

1. GENERAL INFORMATION

The Company is incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal place of business of the Company is located at Unit 2608, Level 26, Tower II, Metroplaza, 223 Hing Fong Road, Kwai Fong, New Territories, Hong Kong.

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the following activities:

- manufacture and sale of paper cartons, packaging boxes and children's novelty books
- manufacture and sale of hangtags, labels and shirt paper boards and plastic bags
- commercial printing

Details of the principal activities of the principal subsidiaries are set out in note 15(a) to the financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements on pages 22 to 66 are prepared in accordance with and comply with all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The financial statements are prepared under the historical cost convention as modified by the revaluation of certain leasehold land and buildings, investment properties and other investments.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year. All material intercompany transactions and balances within the Group are eliminated on consolidation.

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) Subsidiaries

Subsidiaries are those enterprises controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

In the Company's balance sheet, subsidiaries are carried at cost less impairment losses. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

(d) Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired.

In respect of subsidiaries, goodwill is amortised to the consolidated income statement on a straight line basis over its estimated useful life of not exceeding 20 years. Goodwill is stated in the consolidated balance sheet at cost less accumulated amortisation and impairment losses.

SSAP 30 "Business combinations" was adopted by the Group for its accounting period beginning 1 April 2001. Prior to that date, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of SSAP 30 that permitted such goodwill to remain eliminated against consolidated reserves. Goodwill on acquisition subsequent to 1 April 2001 is accounted for in accordance with the goodwill accounting policy above.

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant consolidated reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment

(i) Depreciation

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

Medium term leasehold land and buildings outside Hong Kong	Over the lease terms
Medium term leasehold land in Hong Kong	Over the lease terms
Medium term leasehold buildings in Hong Kong	4%
Plant and machinery	10%
Furniture, fixtures and office equipment	20%
Motor vehicles	25%

(ii) Measurement bases

Property, plant and equipment other than investment properties are stated at cost or revalued amounts on an open market value basis or depreciated replacement cost basis, as appropriate, based on professional valuation performed by qualified valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The depreciated replacement cost approach is based on an estimate of the market value of the land in its existing use and an estimate of the new replacement costs of buildings and structures, from which deductions are made to allow for the age, condition and functional obsolescence. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets if it can be demonstrated that such expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets.

Any surplus arising on revaluation of property, plant and equipment other than investment properties is credited to revaluation reserve. A decrease in net carrying amount arising on revaluation is charged to the income statement to the extent that this exceeds the surplus, if any, held in revaluation reserve relating to the previous revaluation of the same item of assets. A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

(ii) Measurement bases (Continued)

When assets are sold or retired, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the income statement. Any revaluation surplus relating to the assets under disposal is transferred to retained profits.

(f) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year, except where the unexpired term of the lease is 20 years or less, in which case depreciation is provided on the then carrying amount over the remaining term of the lease.

Changes in the values of the investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to recover a deficit, on a portfolio basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged.

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

(g) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease term.

(h) Other investments

Investments in debt and equity securities which are not intended to be held for an identified long term purpose are stated in the balance sheet at fair values. Fair values are determined on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. The gains or losses arising from changes in the fair values of such investments are credited or charged to the income statement in the period in which they arise.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity. Net realisable value is calculated as the actual or estimated selling prices less all further costs of completion and the estimated costs necessary to make the sale.

(j) Impairment

The carrying amounts of the Group's non-current assets and the Company's investments in subsidiaries are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the relevant asset is carried at revalued amount under another accounting standard, in which case the impairment loss is treated as a revaluation decrease under that accounting standard.

(i) *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) *Reversals of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Cash and cash equivalents

Cash comprises cash on hand and demand deposits repayable on demand with any bank or other financial institution. Cash includes deposits denominated in foreign currencies.

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement. For the purpose of the balance sheet, cash and cash equivalents include term deposits, and assets similar in nature to cash, which are not restricted as to use.

(l) Trade receivables

Trade receivables, which generally have credit terms of 30 to 90 days, are recognised and carried at original invoiced amount. An estimate for doubtful debts is made and deducted when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(m) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. 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.

(n) Income tax

Income tax for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(n) Income tax (Continued)

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 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Deferred tax assets and liabilities are not discounted. 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 to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(o) Employee benefits

(i) Bonus plans

Provisions for bonus due wholly within twelve months after the balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(ii) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Hong Kong Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the Hong Kong Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Hong Kong Scheme. The assets of the Hong Kong Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Hong Kong Scheme, except for the Group's employer voluntary contributions with a vesting period of five years, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Hong Kong Scheme.

