>89,153,281</u>	<u>35,365,865</u>

5. OTHER REVENUES

	2005 HK\$	2004 HK\$
(Loss) Profit on disposals of other investments	(333,319)	10,400,771
Interest income	4,356,132	3,347,706
Other income	2,769,335	3,023,556
Consultancy & management fee	64,200	282,540
Unrealised holding gains on other investments	556,805	23,335
	<u>7,413,153</u>	<u>17,077,908</u>

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For the Year ended 31st March, 2005

6. PROFIT FROM OPERATIONS

	2005 HK\$	2004 HK\$
Profit from operations is arrived at after charging :		
Auditors' remuneration	712,354	638,367
Cost of inventories sold	162,017,557	108,580,182
Cost of trading properties sold	4,042,469	–
Impairment loss of properties under development	–	2,422,522
Impairment loss of trading properties	299,954	2,500,000
Net bad debt provision and write-off	506,685	3,437,256
Loss on disposal of property, plant and equipment	1,211,363	351,640
Staff costs (including directors' remuneration)	43,041,841	37,917,426
Salaries, wages and welfare	42,778,381	37,917,426
Severance payment	263,460	–
Operating lease rental in respect of land and buildings	530,100	714,539
Depreciation	8,915,318	5,783,965
Exchange loss	448,001	14,833
and after crediting :		
Gross rental income from investment properties	14,210,443	14,064,118
Less: outgoings	(223,727)	(188,496)
Net rental income	13,986,716	13,875,622

7. FINANCE COSTS

	2005 HK\$	2004 HK\$
Interest on:		
Bank loans and overdrafts wholly repayable within five years	3,460,119	3,095,896
Other borrowings	544,050	549,063
Bank charges	1,012,597	664,300
	5,016,766	4,309,259

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For the Year ended 31st March, 2005

8. TAXATION

The amount of taxation in the consolidated income statement represents:

	2005 HK\$	2004 HK\$
Current tax-Provision for profits tax		
Tax for the year – Hong Kong	2,075,884	2,150,945
– Mainland China	541,262	–
Benefit of previously unrecognized tax losses	(1,012,697)	(1,932,730)
	<u>1,604,449</u>	<u>218,215</u>
Deferred tax		
Origination and reversal of temporary differences	543,293	501,511
Effect of increase in tax rate on deferred tax balances at the beginning of the year	–	86,540
Tax loss recognized	–	(27,953)
Write-back of tax losses previously recognised	76,993	–
	<u>620,286</u>	<u>560,098</u>
Share of taxation attributable to associates	<u>177,274</u>	<u>128,293</u>
Total charge for taxation	<u>2,402,009</u>	<u>906,606</u>
Effective tax rate	<u>24.7%</u>	<u>3.8%</u>
Reconciliation between taxation charge and accounting profit at applicable tax rates:		
Profit before taxation	<u>9,711,583</u>	<u>23,889,028</u>
Notional tax on profit before taxation, calculated at Hong Kong profits tax rate of 17.5%	1,699,527	4,180,580
Tax effect of:		
Different tax rates in other tax jurisdiction	275,485	19,914
Non-deductible expenses	2,784,055	1,937,928
Non-taxable revenue	(2,272,259)	(4,234,815)
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	(1,012,697)	(1,946,296)
Current year's tax loss not recognized	850,905	847,606
Write-back of tax losses previously recognised	76,993	–
Minimum income tax imposed	–	15,149
Actual charge for taxation	<u>2,402,009</u>	<u>906,606</u>

9. DIRECTORS' AND EMPLOYEES' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Companies Ordinance and the Listing Rules of The Stock Exchange of Hong Kong Limited was as follows:

	2005	2004
	HK\$	HK\$
Fees	250,000	210,000
Salaries and other allowances *	4,377,892	4,543,119
	4,627,892	4,753,119

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

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

	2005	2004
	Number of directors	Number of directors
Nil – HK\$1,000,000	10	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\$60,000 (2004: HK\$40,000) were paid and/or payable to Independent Non-executive Directors of the Company.

