NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent is Antrix Investment Limited (incorporated in the British Virgin Islands) and its ultimate holding company is Esca Investment Limited (incorporated in the British Virgin Islands). The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which are the same as the functional currency of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries, jointly controlled entities and associates are set out in notes 36, 19 and 18 respectively to the financial statements.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity.

In particular, the presentation of minority interests and share of tax of associates and jointly controlled entities have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the result for the current and/or prior accounting years are prepared and presented:

(a) Business Combinations

The Group has applied HKFRS 3 *Business Combinations*. The principal effects of the application of transitional provisions of HKFRS 3 to the Group are summarised below:

The Group has applied the relevant transitional provisions in HKFRS 3. For goodwill previously capitalised in interest in an associate, the Group on 1st April, 2005 eliminated the carrying amount of the related accumulated amortisation of HK$295,000 with a corresponding decrease in cost of goodwill (see note 18). The Group has discontinued amortising such goodwill from 1st April, 2005 onwards. Comparative figures for 2005 have not been restated.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Business Combinations (continued)

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous years, negative goodwill arising on acquisitions prior to 1st January, 2001 was held in reserves, and negative goodwill arising on acquisitions after 1st January, 2001 was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted.

In current year, the Group has acquired jointly controlled entities, and the discount on acquisition of HK$12,845,000 arising upon acquisition was included in the share of results of jointly controlled entities (see note 3 for the financial impact).

(b) Financial Instruments

In the current year, the Group has applied HKAS 32 *Financial Instruments: Disclosure and Presentation* and HKAS 39 *Financial Instruments: Recognition and Measurement*. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31st March, 2005, the Group classified and measured its investment in equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in a equity securities are classified as "trading securities", "non-trading securities" or as appropriate. Both "trading securities" and "non-trading securities" are measured at fair value. Unrealised gains or losses of "trading securities" are reported in profit or loss for the period in which gains or losses arise. Unrealised gains or losses of "non-trading securities" are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for that period. From 1st April, 2005 onwards, the Group has classified and measured its investment in equity securities in accordance with HKAS 39. Investment in equity securities previously classified as investments in trading securities under SSAP 24 are reclassified to "held for trading investments" and continues to carry as fair value, with changes in fair values recognised in profit and loss. Investments in equity securities that are previously classified at investments for non-trading securities under SSAP 24 are reclassified to available-for-sale investments, which continue to carry at fair values, with changes in fair values recognised in equity.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(b) Financial Instruments (continued)

Classification and measurement of financial assets and financial liabilities *(continued)*

The reclassification of debt and equity securities has had no impact to the Group's investment revaluation reserve and retained profits on 1st April, 2005.

Financial assets and financial liabilities other than debt and equity securities

From 1st April, 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. The Group has applied the relevant transitional provisions in HKAS 39. This change in accounting policy has had no material effect on how the results for the current accounting period are prepared and presented.

Derivatives

By 31st March, 2005, derivative financial instrument are carried at fair value and changes in fair value are recognised in profit or loss for the period in which they arise.

From 1st April, 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments with changes in fair values recognized in profit or loss for the period in which they arise. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the non-derivative host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments.

The Group has applied the relevant transitional provisions in HKAS 39. For derivatives that do not meet the requirements of hedge accounting in accordance with HKAS 39, the Group has, from 1st April, 2005 onwards, deemed such derivatives as held for trading. As the derivatives had previously been carried at fair value, the adoption of this standard had no impact to the Group on 1st April, 2005.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(c) Investment properties

In the current year, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the year in which they arise. In previous year, investment properties under the predecessor standard were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the consolidated income statement. Where a decrease had previously been charged to the consolidated income statement and a revaluation surplus subsequently arose, that increase was credited to the consolidated income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1st April, 2005 onwards. This change in accounting policy has had no effect on the Group's retained profits as at 1st April, 2005.

(d) Deferred taxes related to investment properties

In previous year, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor interpretation. In the current year, the Group has applied HK(SIC) Interpretation 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets which removes the presumption that the carrying amounts of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that will follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC) Interpretation 21, this change in accounting policy has been applied retrospectively. Comparative figures for 2005 have been restated (see note 3 for the financial impact).

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described in note 2 on the results for the current and prior years are as follows:

The following is an analysis of increase in profit for the year ended 31st March, 2006 by line items presented according to their function:

	HKAS 1	HKFRS 3	Total effect
	HK$'000	*HK$'000*	*HK$'000*
	(Note 2)	*(Note 2(a))*	
For the year ended 31st March, 2006			
Increase in share of results of associates	–	254	254
Increase in share of results of jointly controlled entities	–	11,561	11,561
Decrease in share of results of jointly controlled entities	(50)	–	(50)
Decrease in income tax expense	50	–	50
Increase in profit for the year	–	11,815	11,815
Attributable to:			
Equity holders of the Company	–	11,815	11,815
Minority interests	–	–	–
	–	11,815	11,815

The change in the accounting policies has had no impact to the results for the year ended 31st March, 2005.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

The cumulative effects of the new HKFRSs as at 31st March, 2005 and 1st April, 2006 are summarised below:

	As at 31st March, 2005 (originally stated) *HK$'000*	**Adjustment on 1st April, 2005** *HK$'000* *(Note 2(b))*	**As at 1st April, 2005** (Restated) *HK$'000*
Balance sheet items			
Impact of HKAS 32 and HKAS 39			
Investments in trading securities	89,318	(89,318)	–
Investments in non-trading securities	10,550	(10,550)	–
Investments held for trading	–	89,318	89,318
Available-for-sale investments	–	10,550	10,550
Total effects on assets and liabilities	99,868	–	99,868

The cumulative effects of the new HKFRSs as at 1st April, 2004 are summarised below:

	As at 31st March, 2004 *HK$'000*	**Adjustment on 1st April, 2004** *HK$'000*	**As at 1st April, 2004** (restated) *HK$'000*
Balance sheet items			
Deferred tax liabilities	120	10,832	10,952
Capital and reserves			
Investment property revaluation reserve	61,292	(10,832)	50,460

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact to the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures [1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures [2]
HKAS 21 (Amendment)	Net investment in a foreign operation [2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions [2]
HKAS 39 (Amendment)	The fair value option [2]
HKAS 39 and HKFRS 4 (Amendments)	Financial guarantee contracts [2]
HKFRS 6	Exploration for and evaluation of mineral resources [2]
HKFRS 7	Financial instruments: Disclosures [1]
HK (IFRIC) – INT 4	Determining whether an arrangement contains a lease [2]
HK (IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds [2]
HK (IFRIC) – INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment [3]
HK (IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies [4]
HK (IFRIC) – INT 8	Scope of HKFRS 2 [5]
HK (IFRIC) – INT 9	Reassessment of embedded derivatives [6]

[1] Effective for annual periods beginning on or after 1st January, 2007.
[2] Effective for annual periods beginning on or after 1st January, 2006.
[3] Effective for annual periods beginning on or after 1st December, 2005.
[4] Effective for annual periods beginning on or after 1st March, 2006.
[5] Effective for annual periods beginning on or after 1st May, 2006.
[6] Effective for annual periods beginning on or after 1st June, 2006.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured in revalued amount or fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Interests in associates

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss.

Where a group entity transacts with an associate of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the relevant associate, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Joint ventures

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the relevant jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sale of goods is recognised when goods are delivered and title has passed.

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

Service income is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment other than machinery under installation are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than machinery under installation, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Machinery under installation is carried at cost, less any identified impairment losses. Depreciation of these assets commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gain or losses arising from changes in the fair value of the investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the year in which the item is derecognised.

Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the relevant lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financials statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1st April, 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

As mentioned in note 2, goodwill and fair value adjustments arising on acquisitions of foreign operations prior to 1st April, 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical exchange rate prevailing at the date of the acquisition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Schemes are charged as expenses as they fall due.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the consolidated 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 from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets represent club memberships with indefinite useful lives and are carried at cost less any subsequent accumulated impairment losses.

Intangible assets with indefinite useful lives are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognition.

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale investments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in consolidated income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables including trade and other receivables, bills receivable, bank balances and amount due from an associate are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as any of the other categories. At each balance sheet date subsequent to initial recognition, available-for-sale investments are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods. For available-for-sale debt investments, if any, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of the Group's financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including trade and other payables, bills payable, amount due to an associate, deferred consideration on acquisition of jointly controlled entities and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments that do not qualify for hedge accounting

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in consolidated income statement.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in consolidated income statement.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in consolidated income statement.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives and impairment assessment of property, plant, and equipment

Property, plant, and equipment are stated on the consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses. The estimation of their useful lives impacts the level of annual depreciation expense recorded. Property, plant, and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the appropriate asset's carrying values are written down to the recoverable amount and the amount of the write-down is charged against the results of operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Inventories

Note 4 describes that inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and marketing, selling and distribution expenses.

The Group has the operational procedures to put in place to monitor the risk of inventories as a significant portion of working capital is devoted to inventories and the nature of inventories are subject to frequent technological changes. The management reviews the usage of inventory on a periodic basis for those inventories. This involves comparing the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the consolidated financial statements for obsolete and slow-moving items. In addition, physical count on all inventories are carried out on a periodical basis in order to determine whether allowance need to be made in respect of any obsolete and defective inventories identified. In this regard, the directors of the Company are satisfied that this risk is manageable and adequate allowance for obsolete and slow-moving inventories has been made in the consolidated financial statements.

Allowance on bad and doubtful debts

Note 4 describes that trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. An impairment losses is recognised in profit and loss when there is objective evidence that the asset is impaired.

In making the judgment, management considered detailed procedures have been in place to monitor this risk as a significant proportion of the Group's investment for working capital is devoted to trade receivables. In determining whether there is objective evidence of impairment, the Group takes into consideration estimation of future cash flows.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include bank balance and cash, trade and other receivables, bills receivable, investments in trading securities, available-for-sale investments, trade and other payables, bills payable, amount due from (to) associates, derivative financial instruments and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Currency risk

Several subsidiaries of the Company have foreign currency bank balance, trade receivables and available-for-sale investment denominated in foreign currencies, which exposure the Group to foreign currency risk. Since the impact of foreign exchange exposure is manageable, no hedging against foreign currency exposure has been carried out by the management.