Pursuant to the relevant regulations of the government of the People's Republic of China (the "PRC"), a subsidiary of the Company operating in the PRC participates in a local municipal government retirement benefits scheme (the "PRC Scheme"), whereby the subsidiary is required to make contributions, as calculated under the rules specified by the relevant PRC local government authorities, to the PRC Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary. The only obligation of the Group with respect to the PRC Scheme is to pay the ongoing required contributions under the PRC Scheme mentioned above. Contributions under the PRC Scheme are charged to the income statement as incurred. There are no provisions under the PRC Scheme whereby forfeited contributions may be used to reduce future contributions.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(o) Employee benefits (Continued)

(iii) *Equity compensation benefits*

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option schemes is not recorded in the Company's or the Group's balance sheet until such time as the share options are exercised, and no charge is recorded in the income statement or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Share options which are cancelled prior to their exercise date, or which have lapsed, are deleted from the register of outstanding share options.

(p) Foreign currencies

Transactions in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Hong Kong dollars at the rates of exchange ruling at that date. Gains and losses arising on exchange are dealt with in the income statement.

The balance sheets of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date and the income statements of these foreign subsidiaries are translated at the average rates for the year. Gains and losses arising on exchange are dealt with as movements in reserves.

The gain or loss on a speculative forward contract is the foreign currency amount of the contract multiplied by the difference between the forward rate for the balance of the contract at the balance sheet date and either the contracted forward rate or the forward rate used at an intervening balance sheet date. The gain or loss is charged to the income statement.

(q) Dividends

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

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(r) Recognition of revenue

Revenue from the sale of goods is recognised when goods are delivered and title has passed.

Revenue from rendering of services is recognised when the relevant services are rendered.

Interest income is recognised on a time proportion basis by reference to the principal outstanding and the rate applicable.

Rental income receivable under operating leases is recognised in the income statement in equal instalments over the accounting periods covered by the lease term.

Dividend income is recognised when the Group's right as a shareholder to receive payment is established.

(s) 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.

(t) Recently issued accounting standards

The HKICPA 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 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the manufacture and sale of paper cartons, packaging boxes and children's novelty books segment produces paper cartons, packaging boxes and children's novelty books for sale principally to manufacturers and publishers of consumer products;
- (b) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags segment produces hangtags, labels, shirt paper boards and plastic bags products for sale principally to manufacturers of consumer products; and
- (c) the commercial printing segment provides financial printing, digital printing and other related services.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. SEGMENT INFORMATION (Continued)

(a) Business segments

The following tables present revenue, profit and asset, liability and expenditure information for the Group's business segments.

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags		Commercial printing		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	383,364	353,620	51,297	36,422	67,522	56,040	-	-	502,183	446,082
Intersegment sales	9,469	7,289	74	179	260	701	(9,803)	(8,169)	-	-
Total	392,833	360,909	51,371	36,601	67,782	56,741	(9,803)	(8,169)	502,183	446,082
Segment results	18,023	31,580	10,042	3,749	8,567	7,262	-	-	36,632	42,591
Interest income									2,083	1,316
Unallocated expenses									-	(16)
Profit from operations									38,715	43,891
Finance costs									(638)	(155)
Profit before taxation									38,077	43,736
Taxation									(3,175)	(4,640)
Profit attributable to shareholders									34,902	39,096

3. SEGMENT INFORMATION (Continued)**(a) Business segments (Continued)**

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags		Commercial printing		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	477,567	415,903	23,105	21,825	22,410	20,768	-	-	523,082	458,496
Segment liabilities	128,166	102,333	12,304	6,639	13,741	11,564	-	-	154,211	120,536
Other segment information:										
Depreciation	22,617	20,154	3,710	3,167	1,121	1,828	-	-	27,448	25,149
Amortisation of goodwill	105	105	-	-	-	-	-	-	105	105
Capital expenditure	33,220	60,401	482	1,194	366	469	-	-	34,068	62,064
Revaluation surplus of leasehold land and buildings recognised in the income statement	(1,765)	(2,821)	-	-	-	-	-	-	(1,765)	(2,821)
Revaluation surplus of investment properties recognised in the income statement	(2,512)	(3,206)	-	-	-	-	-	-	(2,512)	(3,206)
Net unrealised loss on other investments	183	62	-	-	-	-	-	-	183	62
Other non-cash expenses	2,080	67	-	-	1,039	-	-	-	3,119	67

3. SEGMENT INFORMATION (Continued)**(b) Geographical segments**

The following table presents revenue, asset and expenditure information for the Group's geographical segments.