9. 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 9 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:

	2005	2004
	HK\$	HK\$
Salaries and other allowances	<u>6,220,912</u>	<u>4,742,348</u>

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

	2005	2004
	Number of employees	Number of employees
Nil – HK\$1,000,000	1	–
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$3,500,001 – HK\$4,000,000	–	1
HK\$5,000,001 – HK\$5,500,000	1	–
	<u>2</u>	<u>2</u>

10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

	2005	2004
	HK\$	HK\$
Dealt with in the financial statements of the Company	16,064,815	13,386,459
Retained by subsidiaries	(2,986,191)	10,049,000
Retained by associates	(6,041,088)	(921,559)
	<u>7,037,536</u>	<u>22,513,900</u>

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For the Year ended 31st March, 2005

11. PROPOSED DIVIDENDS

	2005	2004
	HK\$	HK\$
Proposed final dividend of HK1.5 cents per share (2004: HK5.0 cents)	<u>2,964,803</u>	<u>9,882,675</u>

12. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to shareholders of HK\$7,037,536 (2004: HK\$22,513,900) and ordinary shares in issue of 197,653,500 shares.

13. INVESTMENT PROPERTIES**Group**

	Medium term lease in Hong Kong HK\$	Medium term lease in the Mainland China HK\$	Total HK\$
Valuation			
At 1st April, 2004	274,750,000	816,365	275,566,365
Additions	17,246,871	–	17,246,871
Surplus (deficit) arising from revaluation	<u>23,003,129</u>	<u>(3,472)</u>	<u>22,999,657</u>
At 31st March, 2005	<u>315,000,000</u>	<u>812,893</u>	<u>315,812,893</u>

Company

Valuation			
At 1st April, 2004	188,000,000	816,365	188,816,365
Surplus (deficit) arising from revaluation	<u>5,000,000</u>	<u>(3,472)</u>	<u>4,996,528</u>
At 31st March, 2005	<u>193,000,000</u>	<u>812,893</u>	<u>193,812,893</u>

Investment properties were revalued at their open market value at 31st March, 2005. 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 12/1/1992 to 11/1/2042, and is allowed to transfer or lease the property-use right according to the regulations of the Shenzhen Government.

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For the Year ended 31st March, 2005

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Land & buildings		Plant and Machinery	Furniture, fixtures & equipment	Motor vehicles	Total
	Medium term lease in Hong Kong HK\$	Medium term lease in the Mainland China HK\$				
Cost						
At 1st April, 2004	3,375,457	35,549,848	79,215,031	16,587,422	7,600,600	142,328,358
Additions	37,600,408	926,714	18,664,803	4,554,581	92,919	61,839,425
Transfer from						
Constructuion in progress	–	23,483,675	–	–	–	23,483,675
Disposals	–	–	(722,121)	(4,856,593)	(974,196)	(6,552,910)
Exchange realignments	–	53,453	104,636	4,158	6,753	169,000
At 31st March, 2005	40,975,865	60,013,690	97,262,349	16,289,568	6,726,076	221,267,548
Accumulated depreciation						
At 1st April, 2004	1,009,931	12,183,235	41,856,308	11,138,420	4,652,406	70,840,300
Charge for the year	815,311	2,098,184	3,862,370	1,499,459	639,994	8,915,318
Written back on disposals	–	–	(492,646)	(3,637,181)	(747,006)	(4,876,833)
Exchange realignments	–	18,319	61,610	2,151	3,379	85,459
At 31st March, 2005	1,825,242	14,299,738	45,287,642	9,002,849	4,548,773	74,964,244
Net book value as at						
31st March, 2005	39,150,623	45,713,952	51,974,707	7,286,719	2,177,303	146,303,304
31st March, 2004	2,365,526	23,366,613	37,358,723	5,449,002	2,948,194	71,488,058

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For the Year ended 31st March, 2005