However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st March, 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balance is limited because the counterparties are banks with high credit ratings.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Cash flow interest rate risk

The Group has exposure to cash flow interest rate risks as the bank balances and bank borrowings are arranged at floating rate. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Price risk

The Group's available-for-sale investments and investments held-for-trading are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into three operating divisions – liquid crystal displays ("LCD"), Liquid Crystal Module ("LCM"), investment property holding and others. These divisions are the basis on which the Group reports its primary segment information.

The principal activities of the Group are as follows:

LCDs – manufacture and sale of LCDs
LCMs – manufacture and sale of LCMs
Investment property holding – leasing of investment properties

Segmental information about these businesses is presented below:

2006

	LCDs HK$'000	LCMs HK$'000	Investment property holding HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment revenue					
External sales	323,104	45,651	–	22,487	391,242
Result					
Segment result	1,559	(1,164)	231	–	626
Unallocated income net of expenses					1,216
Dividend income					4,166
Interest income					3,062
Change in fair value on derivative financial instruments					8,223
Change in fair value on investments held for trading					7,847
Gain on disposal of investments held for trading					2,206
Gain on disposal of available-for-sale investments					5,877
Unallocated corporate expenses					(3,188)
Share of results of associates					(5,441)
Share of results of jointly controlled entities					14,018
Finance costs					(1,451)
Profit before income tax					37,161
Income tax expense					(1,853)
Profit for the year					35,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

2006

Consolidated balance sheet

	LCDs HK$'000	LCMs HK$'000	Investment property holding HK$'000	Others HK$'000	Consolidated HK$'000
Assets					
Segment assets	317,103	29,322	–	26,697	373,122
Interests in associates				29,403	29,403
Interest in jointly controlled entities				109,858	109,858
Amount due from an associate				9,133	9,133
Unallocated corporate assets					284,475
Consolidated total assets					805,991
Liabilities					
Segment liabilities	75,683	6,099	–	1,070	82,852
Amount due to associates				2,991	2,991
Bank borrowings					31,500
Deferred consideration on acquisition of jointly controlled entities				57,504	57,504
Tax payable					5,508
Deferred tax liabilities					188
Consolidated total liabilities					180,543
Other information					
Additions to property, plant and equipment	13,751	1,755	–	1,158	16,664
Allowance for doubtful debts	2,036	–	–	–	2,036
(Write back of) allowance for obsolete inventories	(2,560)	268	–	–	(2,292)
Depreciation and amortisation of property, plant and equipment	28,559	3,728	–	127	32,414
Loss on disposal of property, plant and equipment	2,145	–	–	–	2,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

2005

	LCDs	LCMs	Investment property holding	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
External sales	326,457	34,523	–	14,222	375,202
Rental income	–	–	12,091	–	12,091
	326,457	34,523	12,091	14,222	387,293
Result					
Segment result	15,876	(7,534)	201,263	–	209,605
Unallocated income net of expenses					1,568
Dividend income					1,605
Interest income					427
Realised gain on derivative financial instruments					654
Unrealised loss on derivative financial instruments					(7,779)
Unrealised loss on investments in trading securities					(448)
Unallocated corporate expenses					(4,685)
Share of results of associates				(5,087)	(5,087)
Finance costs					(2,436)
Profit before income tax					193,424
Income tax expense					(930)
Profit for the year					192,494

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

2005

Consolidated balance sheet

	LCDs *HK$'000*	LCMs *HK$'000*	Investment property holding *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Assets					
Segment assets	351,107	30,052	1,200	10,830	393,189
Interests in associates				34,033	34,033
Tax recoverable					456
Unallocated corporate assets					251,182
Consolidated total assets					678,860
Liabilities					
Segment liabilities	81,073	4,303	4,580	1,556	91,512
Amount due to associates				3,513	3,513
Derivative financial instruments					8,223
Deferred tax liabilities					18
Consolidated total liabilities					103,266
Other information					
Additions to property, plant and equipment	47,323	11,907	–	–	59,230
Allowance for doubtful debts	6,357	–	–	–	6,357
(Write back of) allowance for obsolete inventories	(1,851)	492	–	96	(1,263)
Depreciation and amortization of property, plant and equipment	24,846	2,432	–	–	27,278
Loss (gain) on disposal of property, plant and equipment	188	–	–	(30)	158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

7. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical segments

The Group's operations are mainly located in Hong Kong and other regions of the PRC. The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of goods or services.

	Sales revenue by geographical market	
	2006	2005
	HK$'000	*HK$'000*
Hong Kong, the PRC	**221,364**	290,585
Other regions of the PRC	**54,912**	31,223
Other locations	**114,966**	65,485
	391,242	387,293

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

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong, the PRC	**370,576**	357,628	**1,348**	1,992
Other regions of the PRC	**373,533**	321,232	**15,043**	57,238
Other locations	**62,726**	–	**273**	–
	806,835	678,860	**16,664**	59,230

8. INVESTMENT INCOME

	2006	2005
	HK$'000	*HK$'000*
Interest on bank deposits	**2,886**	427
Interest on amount due from an associate	**176**	–
Dividends from listed equity securities	**4,166**	1,605
	7,228	2,032

9. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**1,451**	2,436

10. INCOME TAX EXPENSE

	2006	2005
	HK$'000	*HK$'000*
The income tax expense comprises:		
Current tax		
Hong Kong	**1,692**	495
Other jurisdictions	**157**	543
	1,849	1,038
Under(over)provision in prior years		
Hong Kong	**15**	(6)
	1,864	1,032
Deferred taxation *(note 30)*		
Credit for the year	**(11)**	(102)
	1,853	930

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) on the estimated assessable profit for the year.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements for the year ended 31st March, 2005 in respect of the gain on disposal of investment properties of HK$193,905,000 as, in the opinion of the directors, the gain is of capital nature and thus the amount is not subject to Hong Kong Profits Tax.

