

## Notes to Condensed Financial Statements

30 September 2005

### 1. Accounting Policies

The unaudited condensed interim financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation adopted in the preparation of these condensed interim financial statements are consistent with those set out in the Group's audited financial statements for the year ended 31 March 2005, except that the Group has adopted, for the first time for the current period's financial statements, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as the "New HKFRSs") issued by the HKICPA that are effective for the accounting periods commencing on or after 1 January 2005:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

**1. Accounting Policies** *(Continued)*

The adoption of HKASs 2, 7, 8, 10, 12, 16, 18, 19, 21, 23, 24, 28, 33, 37 and 38, and HK-Int 4 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed interim financial statements. The impact of adopting the other New HKFRSs is summarised as follows:

**(a) HKAS 1 – Presentation of Financial Statements and  
HKAS 27 – Consolidated and Separate Financial Statements**

*(i) Minority interests*

In prior periods, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction from the net assets. Minority interests in the results of the Group for the period were also separately presented in the consolidated profit and loss account as a reduction before arriving at the profit attributable to the equity holders of the Company.

Upon the adoption of HKASs 1 and 27, minority interests at the balance sheet date are presented in the consolidated balance sheet as an element of capital and reserves, separately from the equity attributable to the equity holders of the Company, and minority interests in the results of the Group for the period are presented on the face of the consolidated profit and loss account as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the Company.

The presentation of minority interests in the consolidated balance sheet, profit and loss account and summary statement of changes in equity for the comparative period has been restated, accordingly.

*(ii) Share of results of associates*

In prior periods, the Group's share of tax attributable to associates was presented as a component of the Group's total tax charge in the consolidated profit and loss account.

Upon the adoption of HKAS 1, the Group's share of profits less losses of associates is presented net of the Group's share of tax attributable to associates.

**1. Accounting Policies** *(Continued)*

**(b) HKAS 17 – Leases**

In prior periods, leasehold land and buildings held for own use were stated at cost less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group's leasehold interests in land and buildings are separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from fixed assets to prepaid land premiums/land lease payments, while leasehold buildings continue to be classified as part of fixed assets. Prepaid land premiums/land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in fixed assets.

This change in accounting policy has had no effect on the consolidated profit and loss account and retained profits. The comparatives on the consolidated balance sheet at 31 March 2005 have been restated to reflect the reclassification.

**(c) HKASs 32 and 39 – Financial Instruments**

*(i) Available-for-sale investments*

In prior periods, the Group classified its investments in equity securities as long term investments which were held for non-trading purposes and were stated at cost less any impairment losses.

Upon the adoption of HKASs 32 and 39, these investments are classified as available-for-sale investments. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

**1. Accounting Policies** *(Continued)*

**(c) HKASs 32 and 39 – Financial Instruments** *(Continued)*

*(i) Available-for-sale investments (Continued)*

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and option pricing models.

When the fair value of unlisted equity securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets ("loss events"), and that the loss event has an impact on the estimated future cash flows that can be reliably estimated.

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the profit and loss account. The amount of the loss recognised in the profit and loss account shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognised in the profit and loss account.

This change in accounting policy has had no effect on the consolidated profit and loss account and retained profits. The comparatives on the consolidated balance sheet at 31 March 2005 have been restated to reflect the reclassification.

*(ii) Investment at fair value through profit or loss*

In prior periods, the Group's short term unlisted investment in arbitrage fund was classified as short term investment and was measured at fair value, with unrealised gains and losses included in the profit and loss account.

Upon the adoption of HKASs 32 and 39, this investment is classified as investment at fair value through profit or loss.

**1. Accounting Policies** *(Continued)*

**(c) HKASs 32 and 39 – Financial Instruments** *(Continued)*

*(ii) Investment at fair value through profit or loss (Continued)*

This change in accounting policy has had no effect on the consolidated profit and loss account and retained profits. The comparatives on the consolidated balance sheet at 31 March 2005 have been restated to reflect the reclassification.