	Hong Kong		Elsewhere in the PRC		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	487,488	430,324	14,695	15,758	-	-	502,183	446,082
Other segment information:								
Segment assets	341,272	301,271	181,810	157,225	-	-	523,082	458,496
Capital expenditure	3,222	34,383	30,846	27,681	-	-	34,068	62,064

4. TURNOVER

Turnover represents the invoiced value of goods sold, after allowances for returns and trade discounts, and services rendered during the year after eliminations of all significant intra-group transactions.

5. OTHER REVENUE

	2005	2004
	HK\$'000	HK\$'000
Recovery of bad debts	136	531
Exchange gain, net	27	284
Gross rental income from investment properties	1,781	1,779
Interest income	2,083	1,316
Dividend income from listed investments	46	110
Gain on disposal of listed investments	308	488
Gain on disposal of unlisted investments	193	109
Gain on disposal of property, plant and equipment	65	22
Surplus on revaluation of investment properties	2,512	3,206
Surplus on revaluation of leasehold land and buildings	1,765	2,821
Sundry income	1,682	328
	10,598	10,994

6. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging/(crediting):

	2005 HK\$'000	2004 HK\$'000
Amortisation of goodwill	105	105
Auditors' remuneration	850	650
Cost of inventories sold	334,982	297,350
Cost of services rendered	36,313	32,064
Depreciation	27,448	25,149
Net unrealised loss on other investments	183	62
Operating lease charges on land and buildings	4,509	3,340
Provision for doubtful debts		
– trade receivables	1,408	–
– other receivables (note 32)	1,711	–
Staff costs (excluding directors' remuneration)		
Wages and salaries	75,448	60,639
Net pension scheme contributions	2,523	1,719
and crediting:		
Rental income from investment properties, net of outgoings	(1,437)	(1,264)

7. FINANCE COSTS

	Group	
	2005 HK\$'000	2004 HK\$'000
Interest charges on overdrafts and other borrowings repayable within five years	408	155
Interest on bank loan not wholly repayable within five years	230	–
	638	155

8. TAXATION

The tax charge comprises:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Current tax – Hong Kong:		
Tax for the year	4,854	3,082
Under provision in respect of prior years	430	757
Current tax – overseas:		
Tax for the year	716	916
Over provision in respect of prior years	(903)	–
Deferred tax		
Current year – tax credit (note 25)	(1,922)	(322)
Attributable to increase in tax rate (note 25)	–	207
	3,175	4,640

Hong Kong profits tax is provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable outside Hong Kong is calculated at the rates of tax prevailing in the countries in which the Group operated during the year based on existing legislation, interpretations and practices in respect thereof.

Deferred tax is accounted for using the balance sheet liability method at the rate of 17.5% (2004: 17.5%).

8. TAXATION (Continued)

Reconciliation between tax expense and accounting profit at applicable tax rates is as follows:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Profit before taxation	38,077	43,736
Tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdiction concerned	6,637	8,158
Tax effect on non-deductible expense	1,826	878
Tax effect on non-taxable revenue	(3,945)	(3,879)
Tax effect of utilisation of tax losses not previously recognised	(315)	(1,061)
Tax effect on tax loss not recognised	83	312
Tax effect on taxable temporary differences not recognised	(638)	(525)
(Over)/Under provision in prior years	(473)	757
Total taxation	3,175	4,640

9. PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders dealt with in the financial statements of the Company for the year ended 31 March 2005 was HK\$16,801,000 (2004: HK\$18,880,000).

10. DIVIDENDS

	2005 HK\$'000	2004 HK\$'000
Interim dividend of HK1 cent per ordinary share (2004: HK1 cent)	4,867	4,823
Additional final and special dividends in respect of the previous year (2004: Nil)	131	–
Proposed final dividend of HK3 cents per ordinary share (2004: HK2 cents)	14,601	9,647
Proposed special dividend of Nil per ordinary share (2004: HK1 cent)	–	4,823
	19,599	19,293

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

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's net profit attributable to shareholders for the year of HK\$34,902,000 (2004: HK\$39,096,000) and the weighted average of 485,147,842 (2004: 443,289,965) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31 March 2005 was based on the Group's profit attributable to shareholders of HK\$34,902,000 (2004: HK\$39,096,000). The weighted average number of ordinary shares used in the calculation was 485,147,842 (2004: 443,289,965) ordinary shares in issue during the year, as used in the basic earnings per share calculation, plus the weighted average of 902,637 (2004: 1,734,545) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