Income tax for other jurisdictions are calculated at the rate prevailing in the relevant jurisdictions.

Details of deferred taxation are set out in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

10. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before income tax per the consolidation income statement as follows:

	2006 HK$'000	2005 HK$'000
Profit before income tax	**37,161**	193,424
Tax at Hong Kong Profits Tax rate of 17.5% (2005: 17.5%)	**6,503**	33,849
Tax effect of tax losses not recognised in the current year	**463**	3,336
Tax effect of share of results of associates	**952**	890
Tax effect of share of results of jointly controlled entities	**(2,453)**	–
Tax effect of expenses that are not deductible for tax purpose	**59**	279
Tax effect of income not taxable for tax purpose	**(1,264)**	(37,406)
Under(over)provision in respect of prior years	**15**	(6)
Utilisation of tax losses previously not recognised	**(1,925)**	(12)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(497)**	–
Income tax expense for the year	**1,853**	930

11. PROFIT FOR THE YEAR

	2006 HK$'000	2005 HK$'000
Profit for the year has been arrived at after charging and (crediting):		
Amortisation of goodwill (included in share of results of associates)	**–**	253
Auditors' remuneration	**1,230**	600
Cost of inventories recognised as expenses	**339,203**	321,891
Depreciation and amortisation of property, plant and equipment	**32,414**	27,278
Loss on disposals of property, plant and equipment	**2,145**	158
Staff costs, including directors' emoluments *(note 12)*	**85,773**	88,934
Allowance for doubtful debts	**2,036**	6,357
Write back of obsolete inventories *(Note)*	**(2,292)**	(1,273)
Net foreign exchange (gain) losses	**(243)**	29

Note: The written back of obsolete stocks was as a result of sale of obsolete stocks at a higher value than the net realisable values estimated in previous years.

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the five (2005: six) directors were as follows:

Year ended 31st March, 2006

	Fang Hung, Kenneth *HK$'000*	**Li Kwok Wai, Frankie** *HK$'000*	**Tien Pei Chun, James** *HK$'000*	**Chu Chi Wai, Allan** *HK$'000*	**Lau Yuen Sun, Adrian** *HK$'000*	**Total** *HK$'000*
Fee	**–**	**–**	**100**	**100**	**100**	**300**
Other emoluments						
Salaries and other benefits	**1,440**	**1,354**	**–**	**–**	**–**	**2,794**
Performance related incentive bonus *(Note)*	**–**	**–**	**–**	**–**	**–**	**–**
Retirement benefit scheme contributions	**–**	**68**	**–**	**–**	**–**	**68**
Total emoluments	**1,440**	**1,422**	**100**	**100**	**100**	**3,162**

Year ended 31st March, 2005

	Fang Hung, Kenneth *HK$'000*	Li Kwok Wai, Frankie *HK$'000*	Lam Kam Cheung, Kelvin *HK$'000*	Tien Pei Chun, James *HK$'000*	Chu Chi Wai, Allan *HK$'000*	Lau Yuen Sun, Adrian *HK$'000*	Total *HK$'000*
Fee	–	–	–	100	100	100	300
Other emoluments							
Salaries and other benefits	1,440	1,354	135	–	–	–	2,929
Performance related incentive bonus *(Note)*	–	56	–	–	–	–	56
Retirement benefit scheme contributions	–	70	7	–	–	–	77
Total emoluments	1,440	1,480	142	100	100	100	3,362

Note: The performance related incentive bonus is determined as a percentage of the financial results of the Group for the two years ended 31st March, 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2005: two) were directors of the Company whose emoluments are included in note 12 above. The emoluments of the remaining three (2005: three) individuals were as follows:

	2006	2005
	HK$'000	*HK$'000*
Salaries and other benefits	**2,235**	2,300
Retirement benefit scheme contributions	**78**	98
Total emoluments	**2,313**	2,398

Each of their emoluments was within HK$1,000,000 for both years.