*(iii) Held-to-maturity investments*

In prior periods, investments in unlisted held-to-maturity notes were classified as long term and short term investments and were stated at cost less any impairment losses.

Upon adoption of HKASs 32 and 39, these investments are classified as held-to-maturity investments and are measured at the amortised cost using effective interest method less any impairment losses.

This change in accounting policy has had no effect on the consolidated profit and loss account and retained profits. The comparatives on the consolidated balance sheet at 31 March 2005 have been restated to reflect the reclassification.

**(d) HKFRS 2 – Share-based Payment**

In prior periods, no recognition and measurement of share-based transactions in which employees (including directors) were granted share options over shares in the Company was required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments (“equity-settled transactions”), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted. The fair value is determined by the Black-Scholes Model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit and loss account for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

**1. Accounting Policies** *(Continued)*

**(d) HKFRS 2 – Share-based Payment** *(Continued)*

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The effects of adopting HKFRS 2 on the Group's share options granted to employees after 7 November 2002 but had not vested by 1 April 2005 are summarised in note 2 to the financial statements. Comparative amounts have been restated in accordance with HKFRS 2.

**(e) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets**

In prior periods, goodwill/negative goodwill arising on acquisitions prior to 1 April 2001 was eliminated against consolidated capital reserve in the year of acquisition and was not recognised in the consolidated profit and loss account until disposal or impairment of the acquired business.

Goodwill arising on acquisitions on or after 1 April 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment. Negative goodwill was carried in the consolidated balance sheet and was recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets, except to the extent it related to expectations of future losses and expenses that were identified in the acquisition plan and that could be measured reliably, in which case, it was recognised as income in the consolidated profit and loss account when the future losses and expenses were recognised.

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortised but subject to an annual impairment review (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

**1. Accounting Policies** *(Continued)*

**(e) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets** *(Continued)*

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries and associates ("Negative Goodwill"), after reassessment, is recognised immediately in the consolidated profit and loss account.

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 April 2005 the carrying amounts of accumulated amortisation with a corresponding entry to the cost of goodwill and to derecognise the carrying amounts of Negative Goodwill (including that remaining in consolidated capital reserve) against retained profits. Goodwill previously eliminated against consolidated capital reserve remains eliminated against consolidated capital reserve and is not recognised in the consolidated profit and loss account when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

The effects of the above changes are summarised in note 2 to the financial statements. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

**2. Summary of the Impact of Changes in Accounting Policies**

Following the adoption of the New HKFRSs, the opening balances of the following accounts were adjusted retrospectively. The details of the prior period adjustment and opening adjustment are summarised as follows:

**(a) Effect on opening balance of total equity at 1 April 2005**

Effect of new policies (Increase/(decrease))	Share premium account	Capital redemption reserve	Capital reserve	Statutory reserve	General reserve	Exchange fluctuation reserve	Retained profits	Total	
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Prior period adjustment:</b>									
HKFRS 2									
Share option scheme	1(d)	-	-	1,480	-	-	-	(1,480)	-
Net increase/(decrease) in total equity before opening adjustment									
		-	-	1,480	-	-	-	(1,480)	-
<b>Opening adjustment:</b>									
HKFRS 3									
Derecognition of Negative Goodwill	1(e)	-	-	-	-	-	2,763	2,763	-
Total effect at 1 April 2005		-	-	1,480	-	-	1,283	2,763	-

**(b) Effect on opening balance of total equity at 1 April 2004**

Effect of new policies (Increase/(decrease))	Share premium account	Capital redemption reserve	Capital reserve	Statutory reserve	General reserve	Exchange fluctuation reserve	Retained profits	Total	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Prior period adjustment:</b>									
HKFRS 2									
Share option scheme	1(d)	-	-	740	-	-	-	(740)	-
Total effect at 1 April 2004		-	-	740	-	-	-	(740)	-



**2. Summary of the Impact of Changes in Accounting Policies (Continued)**

The following tables summarise the impact on profit after tax, income or expenses recognised directly in equity and capital transactions with equity holders for the six-month periods ended 30 September 2005 and 2004 upon the adoption of the New HKFRSs. As no retrospective adjustment has been made for the adoption of HKFRS 3, the amounts shown for the six-month period ended 30 September 2004 may not be comparable to the amounts shown for the current interim period.