12. PROPERTY, PLANT AND EQUIPMENT**Group**

	Leasehold land and buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation						
At 1 April 2004	115,760	202,963	23,492	13,530	6,413	362,158
Additions	7,906	20,759	2,942	1,129	1,332	34,068
Disposals	(16,450)	(114)	–	–	(511)	(17,075)
Accumulated depreciation eliminated on revaluation	(2,575)	–	–	–	–	(2,575)
Revaluation surplus						
– credit to the income statement	1,765	–	–	–	–	1,765
– dealt with in the revaluation reserve	16,666	–	–	–	–	16,666
At 31 March 2005	123,072	223,608	26,434	14,659	7,234	395,007
Accumulated depreciation						
At 1 April 2004	–	116,840	19,233	7,576	4,987	148,636
Charge for the year	2,693	19,925	2,134	1,944	752	27,448
Disposals	(118)	(63)	–	–	(430)	(611)
Elimination on revaluation	(2,575)	–	–	–	–	(2,575)
At 31 March 2005	–	136,702	21,367	9,520	5,309	172,898
Net book value						
At 31 March 2005	123,072	86,906	5,067	5,139	1,925	222,109
At 31 March 2004	115,760	86,123	4,259	5,954	1,426	213,522
At cost	1,074	223,608	26,434	14,659	7,234	273,009
At professional valuation	121,998	–	–	–	–	121,998
	123,072	223,608	26,434	14,659	7,234	395,007

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Land and buildings comprise:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Medium term leasehold land and buildings in Hong Kong	39,488	49,560
Medium term leasehold land and buildings outside Hong Kong	82,510	66,200
Total valuation	121,998	115,760

At the balance sheet date, the Group's leasehold land and buildings in Hong Kong were carried at their valuations as at 31 March 2005 performed by LCH (Asia-Pacific) Surveyors Limited ("LCH"), an independent firm of professional valuers, on the basis of Open Market Value, at HK\$39,488,000. The resulting revaluation surplus amounting to HK\$1,765,000 and HK\$5,563,000 have been credited to the income statement and the asset revaluation reserve respectively.

At the balance sheet date, the Group's leasehold land and buildings outside Hong Kong were carried at their valuations as at 31 March 2005 performed by LCH, on the basis of Depreciated Replacement Cost, at HK\$82,510,000. The resulting revaluation surplus amounting to HK\$11,103,000 is recognised in the asset revaluation reserve.

Had the Group's land and buildings in Hong Kong been valued at cost less accumulated depreciation, their carrying amounts would have been restated at HK\$29,025,006 (2004: HK\$43,709,348).

Had the Group's land and buildings outside Hong Kong been valued at cost less accumulated depreciation, their carrying amounts would have been restated at HK\$57,144,320 (2004: HK\$50,683,479).

At the balance sheet date, certain of the Group's land and buildings amounting to HK\$36,340,000 (2004: HK\$46,790,000) were pledged to secure general banking facilities granted to the Group as further detailed in note 27 to the financial statements.

13. INVESTMENT PROPERTIES

	Group	
	2005	2004
	HK\$'000	HK\$'000
At valuation		
At beginning of the year	13,950	9,980
Additions	–	764
Revaluation surplus	2,512	3,206
	<hr/>	
At end of the year	16,462	13,950

The Group's investment properties were revalued, on the basis of Open Market Value, at HK\$16,462,000 by LCH as at 31 March 2005. The resulting revaluation surplus amounting to HK\$2,512,000 was credited to the income statement.

The investment properties are leased to third parties under operating leases, further summary details of operating lease arrangements in respect of rental receivables are included in note 31(a) to the financial statements.

All of the Group's investment properties are situated in Hong Kong under medium term leases. Investment properties with a valuation of HK\$7,454,000 (2004: HK\$6,300,000) were pledged to secure general banking facilities granted to the Group as further detailed in note 27 to the financial statements.

Further particulars of the Group's investment properties are included on pages 67 and 68.

14. GOODWILL

The amount of goodwill capitalised as an asset as at 31 March 2005, arising from the acquisition of an additional equity interest in a subsidiary during the year ended 31 March 2002, which is amortised over 5 years, is as follows:

Group

	HK\$'000
Carrying value at 1 April 2004	316
Amortisation charge for the year	(105)
Carrying value at 31 March 2005	211
Gross amount at 31 March 2005	527
Accumulated amortisation	(316)
Carrying value at 31 March 2005	211
Gross amount at 31 March 2004	527
Accumulated amortisation	(211)
Carrying value at 31 March 2004	316

At 31 March 2005, the amount of goodwill, arising from the acquisition of subsidiaries which occurred prior to the Group's accounting period beginning 1 April 2001, remaining in consolidated reserves amounted to HK\$1,408,000 (2004: HK\$1,408,000).