14. PROPERTY, PLANT & EQUIPMENT (Cont'd)**Company**

	Furniture, fixtures & equipment	Motor vehicles	Total
	HK\$	HK\$	HK\$
Cost			
At 1st April, 2004	5,967,811	1,946,386	7,914,197
Additions	155,430	–	155,430
Disposals	(3,183,408)	–	(3,183,408)
	<u>2,939,833</u>	<u>1,946,386</u>	<u>4,886,219</u>
At 31st March, 2005	2,939,833	1,946,386	4,886,219
Accumulated depreciation			
At 1st April, 2004	4,498,117	1,540,841	6,038,958
Charge for the year	163,496	60,832	224,328
Written back on disposals	(2,389,142)	–	(2,389,142)
	<u>2,272,471</u>	<u>1,601,673</u>	<u>3,874,144</u>
At 31st March, 2005	2,272,471	1,601,673	3,874,144
Net book value as at			
31st March, 2005	<u><u>667,362</u></u>	<u><u>344,713</u></u>	<u><u>1,012,075</u></u>
31st March, 2004	<u>1,469,694</u>	<u>405,545</u>	<u>1,875,239</u>

15. PROPERTIES UNDER DEVELOPMENT

	Group	
	2005	2004
	HK\$	HK\$
Balance at the beginning of the year	12,219,558	14,642,080
Impairment loss	–	(2,422,522)
	<u>12,219,558</u>	<u>12,219,558</u>
Balance at the end of year	12,219,558	12,219,558

The remaining properties under development are situated in Mainland China under long leases and medium term lease. The progress status is summarised on page 63.

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For the Year ended 31st March, 2005

16. INTERESTS IN SUBSIDIARIES

	Company	
	2005 HK\$	2004 HK\$
Unlisted shares, at cost	37,064,879	37,064,778
Amounts due from subsidiaries	162,549,240	162,310,598
	199,614,119	199,375,376
Impairment loss	(4,536,530)	(4,536,530)
	195,077,589	194,838,846

Details of the Company's principal subsidiaries at 31st March, 2005 are set out in note 37 to the financial statements.

17. INTERESTS IN ASSOCIATES

	Group		Company	
	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$
Unlisted shares, at cost	–	–	13,921,154	13,921,154
Share of net assets other than goodwill	411,780	7,459,362	–	–
	411,780	7,459,362	13,921,154	13,921,154
Amount due from associates	19,125,054	22,278,373	7,271,820	9,184,862
	19,536,834	29,737,735	21,192,974	23,106,016

Details of the Group's associates at 31st March, 2005 are set out in note 38 to the financial statements.

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For the Year ended 31st March, 2005

18. INVESTMENT SECURITIES

	Group		Company	
	2005 HK\$	2004 HK\$	2005 HK\$	2004 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

19. OTHER ASSETS

	Group	
	2005 HK\$	2004 HK\$
Hong Kong Stock Exchange trading rights	3,150,001	3,150,001
Hong Kong Futures 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	450,000
Club membership	981,500	–
	6,257,706	5,276,206

20. 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\$	Unrealized holding gains on other investments HK\$	Tax losses HK\$	Total HK\$
At 1 April 2004	1,761,564	(201,381)	–	(76,993)	1,483,190
Charged (credited) to income statement	762,262	(232,947)	13,978	76,993	620,286
At 31 March 2005	2,523,826	(434,328)	13,978	–	2,103,476
At 1 April 2003	1,027,402	–	–	(104,310)	923,092
Charged (credited) to income statement	734,162	(201,381)	–	27,317	560,098
At 31 March 2004	1,761,564	(201,381)	–	(76,993)	1,483,190

	2005 HK\$	2004 HK\$
Net deferred tax assets recognized on the balance sheet	(287,293)	(92,670)
Net deferred tax liabilities recognized on the balance sheet	2,390,769	1,575,860

(ii) Deferred tax assets unrecognized

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

	2005 HK\$	2004 HK\$
Tax losses	1,432,813	1,849,607

The tax losses do not expire under current tax legislation.