14. DIVIDEND

A final dividend of HK1 cent (2005: HK1.5 cents) per ordinary share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

15. EARNINGS PER SHARE

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

	2006	2005
	HK$'000	*HK$'000*
Earnings attributable to equity holders of the Company for the purpose of basic earnings per share	**36,186**	192,494

	Number of shares	
	2006	2005
	'000	*'000*
Number of ordinary shares for the purpose of basic earnings per share	**1,043,564**	1,043,564

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

The following table summaries the impact on basic earnings per share as a result of:

	Impact on basic earnings per share	
	2006	2005
	cents	*cents*
Figures before adjustments	**2.34**	18.45
Adjustments arising from changes in accounting policies *(see note 3)*	**1.13**	–
Reported/restated	**3.47**	18.45

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture and fixtures	Office equipment	Plant and machinery	Motor vehicles	Machinery under installation	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1st April, 2004	13,784	22,429	7,687	213,523	4,605	37,237	299,265
Additions	3,874	2,578	2,875	37,951	699	11,253	59,230
Disposals/written off	–	(4)	(450)	(5,913)	(1,323)	–	(7,690)
Transfers	–	3,381	–	23,081	–	(26,462)	–
At 31st March, 2005 and 1st April, 2005	17,658	28,384	10,112	268,642	3,981	22,028	350,805
Additions	473	2,605	1,744	5,355	–	6,487	16,664
Written off	–	(5,770)	(333)	(22,380)	–	–	(28,483)
Transfers	–	1,565	–	23,064	–	(24,629)	–
At 31st March, 2006	18,131	26,784	11,523	274,681	3,981	3,886	338,986
DEPRECIATION							
At 1st April, 2004	2,756	13,110	3,114	124,342	3,137	–	146,459
Provided for the year	837	2,622	1,255	22,078	486	–	27,278
Eliminated on disposals/written off	–	(4)	(431)	(5,744)	(1,323)	–	(7,502)
At 31st March, 2005 and 1st April, 2005	3,593	15,728	3,938	140,676	2,300	–	166,235
Provided for the year	827	3,028	1,457	26,608	494	–	32,414
Eliminated on written off	–	(4,863)	(302)	(21,173)	–	–	(26,338)
At 31st March, 2006	4,420	13,893	5,093	146,111	2,794	–	172,311
CARRYING VALUES							
At 31st March, 2006	13,711	12,891	6,430	128,570	1,187	3,886	166,675
At 31st March, 2005	14,065	12,656	6,174	127,966	1,681	22,028	184,570

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the lease term or 20 years or over than lease term, whichever is shorter
Furniture and fixtures	10 – 25%
Office equipment	15 – 25%
Plant and machinery	10 – 25%
Motor vehicles	10 – 20%

The carrying value of the properties shown above comprises:

	2006	2005
	HK$'000	*HK$'000*
Properties in Hong Kong held under medium-term leases	**4,065**	4,242
Properties outside Hong Kong held under:		
Freehold	**983**	546
Medium-term lease	**8,663**	9,277
	13,711	14,065

17. INVESTMENT PROPERTIES

	2006	2005
	HK$'000	*HK$'000*
FAIR VALUE/REVALUATION		
At beginning of the year	**1,200**	254,900
Revaluation increase credited to investment property revaluation reserve	**–**	126,000
Change in fair value/revaluation increase credited to consolidated income statement	**231**	300
Disposals	**(1,431)**	(380,000)
At end of the year	**–**	1,200

17. INVESTMENT PROPERTIES (continued)

For the year ended 31st March, 2005

On 23rd November, 2004, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of certain of its investment properties with a carrying value of HK$380,000,000 (the "Investment Properties") for a consideration of HK$390,000,000. The Investment Properties were revalued at 31st October, 2004 by Dudley Surveyors Limited ("Dudley"), a firm of independent valuers, on an open market value basis, for inclusion in a circular dated 17th December, 2004 in respect of such disposal. The revaluation gave rise to a revaluation increase of HK$126,000,000 being credited to investment property revaluation reserve. The disposal was completed on 1st February, 2005 with a net gain of HK$193,905,000, net of relevant expenses, being credited to the consolidated income statement upon the release of the investment property revaluation reserve of HK$188,770,000.

The remaining investment properties (the "Remaining Properties") were revalued at 31st March, 2005 by Dudley on an open market value basis. The revaluation gave rise to a revaluation increase of HK$300,000 being credited to the consolidated income statement to reverse previously recognised revaluation decrease. Upon the disposal of the Investment Properties, the previously recognised revaluation decrease of the Remaining Properties amounting to HK$1,478,000 was transferred to the consolidated income statement from the investment property revaluation reserve.

18. INTERESTS IN ASSOCIATES

	2006	2005
	HK$'000	*HK$'000*
Cost of investment in associates	**40,000**	40,000
Share of post-acquisition deficit	**(10,597)**	(5,967)
	29,403	34,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

18. INTERESTS IN ASSOCIATES (continued)

Details of the Group's principal associates as at 31st March, 2006 are as follows:

Name	Form of business	Place of incorporation or registration/ operation	Percentage of nominal value of issued capital/ registered capital held by the Company Directly	Indirectly	Issued and fully paid up share/ registered capital	Principal activities
Crown Capital Holdings Limited ("Crown Capital")	Incorporated	BVI	47.05%	–	US$8,502	Investment holding
Beijing Visionox Technology Co., Limited ("Beijing Visionox")	Incorporated	PRC	–	34.45%	RMB82,142,900	Development, manufacturing and marketing of organic light emitting display ("OLED") products

Included in the cost of investment in associates is goodwill of HK$2,236,000 (2005: HK$2,236,000) arising on acquisitions of associates in prior years. The movement of goodwill is set out below.