15. (a) INVESTMENTS IN SUBSIDIARIES

	Company	
	2005	2004
	HK\$'000	HK\$'000
Unlisted shares, at cost	116,995	116,995

15. (a) INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name	Country/Place of incorporation/ registration	Particulars of issued/ registered capital	Percentage of equity interests held by the Company		Principal activities	Place of operations
			Direct	Indirect		
Cheong Ming (B.V.I.) Enterprises Limited	British Virgin Islands	HK\$10,000 Ordinary shares	100%	–	Investment holding	Hong Kong
CM Investment Enterprises Limited	British Virgin Islands	US\$1 Ordinary share	100%	–	Investment holding	Hong Kong
Capital Asset Management Limited	Hong Kong	HK\$2 Ordinary shares	–	100%	Property and investment holding	Hong Kong
Cheong Ming Press Factory Limited	Hong Kong	HK\$1,000 Ordinary shares HK\$1,000,000 *Non-voting deferred shares	–	100%	Manufacture and sale of paper cartons, children's novelty books and commercial printing	Hong Kong
Chun Ming Printing Factory Company Limited	Hong Kong	HK\$150,000 Ordinary shares	–	100%	Manufacture and sale of hangtags, labels and shirt paper boards	Hong Kong and PRC
Cheong Ming Paper, Poly Press & Printing Factory Limited	Hong Kong	HK\$1,000 Ordinary shares HK\$1,000,000 *Non-voting deferred shares	–	100%	Sub-contracting of the manufacture of paper cartons	PRC

15. (a) INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows: (Continued)

Name	Country/Place of incorporation/ registration	Particulars of issued/ registered capital	Percentage of equity interests held by the Company		Principal activities	Place of operations
			Direct	Indirect		
Dongguan Cheong Ming Printing Co., Ltd.	PRC	Registered capital of HK\$79,930,000 (2004: HK\$67,700,000)	-	100%	Sub-contracting of the manufacture of paper cartons and plastic bags	PRC
Capital Financial Press Limited	Hong Kong	HK\$800,000 Ordinary shares	-	100%	Commercial printing	Hong Kong
Capital Translation Services Limited	Hong Kong	HK\$500,000 Ordinary shares	-	100%	Provision of translation services	Hong Kong
32 Print.com Limited	Hong Kong	HK\$3,750,000 Ordinary shares	-	100%	Digital printing	Hong Kong
Harvest King Limited	Hong Kong	HK\$2 Ordinary shares	-	100%	Trading of hangtags, labels and shirt paper boards	Hong Kong
Aegina (B.V.I.) Limited	British Virgin Islands	US\$1 Ordinary share	-	100%	Investment holding	Hong Kong

* The non-voting deferred shares carry no rights to dividends unless the profit available for distribution for the financial year exceeds HK\$100,000,000,000,000, no rights to attend or vote at general meetings except at a general meeting convened for any resolution which directly affects the rights or privileges of the non-voting deferred shares, and no rights to receive any surplus in a return of capital in a winding-up (other than the amount paid up on those shares, provided that the holders of the ordinary shares of that company have received, by way of a distribution in such winding-up, a sum of HK\$500,000,000,000,000).

15. (a) INVESTMENTS IN SUBSIDIARIES (Continued)

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

15. (b) AMOUNTS DUE FROM SUBSIDIARIES/AMOUNT DUE TO A SUBSIDIARY

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

16. INVENTORIES

	Group	
	2005	2004
	HK\$'000	HK\$'000
Raw materials	32,160	31,568
Work in progress	6,786	6,086
Finished goods	6,903	4,826
	45,849	42,480

At the balance sheet date, no inventories were stated at net realisable value (2004: Nil).

17. TRADE AND BILLS RECEIVABLES

At 31 March 2005, the gross trade and bills receivables, net of provisions are as follows:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Bills receivable	3,504	1,117
Trade receivables	97,311	87,468
	100,815	88,585

At 31 March 2005, the aging analysis of the trade and bills receivables, based on invoiced date and net of provisions, is as follows:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Current to 30 days	38,684	34,933
31 to 60 days	21,828	25,520
61 to 90 days	24,168	11,545
Over 90 days	16,135	16,587
	100,815	88,585

18. OTHER INVESTMENTS

	Group	
	2005	2004
	HK\$'000	HK\$'000
Hong Kong listed equity investments, at fair value	1,909	1,304
Overseas unlisted equity investments, at fair value	10,541	–
Overseas unlisted debt investments, at fair value	25,471	3,000
	37,921	4,304

