

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 9. SEGMENT INFORMATION (CONTINUED)

### Geographical segments (continued)

2005

	Carrying amount of total assets HK\$	Additions to investment properties HK\$	Additions to property, plant and equipment HK\$	Additions to prepaid lease payment HK\$	Additions to properties under development for sale HK\$
Hong Kong and the PRC	742,386,932	38,588,160	20,397,051	9,683,983	68,301,815
North America	431,902,404	–	145,691	–	76,540,895
Europe	4,530,997	–	–	–	–
Others	162,864	–	–	–	–
<b>Total segment assets</b>	<b>1,178,983,197</b>	<b>38,588,160</b>	<b>20,542,742</b>	<b>9,683,983</b>	<b>144,842,710</b>

## 10. OTHER INCOME

	2006 HK\$	2005 HK\$
Bank interest income	643,523	584,819
Discount on acquisition of subsidiaries	681,524	–
Dividend income from unlisted investments	–	186,159
Gain on disposal of property, plant and equipment	170,211	–
Gain on fair value changes of investment held-for-trading	169,289	–
Management fee income received from others	–	96,604
Sundry income	1,469,892	1,976,408
	<b>3,134,439</b>	<b>2,843,990</b>

## 11. FINANCE COSTS

	2006 HK\$	2005 HK\$
Interest on:		
Bank loans and overdrafts		
Wholly repayable within five years	21,668,460	13,295,938
Not wholly repayable within five years	4,346,759	2,339,102
Obligations under finance leases	516,926	208,552
Total borrowing costs	26,532,145	15,843,592
Less: Amount capitalised to properties under development for sale	(11,545,314)	(9,768,100)
	<b>14,986,831</b>	<b>6,075,492</b>

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 5% (2005: 6%) to expenditure on properties under development for sale.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 12. PROFIT BEFORE TAXATION

	2006 HK\$	2005 HK\$
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts	2,214,382	–
Allowance for inventories	6,255,594	4,122,929
Amortisation of development costs included in administrative expenses	–	133,709
Auditors' remuneration	1,600,522	853,271
Depreciation of property, plant and equipment	13,965,762	16,702,128
Less: Amount capitalised to properties under development for sale	(242,370)	(242,370)
	13,723,392	16,459,758
Amortisation of prepaid lease payment	624,626	624,626
Impairment loss on investment in securities (included in administrative expenses)	–	199,801
Loss on disposal of property, plant and equipment	–	302,021
Loss on disposal of available-for-sale investments	4,453	–
Loss on fair value changes of derivative financial instruments	1,320,498	–
Loss on derecognition of derivative financial instruments	645,446	–
Minimum lease payments for operating leases in respect of land and buildings	2,072,918	2,998,477
Share of taxation of an associate	–	279,911
Staff costs including directors' emoluments	105,504,042	94,269,626
Less: Amount capitalised to properties under development for sale	(11,152,543)	(11,824,170)
	94,351,499	82,445,456
Exchange loss, net	997,015	9,503,580
and after crediting:		
Gain on fair value changes of investment held-for-trading	169,289	–
Gross rental income from properties	4,870,697	5,521,668
Less: Outgoings	(51,488)	(507,843)
Net rental income from properties	4,819,209	5,013,825

Minimum lease payments for operating leases in respect of staff quarters amounting to HK\$4,615,520 (2005: HK\$5,346,968) are included in staff costs.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 13. DIRECTORS' AND EMPLOYEES' REMUNERATION