	HK$'000
COST	
At 1st April, 2004 and 31st March, 2005	2,531
Elimination of accumulated amortisation upon the application of HKFRS 3 *(see note 2)*	(295)
At 31st March, 2006	**2,236**
AMORTISATION	
At 1st April, 2004	42
Charge for the year	253
At 31st March, 2005	295
Elimination of accumulated amortisation upon the application of HKFRS 3 *(see note 2)*	(295)
At 31st March, 2006	**–**
CARRYING VALUES	
At 31st March, 2006	**2,236**
At 31st March, 2005	2,236

Up till 31st March, 2005, goodwill was amortised over 10 years.

18. INTERESTS IN ASSOCIATES (continued)

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

Financial position

	2006	2005
	HK$'000	*HK$'000*
Total assets	**101,747**	105,091
Total liabilities	**(44,007)**	(37,509)
Net assets	**57,740**	67,582
Net assets attributable to the Group	**27,167**	31,797

Results for the year

	2006	2005
	HK$'000	*HK$'000*
Revenue	**2,131**	1,393
Loss for the year	**(11,564)**	(10,274)
Loss for the year attributable to the Group	**(5,441)**	(4,834)

Balances with associates

The amount due from an associate is unsecured, interest bearing at People's Bank of China three-month lending rate per annum in the PRC and is repayable within twelve months from the balance sheet dates. Effective interest rate of the amount due from an associate for the year is 5.76%. The amount due to an associate is unsecured, interest-free and is repayable upon request.

The directors of the Company consider that the carrying amounts approximate the fair values in view of the short-term nature of financial assets and financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2006	2005
	HK$'000	*HK$'000*
Cost of unlisted investments in jointly controlled entities	**95,840**	–
Share of post-acquisition profit	**14,018**	–
	109,858	–

At 31st March, 2006, the Group had interest in the following jointly controlled entities:

Name of entity	**Form of business structure**	**Place of incorporation and operation**	**Proportion of nominal value of issued ordinary share capital indirectly held by the Company**	**Principal activities**
Nantong Jianghai Capacitor Company Limited ("Nantong Jianghai")	Incorporated	PRC	50%	Manufacturing and trading of aluminium electrolytic capacitors
Nantong Jianghai High-Pure Chemistry-Product Co. Ltd.	Incorporated	PRC	37.5%	Sales and manufacturing of chemical products for the usage in electrolytic capacitors
Mianyang Jianghai Capacitor Co., Ltd.	Incorporated	PRC	36%	Sales and manufacturing of aluminium electrolytic capacitors and related accessories
Miangyang Jianghai Electronic Co. Ltd.	Incorporated	PRC	48.8%	Sales and manufacturing of aluminium electrolytic capacitors and related accessories

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

In December 2005, the Group entered into an agreement to contribute RMB40,000,000 or HK$38,336,000 for 40% registered capital of Nantong Jianghai ("Nantong Jianghai Agreement"). Nantong Jianghai Agreement also included a supplemental agreement for further investment in Nantong Jianghai, in the first half of 2006, either through loan into Nantong Jianghai or further capital contribution, for an additional 10% registered capital of Nantong Jianghai ("Nantong Jianghai Supplemental Agreement"). The Group will be interested in 50% registered capital subsequent to the completion of the capital contributions.

Pursuant to the Nantong Jianghai Supplemental Agreement, the amount of further investment will be determined by the audited net asset value under HKFRSs of Nantong Jianghai at 31st December, 2004, with a maximum of RMB60,000,000 or HK$57,504,000. To determine whether the further investment is in the form of further capital contribution or a loan will be determined by the normal operating profit under HKFRSs of Nantong Jianghai for the year ended 31st December, 2005. Based on the audited financial statements of Nantong Jianghai prepared under HKFRSs for the year ended 31st December, 2005 and 31st December, 2004, the additional investment has been agreed to be RMB60,000,000 or HK$57,504,000 and all being further capital contribution and with no loan portion. Accordingly, the total consideration of the investment in the 50% registered capital in Nantong Jianghai is RMB100,000,000 or HK$95,840,000.

According to an amendment agreement to the Articles and Memorandum of Nantong Jianghai, the Group can appoint four out of eight directors of Nantong Jianghai and any change in registered capital of Nantong Jianghai must be approved by all directors of Nantong Jianghai. As a result, the Group accounted for the investment of 50% in registered capital of Nantong Jianghai of RMB100,000,000 or HK$95,840,000 as a single investment transaction with a deferred consideration of RMB60,000,000 or HK$57,504,000. The deferred consideration for acquisition of Nantong Jianghai is included in current liabilities on the consolidated balance sheet.

Up to the date of approving the consolidated financial statements, the deferred consideration of RMB60,000,000 or HK$57,504,000 is being registered with the relevant authority in the PRC and has not been paid.

The acquisition is a bargain purchase and gives rise to a discount on acquisition of HK$12,845,000 and this amount has been included as income in the determination of the Group's share of results of jointly controlled entities. Details of the acquisition of Nantong Jianghai are set out in the circular of the Company dated 23rd December, 2005.

Through inviting Yeebo management to the Board, Nantong Jianghai could improve its management effectiveness and operating efficiency to the international standard.