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash in hand, bank balances, and time deposits with original maturity of less than three months	84,853	78,054	350	4,638
Cash placed at a securities brokerage firm	1,366	1,199	–	–
Time deposits with original maturity of more than three months	5,670	6,600	–	–
Short-term currency note	–	3,900	–	–
Cash and cash equivalents	91,889	89,753	350	4,638

At the balance sheet date, cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$6,572,000 (2004: HK\$2,844,000). RMB is not freely convertible into other currencies, however, under PRC’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

20. TRADE PAYABLES

At 31 March 2005, the aging analysis of the trade payables, based on invoiced date, is as follows:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Current to 30 days	32,706	29,452
31 to 60 days	9,416	15,530
61 to 90 days	13,161	8,012
Over 90 days	13,531	8,065
	68,814	61,059

21. INTEREST-BEARING BORROWINGS

	Group	
	2005	2004
	HK\$'000	HK\$'000
Bank overdrafts, secured	1,369	612
Trust receipt loans, secured	–	1,822
Bank loans, secured	23,910	20,000
	<u>25,279</u>	<u>22,434</u>
	Group	
	2005	2004
	HK\$'000	HK\$'000
Bank loans repayable		
Within one year or on demand	11,910	2,880
In the second year	2,400	2,880
In the third to fifth years, inclusive	7,200	8,640
Over five years	2,400	5,600
Trust receipt loans and bank overdrafts repayable within one year or on demand	1,369	2,434
	<u>25,279</u>	<u>22,434</u>
Less: Current portion due within one year included under current liabilities	<u>(13,279)</u>	<u>(5,314)</u>
Non-current portion included under long-term liabilities	<u>12,000</u>	<u>17,120</u>

22. SHARE CAPITAL

	2005 HK\$'000	2004 HK\$'000
Authorised:		
800,000,000 ordinary shares of HK\$0.10 each	80,000	80,000
Issued and fully paid:		
486,706,061 (2004: 482,331,061) ordinary shares of HK\$0.10 each	48,671	48,233

Details of the movements in the issued share capital of the Company during the current year and the prior year were as follows:

	<i>Notes</i>	HK\$'000	Number of shares
At 1 April 2003		43,233	432,331,061
Placement of new shares	(a)	5,000	50,000,000
At 31 March 2004 and 1 April 2004		48,233	482,331,061
Exercise of share options	(b)	438	4,375,000
At 31 March 2005		48,671	486,706,061

Note:

- (a) On 29 December 2003, the Company entered into a subscription agreement with Harmony Link Corporation ("HLC"), the substantial shareholder of the Company, who has conditionally agreed to subscribe for 50,000,000 new shares of the Company at a price of HK\$0.37 per share after the completion of a placement by HLC, through an independent placing agent, of an aggregate of 50,000,000 ordinary shares in the Company to independent investors in cash at a price of HK\$0.37 per share. The subscription was subsequently completed on 12 January 2004. Net proceeds of about HK\$17,855,000 were used as general working capital of the Company.
- (b) The subscription rights attaching to 2,500,000 share options and 1,875,000 share options were exercised at the subscription price of HK\$0.3507 and HK\$0.224 per share respectively, resulting in the issue of 4,375,000 ordinary shares of HK\$0.10 each for a total consideration, after expenses, of HK\$1,293,000.

23. SHARE OPTION SCHEMES

The Company's share option scheme which was adopted on 27 December 1996 (the "Old Scheme") was terminated and replaced by a new share option scheme approved by the shareholders at the special general meeting of the Company held on 5 September 2002 (the "New Scheme"). Upon the termination of the Old Scheme, no further share options can be granted thereunder, but in all other respects, the provisions of the Old Scheme remained in force and all share options granted prior to such termination continued to be valid and exercisable in accordance therewith.

A summary of the Old Scheme and the New Scheme is set out below:

(a) Old Scheme

The Company operated a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Old Scheme included any director or employee of the Company and its subsidiaries. The Old Scheme was adopted by the Company on 27 December 1996 and became effective upon its listing on the Stock Exchange on 20 January 1997 and, unless otherwise cancelled or amended, would have remained in force for 10 years from its date of adoption. As at 31 March 2005, there were 1,125,000 share options granted which remained outstanding under the Old Scheme.

(b) New Scheme

The New Scheme became effective for a period of 10 years commencing on 5 September 2002. Under the New Scheme, the directors may, at their sole discretion, grant to any eligible participants options to subscribe for ordinary shares of the Company at the higher of (i) the closing price of shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant; or (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the share. The offer of a grant of options may be accepted within 21 days from the date of the offer. The exercise period of the options granted is determinable by the directors, and commences after a certain vesting period and ends in any event not later than 10 years from the date of the offer on which the offer for grant of the option is made, subject to the provisions for early termination thereof.