**(c) Effect on profit after tax for the six months ended 30 September 2005 and 2004**

Effect of new policies (Increase/(decrease))	Notes	For the six months ended 30 September						
		2005			2004			
		Equity holders of the Company	Minority interests	Total	Equity holders of the Company	Minority interests	Total	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Effect on profit after tax:</b>								
HKFRS 2								
Share option scheme	1(d)		(370)	-	(370)	(370)	-	(370)
HKFRS 3								
Discontinuation of amortisation of goodwill/ derecognition of Negative Goodwill	1(e)		5,755	-	5,755	-	-	-
Total effect for the period			<u>5,385</u>	<u>-</u>	<u>5,385</u>	<u>(370)</u>	<u>-</u>	<u>(370)</u>
<b>Effect on earnings per share:</b>								
Basic (HK cent)			<u>0.9</u>			<u>(0.1)</u>		
Diluted (HK cent)			<u>0.9</u>			<u>(0.1)</u>		

**2. Summary of the Impact of Changes in Accounting Policies** *(Continued)*

**(d) Effect on income or expenses recognised directly in equity and capital transactions with equity holders for the six months ended 30 September 2005 and 2004**

Effect of new policies (Increase/(decrease))	Note	For the six months ended 30 September					
		2005			2004		
		Equity holders of the Company	Minority interests	Total	Equity holders of the Company	Minority interests	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
HKFRS 2							
Share option scheme	1(d)	370	–	370	370	–	370
Total effect for the period		<u>370</u>	<u>–</u>	<u>370</u>	<u>370</u>	<u>–</u>	<u>370</u>

**3. Turnover and Segment Information**

Turnover represents the net invoiced value of goods sold during the period, after allowances for returns and trade discounts, excluding intra-group transactions.

An analysis of the Group's segment revenue and results by geographical location of customers is as follows:

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	30 September		30 September	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)
People's Republic of China ("PRC") (including Hong Kong)	708,020	715,103	146,893	149,513
Taiwan	108,031	120,285	12,093	18,045
Other overseas countries	<u>177,124</u>	<u>168,854</u>	<u>30,181</u>	<u>29,080</u>
	<u>993,175</u>	<u>1,004,242</u>	<u>189,167</u>	196,638
Unallocated revenue and gains			1,483	895
Corporate and unallocated expenses			(25,633)	(19,201)
Finance costs			(3,368)	(1,044)
Share of profits less losses of associates			<u>(943)</u>	<u>365</u>
Profit before tax			<u>160,706</u>	<u>177,653</u>

Over 90% of the Group's revenue is attributable to the manufacture and sale of plastic injection moulding machines and related products. Therefore, no analysis by business segment is presented.

**4. Profit before Tax**

The Group's profit before tax is arrived at after charging/(crediting) the following:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
		(Restated)
Cost of inventories sold	<b>685,867</b>	667,302
Depreciation	<b>26,479</b>	23,822
Amortisation of prepaid land premiums/ land lease payments	<b>858</b>	866
Gain on disposal of fixed assets	<b>(176)</b>	(127)
Amortisation of goodwill	-	5,521
Provision for inventories, net	<b>13,997</b>	10,837
Negative Goodwill recognised as income	<b>(464)</b>	(193)
Interest income	<b>(1,019)</b>	(895)
Loss on disposal of investment at fair value through profit or loss	<b>1,031</b>	-
	<b>_____</b>	<b>_____</b>

**5. Tax**

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the period (2004: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Current:		
Hong Kong	-	-
Elsewhere	<b>16,732</b>	17,759
Deferred	<b>(3,503)</b>	(1,693)
	<b>_____</b>	<b>_____</b>
Tax charge for the period	<b>13,229</b>	16,066
	<b>_____</b>	<b>_____</b>

Share of tax attributable to an associate amounting to HK\$84,000 for the six months ended 30 September 2004 was included in "Share of profits less losses of associates" on the face of the consolidated profit and loss account.