20. DEFERRED TAXATION (Cont'd)**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	General provision	Total
	HK\$	HK\$	HK\$
At 1 April 2004	471,256	(9,170)	462,086
Credited to income statement	(113,469)	(45,726)	(159,195)
At 31 March 2005	<u>357,787</u>	<u>(54,896)</u>	<u>302,891</u>
At 1 April 2003	–	–	–
Charged (credited) to income statement	471,256	(9,170)	462,086
At 31 March 2004	<u>471,256</u>	<u>(9,170)</u>	<u>462,086</u>
	2005 HK\$		2004 HK\$
Net deferred tax asset recognized on the balance sheet	<u>–</u>		<u>–</u>
Net deferred tax liability recognized on the balance sheet	<u>302,891</u>		<u>462,086</u>

(ii) Deferred tax asset unrecognized

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

	2005 HK\$	2004 HK\$
Tax losses	<u>–</u>	<u>525,615</u>

The tax losses do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS 49

For the Year ended 31st March, 2005

21. INVENTORIES

	Group	
	2005	2004
	HK\$	HK\$
Raw materials	39,904,256	22,371,367
Work in progress	2,653,440	1,554,145
Finished goods	12,527,443	6,950,500
	<u>55,085,139</u>	<u>30,876,012</u>

22. 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	
	2005	2004
	HK\$	HK\$
0-1 month	115,099,246	121,445,800
2-3 months	5,418,010	8,661,329
Over 3 months	12,883,129	21,941,539
	<u>133,400,385</u>	<u>152,048,668</u>
Impairment loss	(3,426,347)	(1,545,587)
	<u>129,974,038</u>	<u>150,503,081</u>

23. OTHER INVESTMENTS

	Group	
	2005	2004
	HK\$	HK\$
At fair value		
Listed in Hong Kong, market value at 31 st March	<u>8,008,878</u>	<u>79,878</u>
Market value at 31 st March	<u>8,008,878</u>	<u>79,878</u>

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For the Year ended 31st March, 2005

24. LOANS AND ADVANCE

	Group	
	2005	2004
	HK\$	HK\$
Loans and advance, at cost	12,676,736	13,459,723
Provision for bad debts	(10,204,261)	(10,204,261)
	<u>2,472,475</u>	<u>3,255,462</u>

25. TRADE AND OTHER PAYABLES

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

	Group	
	2005	2004
	HK\$	HK\$
0-1 month	81,491,217	162,420,012
2-3 months	6,704,550	14,679,153
Over 3 months	23,565,910	14,166,966
	<u>111,761,677</u>	<u>191,266,131</u>

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For the Year ended 31st March, 2005

26. BORROWINGS

	Group		Company	
	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$
Secured bank overdrafts	1,690,237	93,135	1,061,220	990
Secured bank loans	189,205,325	103,308,821	68,221,399	65,662,314
	<u>190,895,562</u>	<u>103,401,956</u>	<u>69,282,619</u>	<u>65,663,304</u>
Secured bank loans and overdrafts repayable:				
Within one year	132,732,427	97,797,762	30,083,492	61,558,990
More than one year but not exceeding two years	23,986,279	5,457,194	14,522,271	3,957,314
More than two years but not exceeding five years	34,176,856	147,000	24,676,856	147,000
	<u>190,895,562</u>	<u>103,401,956</u>	<u>69,282,619</u>	<u>65,663,304</u>
Portion due within one year included under current liabilities	<u>(132,732,427)</u>	<u>(97,797,762)</u>	<u>(30,083,492)</u>	<u>(61,558,990)</u>
Portion due after one year	<u>58,163,135</u>	<u>5,604,194</u>	<u>39,199,127</u>	<u>4,104,314</u>

27. SHARE CAPITAL

	2005 HK\$	2004 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 shares of HK\$1.00 each	<u>197,653,500</u>	<u>197,653,500</u>

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For the Year ended 31st March, 2005

28. RESERVES

	Investment property revaluation reserve	Exchange reserve	Capital reserve	Retained profits	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Group					
At 1st April, 2004	148,247,919	(4,850,181)	37,647	71,683,391	215,118,776
Exchange difference arising on consolidation	–	448,942	–	–	448,942
Surplus arising from revaluation	22,642,069	–	–	–	22,642,069
Share of reserves in associates	–	1,865	–	–	1,865
Disposal of interest in associate	–	1,031,355	(37,647)	(993,708)	–
Profit for the year	–	–	–	7,037,536	7,037,536
Proposed final dividend (<i>note 11</i>)	–	–	–	(2,964,803)	(2,964,803)
At 31st March, 2005	<u>170,889,988</u>	<u>(3,368,019)</u>	<u>–</u>	<u>74,762,416</u>	<u>242,284,385</u>
Attributable to:					
Company and subsidiaries	174,859,826	(3,369,884)	–	75,989,918	247,479,860
Associates	(3,969,838)	1,865	–	(1,227,502)	(5,195,475)
	<u>170,889,988</u>	<u>(3,368,019)</u>	<u>–</u>	<u>74,762,416</u>	<u>242,284,385</u>