### (a) Directors' remuneration

	Mr. Jimmy Lee Yuen Ching HK\$	Mr. James Lee Yuen Kui HK\$	Mr. Peter Lee Yuen Wong HK\$	Mr. Edward Lee Yuen Cheor HK\$	Dr. Samson Sun, M.B.E., J.P. HK\$	Mr. William Chan Chak Cheung HK\$	Ms. Dorathy Lee Yuen Yu HK\$	Mr. Chan Kwok Wai HK\$	Mr. Tommy Tam Hok Lam HK\$	Other Director HK\$	Total 2006 HK\$
<b>2006</b>											
Fees	50,000	50,000	50,000	50,000	200,000	150,000	50,000	150,000	50,000	-	800,000
Other emoluments											
Salaries and other benefits	5,620,000	2,700,000	570,661	1,020,000	-	-	-	-	1,728,000	-	11,638,661
Retirement benefit scheme contributions	12,000	12,000	-	12,000	-	-	-	-	12,000	-	48,000
	<b>5,682,000</b>	<b>2,762,000</b>	<b>620,661</b>	<b>1,082,000</b>	<b>200,000</b>	<b>150,000</b>	<b>50,000</b>	<b>150,000</b>	<b>1,790,000</b>	<b>-</b>	<b>12,486,661</b>
<b>2005</b>											
Fees	50,000	50,000	50,000	50,000	150,000	87,500	29,167	-	50,000	200,000	716,667
Other emoluments											
Salaries and other benefits	5,842,741	3,585,000	548,867	1,288,200	-	-	-	-	1,728,000	-	12,992,808
Retirement benefit scheme contributions	12,000	12,000	-	12,000	-	-	-	-	12,000	-	48,000
	<b>5,904,741</b>	<b>3,647,000</b>	<b>598,867</b>	<b>1,350,200</b>	<b>150,000</b>	<b>87,500</b>	<b>29,167</b>	<b>-</b>	<b>1,790,000</b>	<b>200,000</b>	<b>13,757,475</b>

Note:

- Mr. Tommy Tam Hok Lam resigned as an executive director on 31st March, 2006.
- The performance related incentive payment is determined as a percentage of the revenue of the Group for the two years ended 31st March, 2006.

Included in salaries and other benefits is an amount of HK\$3,628,000 (2005: HK\$3,535,741) in respect of accommodation provided to the directors of the Company.

Besides above remuneration, two of the Group's properties are provided to the directors as an accommodation. The rateable value of the property is amounting to HK\$507,480 (2005: HK\$503,280).

### (b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2005: four) are directors of the Company whose emoluments are included in the disclosures in note (a) above. The emoluments of the remaining one (2005: one) individual are as follows:

	<b>2006</b> <b>HK\$</b>	2005 HK\$
Salaries and other benefits	<b>5,170,000</b>	4,060,000

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 13. DIRECTORS' AND EMPLOYEES' REMUNERATION (CONTINUED)

### (b) Employees' emoluments (continued)

The emoluments were within the following band:

	No. of employees	
	2006	2005
HK\$4,000,001 to HK\$4,500,000	–	1
HK\$5,000,001 to HK\$5,500,000	1	–

## 14. INCOME TAX EXPENSES

	2006	2005
	HK\$	HK\$
The charge comprises:		
Hong Kong Profits Tax		
Current year	1,412,504	2,837,849
Underprovision in prior years	–	81,456
	1,412,504	2,919,305
Other jurisdictions – current year	51,950	39,861
	1,464,454	2,959,166
Deferred tax liabilities (note 39)	355,802	–
	1,820,256	2,959,166

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 14. INCOME TAX EXPENSES (CONTINUED)

The taxation charge for the year can be reconciled to profit before taxation per the income statement as follows:

	<b>2006</b>	<b>2005</b>
	<b>HK\$</b>	<b>HK\$</b>
Profit before taxation	<b>61,925,018</b>	60,631,928
Tax at the domestic income tax rate of 17.5%	<b>10,836,878</b>	10,610,587
Tax effect of share of results of associates	<b>1,432</b>	(230,394)
Tax effect of share of results of jointly controlled entities	<b>247</b>	12,424
Tax effect of expenses not deductible for tax purpose	<b>1,252,378</b>	2,219,203
Tax effect of income not taxable for tax purpose	<b>(9,548,111)</b>	(6,552,689)
Tax effect of deductible temporary differences not recognised	<b>(770,151)</b>	(1,674,382)
Tax effect of tax losses not recognised	<b>4,289,952</b>	4,215,601
Tax effect on different tax rate of operations in other jurisdictions	<b>(161,019)</b>	(330,814)
Utilisation of tax losses previously not recognised	<b>(3,455,468)</b>	(2,401,900)
Underprovision in prior years	–	81,456
Effect of tax exemption (note)	<b>(776,647)</b>	(2,964,236)
Others	<b>150,765</b>	(25,690)
Taxation charge for the year	<b>1,820,256</b>	2,959,166

*Note:* The profits of certain subsidiaries are subject to Hong Kong Profits Tax on a 50:50 apportionment basis.