The maximum number of securities to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the relevant class of securities of the Company in issue from time to time.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the New Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of the annual general meeting held on 5 September 2002.

No share options were granted under the New Scheme during the year.

23. SHARE OPTION SCHEMES (Continued)

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

The following share options are outstanding under the Old Scheme during the year.

Name or category of participant	Number of share options					Date of grant of share options	Exercise period of share options	Exercise price of share options** HK\$	Price of Company's shares***	
	As at 1 April 2004	Cancelled during the year	Exercised during the year	Lapsed during the year	As at 31 March 2005				At grant date of options HK\$	At exercise date of options**** HK\$
Directors										
Lui Chi	1,250,000	-	(1,250,000)	-	-	30 October 1997	30 October 1997 to 26 December 2006	0.3507	0.5300	0.5000
	1,875,000	-	(1,875,000)	-	-	31 December 1999	31 December 1999 to 26 December 2006	0.2240	0.2900	0.5000
	3,125,000	-	(3,125,000)	-	-					
Lui Shing Ming, Brian	1,250,000	-	(1,250,000)	-	-	30 October 1997	30 October 1997 to 26 December 2006	0.3507	0.5300	0.5000
	4,375,000	-	(4,375,000)	-	-					
Other employees										
In aggregate	625,000	-	-	-	625,000*	31 December 1999	31 December 1999 to 26 December 2006	0.2240	0.2900	N/A
	7,500,000	-	-	(7,500,000)	-	6 March 2000	23 September 2000 to 26 December 2006	2.7744	5.600	N/A
	250,000	-	-	-	250,000	8 July 2000	8 January 2001 to 26 December 2006	1.0960	1.6500	N/A
	250,000	-	-	-	250,000	5 September 2000	5 September 2001 to 26 December 2006	1.4048	2.2000	N/A
	8,625,000	-	-	(7,500,000)	1,125,000					
	13,000,000	-	(4,375,000)	(7,500,000)	1,125,000					

23. SHARE OPTION SCHEMES (Continued)

Notes:

- * The share options to subscribe for 625,000 ordinary shares at a price of HK\$0.224 per share in the Company which were granted to the spouse of Mr. Lui Shing Chung, Victor is included in the "Other employees" category above and remained outstanding as at 31 March 2005.
- ** The exercise price of the share options was adjusted for the one for four bonus issue in the issued share capital of the Company as approved by the ordinary resolution passed at the general meeting held on 31 August 2001. The adjusted exercise price is subject to further adjustment in the case of any future rights or bonus issues, or other similar changes in the Company's share capital.
- *** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange's closing price of the Company as at the date of the grant of the share options.
- **** The price of the Company's shares disclosed as at the date of the exercise of the share options is the Stock Exchange's closing price of the Company as at the date of the exercise of the share options.

As at 31 March 2005, the Company had 1,125,000 share options outstanding under the Old Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 1,125,000 additional ordinary shares and cash proceeds to the Company of approximately HK\$765,000 before the related share issue expenses.

24. RESERVES

Group

	2005 HK\$'000	2004 HK\$'000
Share premium account	66,765	65,910
Contributed surplus	34,080	34,080
Asset revaluation reserve	33,876	22,818
Goodwill reserve	(1,408)	(1,408)
Retained profits	172,286	153,857
	305,599	275,257

The contributed surplus of the Group arose as a result of the Group reorganisation carried out on 24 December 1996 and represents the difference between the nominal value of the share capital of the former holding company of the Group acquired pursuant to the Group reorganisation, over the nominal value of the share capital of the Company issued in exchange therefor.

24. RESERVES (Continued)**Company**

	Share premium account HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2003	53,055	116,795	5,332	175,182
Placement of shares (note 22(a))	12,855	–	–	12,855
Net profit for the year	–	–	18,880	18,880
Interim dividend	–	–	(4,823)	(4,823)
Proposed final dividend	–	–	(9,647)	(9,647)
Proposed special dividend	–	–	(4,823)	(4,823)
At 31 March 2004 and 1 April 2004	65,910	116,795	4,919	187,624
Exercise of share options (note 22(b))	855	–	–	855
Net profit for the year	–	–	16,801	16,801
2004 final and special dividends proposed	–	–	14,470	14,470
2004 final and special dividend paid	–	–	(14,601)	(14,601)
Interim dividend	–	–	(4,867)	(4,867)
Proposed final dividend	–	–	(14,601)	(14,601)
At 31 March 2005	66,765	116,795	2,121	185,681

The contributed surplus of the Company arose as a result of the same Group reorganisation scheme and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange therefor. In accordance with the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of the contributed surplus under certain circumstances.