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For the year ended 31st March, 2006

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

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

	2006	2005
	HK$'000	*HK$'000*
Current assets	**280,637**	–
Non-current assets	**160,816**	–
Current liabilities	**207,194**	–
Non-current liabilities	**14,543**	–
Revenue	**98,629**	–
Expense	**96,285**	–
Financial position and result for the period since acquisition:		
Net assets attributable to the Group	**109,858**	–
Share of results of jointly controlled entities	**1,173**	–

At 31st March, 2006, Nantong Jianghai had guarantees amounting to RMB70,000,000 or HK$67,088,000 given to banks in respect of banking facilities granted to a third party. The Group's share of the above contingent liability at 31st March, 2006 was RMB35,000,000 or HK$33,544,000.

20. INVESTMENTS IN SECURITIES

Investments in securities as at 31st March, 2005 are set out below. Upon the application of HKAS 39 on 1st April, 2005, investments in securities were reclassified to appropriate categories under HKAS 39.

	Trading securities	Non-trading securities	Total
	HK$'000	*HK$'000*	*HK$'000*
Equity securities listed in Hong Kong at market value	89,318	10,550	99,868
Carrying amount analysed for reporting purposes as:			
Current	89,318	–	89,318
Non-current	–	10,550	10,550
	89,318	10,550	99,868

21. AVAILABLE-FOR-SALE INVESTMENTS

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

	HK$'000
Listed investments:	
– Equity securities listed in Hong Kong	**58,504**
– Equity securities listed elsewhere	**59,386**
Total	**117,890**

As at the balance sheet date, all available-for-sale investments are stated at fair value. Fair values of those investments have been determined by reference to bid prices quoted from relevant stock exchanges.

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For the year ended 31st March, 2006

22. INTANGIBLE ASSET

Intangible assets represent club memberships with indefinite useful lives.

The club memberships currently have second hand market and have no foreseeable limit to their useful lives. The directors of the Company are in the opinion that the Group will continue to hold the club memberships and has the ability to do so. The club memberships have been tested for impairment in the current year by reference to their second hand market values and no impairment loss was charged for the current year.

23. INVENTORIES

	2006	2005
	HK$'000	*HK$'000*
Raw materials	**39,424**	64,385
Work in progress	**4,275**	2,434
Finished goods	**25,263**	32,928
	68,962	99,747

24. TRADE AND OTHER RECEIVABLES

	2006	2005
	HK$'000	*HK$'000*
Trade receivables	**100,673**	87,254
Less: accumulated impairment	**(9,235)**	(8,530)
	91,438	78,724
Other receivables	**5,362**	7,205
	96,800	85,929

The Group allows a credit period of 30 – 120 days to its trade customers.

24. TRADE AND OTHER RECEIVABLES (continued)

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

	2006	2005
	HK$'000	*HK$'000*
Up to 30 days	**67,703**	35,999
31 – 60 days	**7,015**	23,278
61 – 90 days	**5,362**	9,064
91 – 120 days	**3,168**	4,740
Over 120 days	**8,190**	5,643
	91,438	78,724
Other receivables	**5,362**	7,205
	96,800	85,929
Amount analysed for reporting purposes as:		
Trade and other receivables	**95,933**	85,621
Bills receivables	**867**	308
	96,800	85,929

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

25. HELD FOR TRADING INVESTMENTS

Held for trading investments at 31st March, 2006 represent investments in equity securities listed in Hong Kong. The fair values of the held for trading investments are determined by reference to bid prices quoted on the Stock Exchange.

26. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The fair value of these assets at 31st March, 2006 approximates their carrying amount. The effective interest rate of the Group's bank balance ranged from 0.25% to 4.57%.

27. TRADE AND OTHER PAYABLES/DEFERRED CONSIDERATION ON ACQUISITION OF JOINTLY CONTROLLED ENTITIES

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

	2006	2005
	HK$'000	*HK$'000*
Up to 30 days	**14,969**	11,864
31 – 60 days	**9,360**	6,140
61 – 90 days	**6,924**	7,243
91 – 120 days	**2,664**	5,473
Over 120 days	**5,948**	7,525
	39,865	38,245
Other payables	**47,568**	53,267
	87,433	91,512
Amount analysed for reporting purposes as:		
Trade and other payables	**82,516**	90,599
Bills payable	**4,917**	913
	87,433	91,512

The fair values of the Group's trade and other payables and deferred consideration on acquisition of jointly controlled entities at 31st March, 2006 approximate to their corresponding carrying amounts.

28. DERIVATIVE FINANCIAL INSTRUMENTS

	2006	2005
	HK$'000	*HK$'000*
Forward equity contracts, at fair value	**–**	6,679
Debenture options, at fair value	**–**	1,544
	–	8,223

At 31st March, 2005, the maximum notional amount of outstanding forward equity contracts to which the Group committed was HK$130,376,000.

The Group has no derivative financial instruments outstanding at 31st March, 2006.

29. BANK BORROWINGS

	2006	2005
	HK$'000	*HK$'000*
Unsecured bank loans	**31,500**	–
Carrying amount repayable:		
Within one year or on demand	**9,000**	–
More than one year, but not exceeding two years	**9,000**	–
More than two years, but not exceeding three years	**9,000**	–
More than three years, but not exceeding four years	**4,500**	–
	31,500	–
Less: Amounts due within one year shown under current liabilities	**(9,000)**	–
Amounts due after one year	**22,500**	–

During the year, the Group obtained a new loan in the amount of HK$40,500,000. The loan bears interest at commercial interest rate in Hong Kong plus a risk premium and is repayable in 2010. The proceeds were used to finance daily operations.