## 15. DIVIDEND

The final dividend of 1.5 HK cents for the year ended 31st March, 2006 (2005: 0.5 HK cent) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 16. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	<b>2006</b>	<b>2005</b>
	<b>HK\$</b>	<b>HK\$</b>
Earnings for the purpose of basic earnings per share	<b>60,104,762</b>	57,672,762
	<b>Number of shares</b>	
	<b>2006</b>	<b>2005</b>
	<b>HK\$</b>	<b>HK\$</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,083,381,512</b>	1,106,014,684

No diluted earnings per share has been presented as there were no potential ordinary shares in both years.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 16. EARNINGS PER SHARE (CONTINUED)

The following table summaries the impact on basic earnings per share as a result of the changes in accounting policies as described in note 2.

	2006 HK cents	2005 HK cents
Reported figures before adjustments	5.7	5.2
Adjustments arising from changes in accounting policies (see note 3)	(0.2)	–
	<u>5.5</u>	<u>5.2</u>

## 17. INVESTMENT PROPERTIES

	THE GROUP HK\$
<b>FAIR VALUE</b>	
At 1st April, 2004	84,000,000
Additions	38,588,160
Revaluation increase	27,411,840
	<u>150,000,000</u>
At 31st March, 2005 and 1st April, 2005	150,000,000
Net increase in fair value recognised in the income statement	16,000,000
	<u>166,000,000</u>
At 31st March, 2006	<u>166,000,000</u>

All of the Group's leasehold interests in land held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are situated in Hong Kong under medium-term leases and are rented out under operating leases.

The fair value of the Group's investment properties at 31st March, 2006 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of properties in the relevant locations. The valuation, which conforms to Valuation Standards on Properties of the Hong Kong Institute of Surveyors, was arrived at by reference to market evidence of transaction prices for similar properties.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 18. PROPERTY, PLANT AND EQUIPMENT

	Buildings in Hong Kong held under long leases <i>HKS</i>	Buildings in Hong Kong held under medium- term leases <i>HKS</i>	Freehold land and buildings outside Hong Kong <i>HKS</i>	Buildings outside Hong Kong held under medium- term leases <i>HKS</i>	Construction in progress <i>HKS</i>	Leasehold improvements <i>HKS</i>	Plant and machinery <i>HKS</i>	Motor vehicles <i>HKS</i>	Furniture, fixtures and office equipment <i>HKS</i>	Antiques and pictures <i>HKS</i>	Tools and moulds <i>HKS</i>	Total <i>HKS</i>
<b>THE GROUP</b>												
<b>COST</b>												
At 1st April, 2004												
– as originally stated	42,294,801	15,396,068	5,160,789	6,367,821	–	28,527,328	65,613,367	24,024,831	53,975,249	–	51,773,896	293,134,150
– Effect of changes in accounting policies	(26,630,000)	(11,854,660)	–	–	–	–	–	–	–	–	–	(38,484,660)
– as restated	15,664,801	3,541,408	5,160,789	6,367,821	–	28,527,328	65,613,367	24,024,831	53,975,249	–	51,773,896	254,649,490
Exchange realignment	–	–	3,310	–	–	39,874	–	–	252,997	–	–	296,181
Additions	–	–	–	–	587,730	2,599,158	7,050,256	569,515	9,736,083	–	–	20,542,742
Disposals	–	–	–	–	–	(550,000)	(85,075)	(1,505,177)	(522,624)	–	–	(2,662,876)
Written off	–	–	–	–	–	(4,931,953)	(2,887,674)	(572,525)	(3,595,847)	–	(6,640,877)	(18,628,876)
At 31st March, 2005	15,664,801	3,541,408	5,164,099	6,367,821	587,730	25,684,407	69,690,874	22,516,644	59,845,858	–	45,133,019	254,196,661
Exchange realignment	–	–	(26,680)	–	–	23,205	–	–	153,023	–	–	149,548
Additions	–	–	–	–	266,692	2,567,818	8,742,569	3,982,953	2,678,597	153,140	20,000	18,411,769
Transfer from other non-current assets	–	–	–	–	–	–	–	–	–	10,235,986	–	10,235,986
Disposals	–	–	–	–	–	–	–	(2,400,314)	(27,520)	–	–	(2,427,834)
At 31st March, 2006	15,664,801	3,541,408	5,137,419	6,367,821	854,422	28,275,430	78,433,443	24,099,283	62,649,958	10,389,126	45,153,019	280,566,130
<b>DEPRECIATION</b>												
At 1st April, 2004												
– as originally stated	5,815,948	2,549,433	909,857	1,290,114	–	25,832,034	58,273,288	18,662,188	44,453,168	–	47,521,184	205,307,214
– Effect of changes in accounting policies	(245,875)	(1,959,259)	–	–	–	–	–	–	–	–	–	(2,205,134)
– as restated	5,570,073	590,174	909,857	1,290,114	–	25,832,034	58,273,288	18,662,188	44,453,168	–	47,521,184	203,102,080
Exchange realignment	–	–	590	–	–	9,347	–	–	58,853	–	–	68,790
Provided for the year	387,979	70,519	132,397	218,513	–	2,084,482	4,925,903	1,823,468	3,509,336	–	3,549,531	16,702,128
Eliminated on disposals	–	–	–	–	–	(293,328)	(85,075)	(1,505,177)	(468,800)	–	–	(2,352,380)
Written off	–	–	–	–	–	(4,931,953)	(2,887,674)	(572,525)	(3,571,244)	–	(6,623,155)	(18,586,551)
At 31st March, 2005	5,958,052	660,693	1,042,844	1,508,627	–	22,700,582	60,226,442	18,407,954	43,981,313	–	44,447,560	198,934,067
Exchange realignment	–	–	(5,388)	–	–	8,424	–	–	50,729	–	–	53,765
Provided for the year	387,979	70,519	131,729	218,513	–	2,069,526	4,632,519	1,464,025	4,140,616	831,130	19,206	13,965,762
Eliminated on disposals	–	–	–	–	–	–	–	(1,335,293)	(3,600)	–	–	(1,338,893)
At 31st March, 2006	6,346,031	731,212	1,169,185	1,727,140	–	24,778,532	64,858,961	18,536,686	48,169,058	831,130	44,466,766	211,614,701
<b>CARRYING VALUES</b>												
At 31st March, 2006	9,318,770	2,810,196	3,968,234	4,640,681	854,422	3,496,898	13,574,482	5,562,597	14,480,900	9,557,996	686,253	68,951,429
At 31st March, 2005	9,706,749	2,880,715	4,121,255	4,859,194	587,730	2,983,825	9,464,432	4,108,690	15,864,545	–	685,459	55,262,594