NOTES TO THE FINANCIAL STATEMENTS 53

For the Year ended 31st March, 2005

28. RESERVES (Cont'd)

	Investment property revaluation reserve HK\$	Exchange reserve HK\$	Capital reserve HK\$	Retained profits HK\$	Total HK\$
Group					
At 1st April, 2003	137,592,411	(3,802,789)	37,647	59,052,166	192,879,435
Exchange difference arising on 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 11)	–	–	–	(9,882,675)	(9,882,675)
	<u>148,247,919</u>	<u>(4,850,181)</u>	<u>37,647</u>	<u>71,683,391</u>	<u>215,118,776</u>
At 31st March, 2004	<u>148,247,919</u>	<u>(4,850,181)</u>	<u>37,647</u>	<u>71,683,391</u>	<u>215,118,776</u>
Attributable to:					
Company and subsidiaries	152,217,757	(3,818,826)	–	65,158,234	213,557,165
Associates	(3,969,838)	(1,031,355)	37,647	6,525,157	1,561,611
	<u>148,247,919</u>	<u>(4,850,181)</u>	<u>37,647</u>	<u>71,683,391</u>	<u>215,118,776</u>
Company					
At 1st April, 2004	85,088,966	–	–	13,052,835	98,141,801
Profit for the year	–	–	–	16,064,815	16,064,815
Surplus arising from revaluation	4,996,528	–	–	–	4,996,528
Proposed final dividend (note 11)	–	–	–	(2,964,803)	(2,964,803)
	<u>90,085,494</u>	<u>–</u>	<u>–</u>	<u>26,152,847</u>	<u>116,238,341</u>
At 31st March, 2005	<u>90,085,494</u>	<u>–</u>	<u>–</u>	<u>26,152,847</u>	<u>116,238,341</u>

Reserves of the Company available for distribution to shareholders amount to HK\$29,117,650 (2004: HK\$22,935,510).

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For the Year ended 31st March, 2005

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

	Group	
	2005 HK\$	2004 HK\$
Profit before taxation	9,711,583	23,889,028
Impairment loss of properties under development	–	2,422,522
Impairment loss of trading properties	299,954	2,500,000
Share of loss of associates	5,863,814	793,266
Gain on disposal of interest in associate	(2,154,640)	–
Dividend income	(100,951)	(1,126,914)
Interest income	(4,356,132)	(3,347,706)
Foreign exchange loss	448,001	14,833
Finance costs	5,016,766	4,309,259
Net bad debts provision and write-off	506,685	3,437,256
Depreciation	8,915,318	5,783,965
Loss on disposals of property, plant & equipment	1,211,363	351,640
Loss on disposals of other assets	1,234	101,650
Loss (Profit) on disposals of other investments	333,319	(10,400,771)
Unrealised holding gain on other investments	(556,805)	(23,335)
	<hr/>	<hr/>
Operating profit before working capital changes	25,139,509	28,704,693
Decrease in trading properties	2,513,687	–
Increase in inventories	(24,209,127)	(10,292,632)
Decrease in pledged time deposits	3,993,803	999,314
Decrease (Increase) in clients' trust money	60,655,214	(60,113,315)
Decrease in loans and advances	1,234,555	579,267
Decrease (increase) in trade and other receivables	20,529,043	(37,300,044)
Increase in deposits and prepayments	(789,507)	(772,075)
(Decrease) increase in trade and other accounts payables	(79,593,052)	104,887,105
	<hr/>	<hr/>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>9,474,125</u>	<u>26,692,313</u>

30. 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\$757,664 (2004 : HK\$744,851).