25. DEFERRED TAX

The following are major deferred tax assets and liabilities recognised in the balance sheet and the movements during the current and prior periods:

Group

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Others HK\$'000	Total HK\$'000
Balance at 1 April 2003	2,206	4,691	–	6,897
Credit to income for the year	(322)	–	–	(322)
Credit to equity for the year	–	(956)	–	(956)
Effect of change in tax rate – charge to income	207	–	–	207
Balance at 31 March 2004	2,091	3,735	–	5,826
Credit to income for the year	(922)	–	(1,000)	(1,922)
Charge to equity for the year	–	2,482	–	2,482
Balance at 31 March 2005	1,169	6,217	(1,000)	6,386

The net deferred tax asset was not recognised as at the balance sheet date in respect of tax losses of HK\$6,041,000 (2004: HK\$6,210,000) and general provisions of HK\$681,000 (2004: HK\$672,000) because the directors consider it appropriate not to recognise the benefit of any future tax relief since it is not probable that taxable profits will be available against which deductible temporary differences can be utilised.

In addition to the amount credited to the income statement, deferred tax relating to the revaluation of the Group's properties was charged directly to equity.

26. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION**(a) Directors' remuneration**

Remuneration of the directors disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and the provisions of the Listing Rules are as follows:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Fees:		
Executive directors	–	–
Independent non-executive directors	265	210
Other emoluments:		
Basic salaries, housing benefits, other allowances and benefits in kind	7,900	9,162
Pension scheme contributions	514	443
	8,679	9,815

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

	Group	
	2005	2004
	Number of directors	Number of directors
Nil – HK\$1,000,000	3	3
HK\$1,000,001 – HK\$1,500,000	1	3
HK\$1,500,001 – HK\$2,000,000	3	2
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.

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

(b) Five highest paid employees

The five highest paid employees during the year included five directors (2004: five), further details of whose remuneration are disclosed in note 26(a) to the financial statements.

27. BANKING FACILITIES

At the balance sheet date, the Group's banking facilities were secured by the following:

- (a) legal charges on certain of the Group's leasehold land and buildings (note 12);
- (b) legal charges on certain of the Group's investment properties (note 13); and
- (c) corporate guarantees from the Company (note 28).

28. CONTINGENT LIABILITIES

At 31 March 2005, the Company provided corporate guarantees to banks for the provision of general banking facilities to its subsidiaries to the extent of HK\$89,900,000 (2004: HK\$79,900,000).

The amount of banking facilities utilised by the subsidiaries amounted to HK\$27,151,000 as at 31 March 2005 (2004: HK\$34,685,000).

At 31 March 2005, a bank executed a charge on one of the subsidiaries to secure all relevant liabilities which may be due to the bank as stipulated in the financial service agreements between the bank and the subsidiary.

29. CAPITAL COMMITMENTS

	Group	
	2005	2004
	HK\$'000	HK\$'000
Acquisition of property, plant and equipment:		
Contracted for	2,923	12,940
Authorised, but not contracted for	–	–
Investment in a subsidiary in the PRC	4,800	17,030
	7,723	29,970

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

30. OTHER COMMITMENTS

At 31 March 2005, the Group held a speculative forward exchange contract amounting to HK\$7,795,000 with a maturity date of 25 September 2006.

31. OPERATING LEASE COMMITMENTS**(a) As lessor**

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

At 31 March 2005, the Group had total future minimum lease receivables under non-cancellable operating leases are receivable as follows:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Within one year	1,578	1,255
In the second to fifth years, inclusive	918	420
	2,496	1,675

(b) As lessee

The Group leases certain of its properties and other assets under operating lease arrangements. The leases are negotiated for terms ranging from one to twenty-nine years. None of the leases includes contingent rentals.

At 31 March 2005, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group			
	2005		2004	
	Land and buildings	Other assets	Land and buildings	Other assets
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	2,651	135	2,788	–
In the second to fifth years, inclusive	2,980	1,333	2,967	–
After five years	9,064	–	8,533	–
	14,695	1,468	14,288	–

The Company did not have any significant operating lease commitments under non-cancellable operating leases at the balance sheet date (2004: Nil).

32. LEGAL ACTION

Subsequent to the balance sheet date the Group commenced action against a former employee of a subsidiary in the PRC. As at the balance sheet date the Group had a receivable arising from the recovery from that employee of certain funds amounting to HK\$1,711,000, which has been fully provided for in the financial statements.

33. COMPARATIVE FIGURES

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

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements on pages 22 to 66 were approved by the board of directors on 26 July 2005.