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis after taking into account of their estimated residual values at the following rates per annum:

Category of assets	Estimated useful lives
Freehold land	Nil
Buildings	Over the shorter of the terms of leases, or 50 years
Leasehold improvements	14 $\frac{1}{3}$ % – 33 $\frac{1}{3}$ %
Plant and machinery	25%
Motor vehicles	25%
Furniture, fixtures and office equipment	14 $\frac{1}{3}$ % – 25%
Antiques and pictures	10%
Tools and moulds	15% – 33 $\frac{1}{3}$ %

The net book values of property, plant and equipment held under finance leases are as follows:

	2006 HK\$	2005 HK\$
Plant and machinery	2,919,291	3,528,429
Motor vehicles	2,850,125	1,871,097
	5,769,416	5,399,526

## 19. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprises:

	2006 HK\$	2005 HK\$
Leasehold land in PRC held under		
– medium-term leases	9,296,623	9,490,303
Leasehold land in Hong Kong held under		
– long leases	24,284,497	24,486,221
– medium-term leases	9,455,377	9,684,599
	43,036,497	43,661,123
Analysed for reporting purposes as:		
– Non-current asset	42,411,871	43,036,497
– Current asset	624,626	624,626
	43,036,497	43,661,123



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 20. DEVELOPMENT COSTS

	HK\$
<b>THE GROUP COST</b>	
At 1st April, 2004, 31st March, 2005 and 31st March, 2006	3,970,683
<b>AMORTISATION</b>	
At 1st April, 2004	3,836,974
Provided for the year	133,709
At 31st March, 2005 and 31st March, 2006	3,970,683
<b>NET BOOK VALUES</b>	
At 31st March, 2006	–
At 31st March, 2005	–

The development costs are amortised on a straight-line basis over their estimated useful lives from three to eight years.

## 21. INTERESTS IN ASSOCIATES

	2006 HK\$	2005 HK\$
Cost of investment in unlisted associates	160	4
Share of post-acquisition reserves	31,404	1,316,539
	31,564	1,316,543

The amounts due from (to) an associate is unsecured, interest free and repayable on demand.