**6. Earnings per Share**

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the period of HK\$147,214,000 (2004: HK\$159,205,000 (as restated)) and on the weighted average number of 618,488,644 ordinary shares in issue (2004: 617,179,064 shares) during the period.

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company for the period of HK\$147,214,000 (2004: HK\$159,205,000 (as restated)) and on the weighted average number of 626,434,537 ordinary shares (2004: 626,586,287 shares), being the weighted average number of 618,488,644 ordinary shares in issue (2004: 617,179,064 shares) during the period as used in the basic earnings per share calculation and the weighted average number of 7,945,893 ordinary shares (2004: 9,407,223 shares) assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the period.

**7. Dividends**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2005</b>	2004
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK\$0.14 (2004: HK\$0.12) per ordinary share	<b>86,546</b>	73,975
Additional final dividend due to exercise of share options	<b>48</b>	122
	<b><u>86,594</u></b>	<u>74,097</u>
Interim dividend declared after the interim period end of HK\$0.05 (2004: HK\$0.05) per ordinary share	<b><u>30,926</u></b>	<u>30,876</u>

**8. Fixed Assets**

The movements of fixed assets of the Group were as follows:

	(Restated) <i>HK\$'000</i>
Net book value at 1 April 2005	653,866
Additions	44,561
Disposals	(31)
Write-offs	(98)
Depreciation	(26,479)
Exchange realignment	1,275
	<hr/>
Net book value at 30 September 2005	<u>673,094</u>

**9. Trade and Bills Receivables**

Trading terms with customers are either cash on delivery, bank bills or on credit. Customers are granted credit at the discretion of the Group, subject to their respective business strength and creditability. The average credit period is 90 days. The Group adopts strict control policies over credit terms and outstanding receivables that serve to minimise credit risk.

An ageing analysis of the trade and bills receivables at the balance sheet date is as follows:

	<b>30 September</b> <b>2005</b> <b><i>HK\$'000</i></b>	31 March 2005 <i>HK\$'000</i>
Current	<b>370,318</b>	298,383
1-90 days	<b>120,011</b>	68,682
91-180 days	<b>18,244</b>	23,578
Over 180 days	<b>6,162</b>	5,223
	<hr/>	<hr/>
	<b><u>514,735</u></b>	<u>395,866</u>

**10. Trade and Bills Payables**

An ageing analysis of the trade and bills payables at the balance sheet date is as follows:

	<b>30 September 2005 HK\$'000</b>	31 March 2005 HK\$'000
Current	<b>236,239</b>	189,091
1-90 days	<b>47,555</b>	33,391
91-180 days	<b>4,777</b>	540
Over 180 days	<b>8,619</b>	8,894
	<b>297,190</b>	231,916
	<b>297,190</b>	231,916

**11. Share Capital**

	<b>30 September 2005 HK\$'000</b>	31 March 2005 HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	<b>100,000</b>	100,000
	<b>100,000</b>	100,000
Issued and fully paid:		
618,529,600 (31 March 2005: 618,187,600) ordinary shares of HK\$0.10 each	<b>61,853</b>	61,819
	<b>61,853</b>	61,819
	<b>61,853</b>	61,819

During the period, the subscription rights attaching to 342,000 share options were exercised at the exercise price of HK\$1.988 per ordinary share (note 12), resulting in the issue of 342,000 ordinary shares of HK\$0.10 each for a total cash consideration, before issue expenses, of approximately HK\$680,000, in aggregate.