31. COMMITMENTS

As at 31 st March 2005, the Group had commitments under non-cancellable operating leases in respect of land and buildings to make payment in the following periods as follows:

	Group	
	2005	2004
	HK\$	HK\$
Within one year	1,870,742	1,687,742
More than one year but not exceeding five years	3,288,387	271,742
Over five years	2,858,065	–
	<u>8,017,194</u>	<u>1,959,484</u>

For leasing period exceeds two years, lease rental will be adjusted bi-yearly to reflect market rent.

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For the Year ended 31st March, 2005

32. FUTURE RENTAL INCOMES

As at 31st March 2005, the total future rental incomes receivable under non-cancellable operating leases are analysed as follows:

	Group		Company	
	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$
Within one year	10,268,903	9,608,158	6,098,903	8,834,158
More than one year but not exceeding five years	3,505,166	4,096,854	2,485,166	4,150,854
Total	13,774,069	13,705,012	8,584,069	12,985,012

33. PLEDGE OF ASSETS

As at 31st March, 2005, the Group had the following assets pledged to bank to secure general banking facilities granted to the Group.

	Group		Company	
	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$
Investment properties in Hong Kong at valuation	275,000,000	242,450,000	193,000,000	188,000,000
Land & building in Hong Kong, at net book value	37,547,765	719,341	–	–
Time deposits	9,691,687	13,685,491	–	–
	322,239,452	256,854,832	193,000,000	188,000,000
Margin clients' Hong Kong listed shares, at market value	40,600,254	26,608,878	–	–

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For the Year ended 31st March, 2005

34. CONTINGENT LIABILITIES

(I)

	Group		Company	
	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$
Bills discounted with recourse	11,463,199	10,733,874	–	–
Guarantees issued to banks in respect of bank facilities utilised by:				
– Associates	–	1,556,000	–	–
– Subsidiaries	–	–	93,468,000	57,338,000
in respect of mortgage loans granted to purchasers of trading properties	–	8,058,000	–	–
	<u>–</u>	<u>8,058,000</u>	<u>–</u>	<u>–</u>

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

35. CAPITAL COMMITMENTS

	Group	
	2005 HK\$	2004 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	2,529,000	9,162,000
	<u>2,529,000</u>	<u>9,162,000</u>

36. RELATED PARTIES TRANSACTIONS

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

- The Group received accountancy fee of HK\$64,200 (2004: HK\$256,800).
- The Group received interest of HK\$48,414 (2004: HK\$40,448).
- The Group received rental of HK\$10,800 (2004: HK\$43,200).

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For the Year ended 31st March, 2005

37. 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 ^(c)	Mainland China	HK\$150,000,000 ^(a)	–	95	Manufacturing of plastics products
Dongguan Nanryo Super Plastics Limited ^(c)	Mainland China	HK\$20,000,000 ^(b)	–	71.5	Manufacturing 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

(a) Paid-up capital up to 31st March, 2005 amounted to HK\$140,804,829

(b) Paid up capital up to 31st March, 2005 amounted to HK\$3,690,000

(c) Subsidiaries not audited by K.L. Young & Co.

NOTES TO THE FINANCIAL STATEMENTS 59

For the Year ended 31st March, 2005

37. 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
Queensbridge Limited	Hong Kong/ Mainland China	HK\$1,000,000	100	100	Property investment
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

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37. 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	
South Force Limited	Hong Kong/ Mainland China	HK\$2	100	100	Property agency
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	–	95	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

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.

38. ASSOCIATES

Name of Company	Place of incorporation/ operation	Business Structure	Percentage of equity interest held by		Principal activities
			Company	Group	
Redi-Bag USA LLC	USA	partnership	–	47.7	Trading of plastic products
Wisestar Holdings Limited	Hong Kong	company	–	47.7	Trading of plastic products
Dongguan Wisestar Plastics Limited	Mainland China	company	–	47.7	Manufacturing of plastic products
Ongoing Investments Limited	British Virgin Islands/ Mainland China	company	–	20	Property investment
Sequin Development Limited	British Virgin Islands/ Mainland China	company	–	20	Property investment
Titan Dragon Properties Corporation	Philippines	company	30	49	Property investment

All associates except Wisestar Holdings Limited are not audited by K.L. Young & Co.

39. COMPARATIVE FIGURES

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

40. APPROVAL AND AUTHORIZATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised by the Board of Directors on 15th July, 2005.