Particulars of the associates at 31st March, 2006 are as follows:

Name of associate	Form of business structure	Place of incorporation/operation	Proportion of nominal value of issued share capital indirectly held by the Company	Principal activity
Artlink International Holdings Limited	Incorporated	Hong Kong	40%*	Inactive
Roebuck II Investments Limited	Incorporated	British Virgin Island/Hong Kong	20%	Investment holding
Schofield Development Limited	Incorporated	British Virgin Island/Hong Kong	20%	Investment holding
Super Plus Limited	Incorporated	Hong Kong	20%*	Property development

\* These represent interest in ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 21. INTERESTS IN ASSOCIATES (CONTINUED)

The summarised financial information in respect of the Group's associates is set out below:

	<b>2006</b>	<b>2005</b>
	<b>HK\$</b>	<b>HK\$</b>
Total assets	<b>106,276,201</b>	3,997,136
Total liabilities	<b>(143,831,394)</b>	(705,777)
Net (liabilities) assets	<b>(37,555,193)</b>	3,291,359
Group's share of net assets of associates	<b>31,564</b>	1,316,543
Revenue	–	79,000,000
(Loss) profit for the year	<b>(24,806)</b>	3,291,349
Group's share of results of associates for the year	<b>(8,179)</b>	1,316,539

## 22. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	<b>THE GROUP</b>	
	<b>2006</b>	<b>2005</b>
	<b>HK\$</b>	<b>HK\$</b>
Cost of unlisted investments in jointly controlled entities	–	500,000
Share of post-acquisition profits	–	(59,976)
	–	440,024

The amount due from a jointly controlled entity is unsecured, interest free and repayable on demand.

The summarised financial information in respect of the Group's interest in jointly controlled entities which are accounted for using the equity method is set out below:

	<b>2006</b>	<b>2005</b>
	<b>HK\$</b>	<b>HK\$</b>
Current assets	–	18,666,827
Current liabilities	–	(303,967)
Net assets	–	18,362,860
Less: amount not attributable to the Group	–	(17,922,836)
	–	440,024
Income	–	65,555
Expenses	–	(136,549)
	–	(70,994)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 22. INTERESTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

Pursuant to a joint venture deed dated 30th March, 2001 (the “Deed”), the other joint venture partner was entitled to a preferential distribution of profit of Parklane Limited and Phoenix Limited up to an amount as specified in the Deed (the “Agreed Return”) and the Group was entitled to the remaining profit up to an amount equivalent to the Agreed Return. Thereafter, the Group was entitled to share the profit equally with the joint venture partner.

During the year, the Group acquired the remaining 50% equity interests of the jointly controlled entities from another joint venture partner. Accordingly, the jointly controlled entities had then become the wholly-owned subsidiaries of the Group and their results and assets and liabilities were consolidated into the consolidated financial statements. Details of acquisition of the subsidiaries during the year are set out in note 41.

## 23. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 31st March, 2006 comprises:

	2006 HK\$
Club debentures, unlisted	13,615,000
Unlisted equity securities, at cost	1,000,000
Less: impairment loss recognised	(1,000,000)
	—
	<b>13,615,000</b>

Upon the application of HKAS 39 on 1st April, 2005, club debentures of HK\$8,025,895 and unlisted equity securities of HK\$4,089,560 were reclassified to available-for-sale investments. During the year, the unlisted equity securities of HK\$4,089,560 were disposed of.

As at the balance sheet date, all available-for-sale investments are stated at fair value, except for those unlisted equity investments of which their fair values cannot be measured reliably. Fair values of those investments have been determined by reference to bid prices quoted in active markets.

The unlisted equity securities issued by private entities are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of opinion that their fair values cannot be measured reliably.

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## 24. OTHER NON-CURRENT ASSETS

	<b>THE GROUP</b>	
	<b>2006</b>	<b>2005</b>
	<b>HK\$</b>	<b>HK\$</b>
Club debentures, at cost	–	8,025,895
Antiques and pictures, at cost	–	10,235,986
	–	18,261,881

Upon the application of HKAS 39 on 1st April, 2005, club debentures of HK\$8,025,895 were reclassified to available-for-sale investments.

During the year, antiques and pictures of HK\$10,235,986 were transferred to property, plant and equipment.