**11. Share Capital** *(Continued)*

Details of the movements in the Company's issued ordinary share capital are as follows:

	<b>Number of ordinary shares in issue</b>	<b>Issued share capital</b>	<b>Share premium account</b>	<b>Total</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2005	618,187,600	61,819	489,370	551,189
Share options exercised	342,000	34	646	680
At 30 September 2005	618,529,600	61,853	490,016	551,869

**12. Share Options**

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 23 August 2002, the share option scheme adopted by the Company on 30 August 1996 (the "1996 Scheme") was terminated and a new share option scheme (the "2002 Scheme") was adopted. Upon termination of the 1996 Scheme, no further share options can be granted thereunder but in all other respects, the provisions of the 1996 Scheme remained in force and all share options granted prior to such termination continued to be valid and exercisable in accordance therewith. Share options under the 1996 Scheme and the 2002 Scheme do not confer rights on the holders to dividends or to vote at shareholders' meeting.

**12. Share Options (Continued)**

Following is the summary of the movements of the outstanding share options under the 1996 Scheme and the 2002 Scheme during the period:

Name or category of participants	Number of share options				At 30 September 2005	Date of grant of share options*	Exercise period of share options	Exercise price of share options**
	At 1 April 2005	Granted during the period	Exercised during the period	Lapsed during the period		(D/M/Y)	(D/M/Y)	HK\$
<b>Director or substantial shareholder</b>								
Chen CHIANG	1,000,000	-	-	-	<b>1,000,000</b>	11/3/2003	11/3/2006 – 10/3/2013	1.988
	1,000,000	-	-	-	<b>1,000,000</b>	11/3/2003	11/3/2008 – 10/3/2013	1.988
	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b>2,000,000</b>			
Lai Yuen CHIANG	2,000,000	-	-	-	<b>2,000,000</b>	31/8/2001	31/8/2006 – 28/2/2009	1.050
	666,000	-	-	-	<b>666,000</b>	11/3/2003	11/3/2006 – 10/3/2013	1.988
	668,000	-	-	-	<b>668,000</b>	11/3/2003	11/3/2008 – 10/3/2013	1.988
	<u>3,334,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b>3,334,000</b>			
Chi Kin CHIANG	400,000	-	-	-	<b>400,000</b>	31/8/2001	31/8/2006 – 28/2/2009	1.050
	334,000	-	-	-	<b>334,000</b>	11/3/2003	11/3/2006 – 10/3/2013	1.988
	334,000	-	-	-	<b>334,000</b>	11/3/2003	11/3/2008 – 10/3/2013	1.988
	<u>1,068,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b>1,068,000</b>			
Stephen Hau Leung CHUNG	400,000	-	-	-	<b>400,000</b>	31/8/2001	31/8/2006 – 28/2/2009	1.050
	332,000	-	-	-	<b>332,000</b>	11/3/2003	11/3/2004 – 10/3/2013	1.988
	334,000	-	-	-	<b>334,000</b>	11/3/2003	11/3/2006 – 10/3/2013	1.988
	334,000	-	-	-	<b>334,000</b>	11/3/2003	11/3/2008 – 10/3/2013	1.988
	<u>1,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b>1,400,000</b>			



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**12. Share Options (Continued)**