## 25. INVENTORIES

	<b>THE GROUP</b>	
	<b>2006</b>	<b>2005</b>
	<b>HK\$</b>	<b>HK\$</b>
Raw materials and consumables	<b>73,036,778</b>	59,899,180
Work in progress	<b>18,793,669</b>	14,079,781
Finished goods	<b>93,486,897</b>	84,712,504
	<b>185,317,344</b>	158,691,465

## 26. INVESTMENT HELD FOR TRADING

The amount represents investment in the debt securities listed in Austria with fixed interest rate of 5% and maturity date on 19th May, 2014. The fair value of the held-for-trading investment is determined based on quoted market bid price available on the relevant exchange.

## 27. INVESTMENTS IN SECURITIES

Investments in securities as at 31st March, 2005 were set out below:

	<b>Trading securities</b>	<b>Other securities</b>	<b>THE GROUP Total</b>
	2005	2005	2005
	HK\$	HK\$	HK\$
Listed debt securities			
Overseas	3,929,263	–	3,929,263
Unlisted equity equities	–	4,089,560	4,089,560
	3,929,263	4,089,560	8,018,823
Market value of listed securities	3,929,263	–	3,929,263

Upon the application of HKAS 39 on 1st April, 2005, investment in securities of HK\$3,929,263 and HK\$4,089,560 were reclassified to investments held-for-trading and available-for-sale investments respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 28. INVENTORY OF UNSOLD PROPERTIES

	<b>THE GROUP</b>	
	<b>2006</b>	2005
	<b>HK\$</b>	HK\$
At 1st April	<b>119,418,851</b>	117,367,985
Exchange difference	<b>669,605</b>	1,312,344
Additions	<b>6,193,697</b>	738,522
	<b>126,282,153</b>	119,418,851

The Group's inventory of unsold properties comprises:

	<b>2006</b>	2005
	<b>HK\$</b>	HK\$
Properties held under long leases:		
– in Hong Kong	<b>62,659,142</b>	62,583,352
– in North America	<b>17,819,162</b>	17,180,329
	<b>80,478,304</b>	79,763,681
Properties held under medium-term leases in Hong Kong	<b>45,803,849</b>	39,655,170
	<b>126,282,153</b>	119,418,851

## 29. PROPERTIES UNDER DEVELOPMENT FOR SALE

	<b>THE GROUP</b>	
	<b>2006</b>	2005
	<b>HK\$</b>	HK\$
At 1st April	<b>450,962,653</b>	286,454,125
Exchange difference	<b>14,099,109</b>	19,665,818
Additions	<b>231,700,884</b>	144,842,710
Eliminated on disposal of subsidiaries	<b>(61,679,020)</b>	–
At 31st March	<b>635,083,626</b>	450,962,653

At 31st March, 2006, interest of HK\$37,714,397 (2005: HK\$26,241,062) was capitalised to properties under development for sale.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2006

## 29. PROPERTIES UNDER DEVELOPMENT FOR SALE (CONTINUED)

The net book value of properties shown above comprises:

	THE GROUP	
	2006	2005
	HK\$	HK\$
Land in Hong Kong:		
Long lease	66,940,888	89,467,013
Land outside Hong Kong:		
Freehold	568,142,738	361,495,640
	<b>635,083,626</b>	<b>450,962,653</b>

Included in properties under development for sale an amount of HK\$568,142,738 (2005: HK\$450,962,653) will be realised after twelve months from the balance sheet date.

## 30. BILLS RECEIVABLES, TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in bills receivables is discounted bills receivables with full recourse of HK\$9,000,000 (2005: HK\$6,000,000) which is aged within 30 days.

The Group has a policy of allowing an average credit period of 30 - 60 days to its trade customers.

Included in trade receivables, deposits and prepayments are trade receivables of HK\$99,151,884 (2005: HK\$76,483,376) with an aged analysis as follows:

	THE GROUP	
	2006	2005
	HK\$	HK\$
Within 30 days	44,843,794	32,590,812
31 to 90 days	34,364,807	31,192,486
91 to 180 days	7,109,470	3,568,800
Over 180 days	12,833,813	9,131,278
	<b>99,151,884</b>	<b>76,483,376</b>

The fair values of the Group's bills receivables and trade receivables at 31st March, 2006 approximate to the corresponding carrying amounts.