Name or category of participants	Number of share options				At 30 September 2005	Date of grant of share options*	Exercise period of share options	Exercise price of share options**
	At 1 April 2005	Granted during the period	Exercised during the period	Lapsed during the period		(D/M/Y)	(D/M/Y)	HK\$
<b>Director or substantial shareholder</b>								
Sam Hon Wah NG	332,000	-	(332,000)	-	-	11/3/2003	11/3/2005 - 10/3/2013	1.988
	334,000	-	-	-	<b>334,000</b>	11/3/2003	11/3/2007 - 10/3/2013	1.988
	334,000	-	-	-	<b>334,000</b>	11/3/2003	11/3/2009 - 10/3/2013	1.988
	<u>1,000,000</u>	<u>-</u>	<u>(332,000)</u>	<u>-</u>	<b><u>668,000</u></b>			
Chen Hsong Investments Limited	600,000	-	-	-	<b>600,000</b>	11/3/2003	11/3/2006 - 10/3/2013	1.988
	600,000	-	-	-	<b>600,000</b>	11/3/2003	11/3/2008 - 10/3/2013	1.988
	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>1,200,000</u></b>			
Sub-total	<u>10,002,000</u>	<u>-</u>	<u>(332,000)</u>	<u>-</u>	<b><u>9,670,000</u></b>			
<b>Employees (other than directors)</b>								
In aggregate	500,000	-	-	-	<b>500,000</b>	31/8/2001	31/8/2006 - 28/2/2009	1.050
	42,000	-	-	-	<b>42,000</b>	11/3/2003	11/3/2004 - 10/3/2013	1.988
	110,000	-	(10,000)	(100,000)	-	11/3/2003	11/3/2005 - 10/3/2013	1.988
	1,100,000	-	-	(136,000)	<b>964,000</b>	11/3/2003	11/3/2006 - 10/3/2013	1.988
	370,000	-	-	(250,000)	<b>120,000</b>	11/3/2003	11/3/2007 - 10/3/2013	1.988
	1,108,000	-	-	(138,000)	<b>970,000</b>	11/3/2003	11/3/2008 - 10/3/2013	1.988
	370,000	-	-	(250,000)	<b>120,000</b>	11/3/2003	11/3/2009 - 10/3/2013	1.988
	<u>3,600,000</u>	<u>-</u>	<u>(10,000)</u>	<u>(874,000)</u>	<b><u>2,716,000</u></b>			
Sub-total	<u>3,600,000</u>	<u>-</u>	<u>(10,000)</u>	<u>(874,000)</u>	<b><u>2,716,000</u></b>			
Total	<u>13,602,000</u>	<u>-</u>	<u>(342,000)</u>	<u>(874,000)</u>	<b><u>12,386,000</u></b>			

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

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

**12. Share Options** *(Continued)*

*Notes:*

1. The weighted average closing prices of the share immediately before the dates on which the options were exercised by Mr. Sam Hon Wah NG and "Employees (other than directors)" are HK\$3.975 and HK\$4.375 respectively.
2. The share options granted under the 2002 Scheme are for a consideration of HK\$1.00 per grant.
3. The 342,000 share options exercised during the period resulted in the issue of 342,000 ordinary shares of HK\$0.10 each of the Company and new share capital of HK\$34,200 and share premium of approximately HK\$646,000 (before issue expenses), as detailed in note 11 to the financial statements.
4. At 30 September 2005, the Company had 3,300,000 and 9,086,000 share options outstanding under the 1996 Scheme and the 2002 Scheme respectively. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 12,386,000 additional ordinary shares of HK\$0.10 each of the Company and the additional share capital of approximately HK\$1,239,000 and share premium of approximately HK\$20,289,000 (before issue expenses).

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**13. Reserves**

	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	General reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Total	Retained profits HK\$'000	Minority interests HK\$'000
At 1 April 2004									
As previously reported	486,926	295	47,778	14,455	2,351	(45,791)	506,014	924,468	24,490
Prior period adjustment: (notes 1 & 2)									
HKFRS 2									
Share option scheme	-	-	740	-	-	-	740	(740)	-
As restated	486,926	295	48,518	14,455	2,351	(45,791)	506,754	923,728	24,490
Issue of new shares	1,495	-	-	-	-	-	1,495	-	-
Transfer from retained profits	-	-	694	4,105	-	-	4,799	(4,799)	-
Share option scheme (as restated)	-	-	370	-	-	-	370	-	-
Exchange realignment	-	-	-	-	-	2,371	2,371	-	-
Profit for the period (as restated)	-	-	-	-	-	-	-	159,205	2,382
Final dividend for the year ended 31 March 2004	-	-	-	-	-	-	-	(74,097)	-
At 30 September 2004 & 1 October 2004 (as restated)	488,421	295	49,582	18,560	2,351	(43,420)	515,789	1,004,037	26,872
Issue of new shares	949	-	-	-	-	-	949	-	-
Transfer from retained profits	-	-	-	1,897	-	-	1,897	(1,897)	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(449)
Share option scheme (as restated)	-	-	370	-	-	-	370	-	-
Exchange realignment	-	-	-	-	-	19,670	19,670	-	-
Profit for the period (as restated)	-	-	-	-	-	-	-	100,681	196
Interim dividend	-	-	-	-	-	-	-	(30,895)	-
At 31 March 2005 (as restated)	489,370	295	49,952	20,457	2,351	(23,750)	538,675	1,071,926	26,619

**13. Reserves (Continued)**

	Share	Capital	Capital reserve	Statutory reserve	Exchange		Retained Total profits	Minority interests	
	premium	redemption			General	fluctuation			
	account	reserve			reserve	reserve			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2005									
As previously reported	489,370	295	48,472	20,457	2,351	(23,750)	537,195	1,073,406	26,619
Prior period adjustment: (notes 1 & 2)									
HKFRS 2									
Share option scheme	-	-	1,480	-	-	-	1,480	(1,480)	-
As restated, before opening adjustment	489,370	295	49,952	20,457	2,351	(23,750)	538,675	1,071,926	26,619
Opening adjustment: (notes 1 & 2)									
Negative Goodwill	-	-	(2,285)	-	-	-	(2,285)	5,048	-
As restated, after opening adjustment	489,370	295	47,667	20,457	2,351	(23,750)	536,390	1,076,974	26,619
Issue of new shares	646	-	-	-	-	-	646	-	-
Acquisition of additional equity interests in a subsidiary	-	-	-	-	-	-	-	-	(8,937)
Capital contribution by a minority equity holder of a subsidiary	-	-	-	-	-	-	-	-	156
Dividend paid to a minority equity holder of a subsidiary	-	-	-	-	-	-	-	-	(10,366)
Transfer from retained profits	-	-	795	-	-	-	795	(795)	-
Share option scheme	-	-	370	-	-	-	370	-	-
Exchange realignment	-	-	-	-	-	4,509	4,509	-	152
Profit for the period	-	-	-	-	-	-	-	147,214	263
Final dividend for the year ended 31 March 2005	-	-	-	-	-	-	-	(86,594)	-
At 30 September 2005	490,016	295	48,832	20,457	2,351	(19,241)	542,710	1,136,799	7,887

**14. Contingent Liabilities**

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	<b>30 September 2005 HK\$'000</b>	31 March 2005 HK\$'000
Guarantees given to financial institutions in connection with facilities granted to certain third parties, at the maximum	<b>91,789</b>	87,868

**15. Commitments**

At 30 September 2005, the Group had capital commitments, which were contracted but not provided for, in respect of the construction of industrial buildings in the PRC relating to certain subsidiaries amounting to approximately HK\$5,144,000 (31 March 2005: HK\$7,679,000) and in respect of the purchase of fixed assets amounting to approximately HK\$342,000 (31 March 2005: HK\$978,000).

**16. Related Party Transactions**

- (i) During the period, the Group purchased raw materials amounting to HK\$25,115,000 (2004: HK\$19,290,000) from an associate at prices and on terms similar to those offered by unrelated suppliers of the Group.
- (ii) Compensation of key management personnel of the Group

	<b>Six months ended 30 September</b>	
	<b>2005 HK\$'000</b>	2004 HK\$'000
Short term employee benefits	<b>12,584</b>	10,315
Post-employment benefits	<b>24</b>	24
Share-based payments	<b>209</b>	209
Total compensation paid to key management personnel	<b>12,817</b>	10,548