The effective interest rate (being the contracted interest rate) on the Group's borrowings is 5.11% (2005: 3.08%) per annum.

All the Group's borrowings are denominated in Hong Kong dollars.

The fair value of the Group's bank borrowings at 31st March, 2006 approximates to the corresponding carrying amount.

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30. DEFERRED TAXATION

The deferred tax liabilities (assets) recognised and movements thereon during the current and prior years are as follows:

	Investment revaluation reserve *HK$'000*	Revaluation of investment properties *HK$'000*	Accelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
At 1st April, 2004	–	10,832	592	(472)	10,952
Reversal of deferred tax liability upon disposal of investment properties	–	(10,832)	–	–	(10,832)
Charge (credit) to consolidated income statement for the year	–	–	106	(208)	(102)
At 31st March, 2005 and 1st April, 2005	–	–	698	(680)	18
Charge (credit) to consolidated income statement for the year	–	–	(64)	53	(11)
Deferred tax liability arising on change in fair value of available-for-sale investments	181	–	–	–	181
At 31st March, 2006	181	–	634	(627)	188

At the balance sheet date, the Group had unused tax losses of HK$51.8 million (2005: HK$60.5 million) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$3.5 million (2005: HK$3.9 million) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$48.3 million (2005: HK$56.6 million) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

31. SHARE CAPITAL

	Number of shares 2006 & 2005	**2006 & 2005**
	'000	*HK$'000*
Ordinary shares of HK$0.20 each		
Authorised	2,000,000	400,000
Issued and fully paid	1,043,564	208,713

There are no movement for the share capital from 2005 to 2006.

32. CAPITAL COMMITMENT

	2006	2005
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of plant and machinery contracted for but not provided in the financial statements	**8,311**	1,386

Capital commitment on capital injection in joint venture

On 7th March, 2006, the Group entered into a joint venture agreement for the setting up of Kunshan Visionox Display Company Limited ("Kunshan Visionox") for a total investment cost of RMB190,000,000 or HK$182,000,000. Kunshan Visionox will be engaged in the development, manufacturing and marketing of OLED products. The investment has been made subsequent to year end through internal resources and realisation of the Group's investments held for trading and available-for-sale investments. Details of the proposed investment in Kunshan Visionox are included in a circular of the Company dated 18th April, 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2006

33. OPERATING LEASE COMMITMENT

As lessee

Minimum lease payments paid under operating leases for rented premises during the year amounted to approximately HK$4,022,000 (2005: HK$4,120,000).

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

	2006	2005
	HK$'000	*HK$'000*
Within one year	**2,242**	2,399
In the second to fifth year inclusive	**2,377**	3,327
	4,619	5,726

Operating lease payments represent rentals payable by the Group for certain of its factories and office properties. Leases are negotiated and rentals are fixed for an average term of three years.

34. RETIREMENT BENEFIT PLANS

The Group operated a defined contribution retirement benefit scheme ("Defined Contribution Scheme") for its qualifying employees in Hong Kong. The assets of the scheme were held separately from those of the Group in funds under the control of an independent trustee. Where an employee left the Defined Contribution Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions was used to reduce future contributions payable by the Group.

With effect from 1st December, 2000, the Group has formed a Mandatory Provident Fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the scheme.

The retirement benefit scheme contributions arising from the Defined Contribution Scheme and the MPF Scheme charged to the consolidated income statement represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

34. RETIREMENT BENEFIT PLANS (continued)

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to the consolidated income statement of approximately HK$3,792,000 (2005: HK$4,836,000) after forfeited contributions utilised in the Defined Contribution Scheme of approximately HK$52,000 (2005: HK$75,000) represents contributions payable to these schemes by the Group in respect of the current year.

35. RELATED PARTY TRANSACTIONS

During the year, the Group had the following transactions with associates:

Nature of transactions

	2006	2005
	HK$'000	*HK$'000*
Interest income received	**176**	–
Accountancy service income	**360**	360

Compensation of key management personnel

The remuneration of directors and other member of key management during the year was as follows:

	2006	2005
	HK$'000	*HK$'000*
Short-term benefits	**3,094**	3,285
Post-employment benefits	**68**	77
	3,162	3,362

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individual and market trends.

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For the year ended 31st March, 2006

36. PARTICULAR OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31st March, 2006 are as follows:

Name of subsidiary	Legal form of business	Place of incorporation or registration/ operations	Issued and fully paid up share/registered capital	Percentage of nominal value of issued share/registered capital held by the Company	Principal activities
Billion Power Investment Limited	Incorporated	Hong Kong	HK$1	100%	Investment holding
Jiangmen Yeebo Electronic Technology Ltd.	Wholly-owned foreign enterprise	The PRC	US$5,000,000 registered capital	100%	Manufacture of LCMs
Jiangmen Yeebo Semiconductor Co., Ltd. *(Note)*	Sino-foreign corporate joint venture	The PRC	US$9,307,000 registered capital	80% *(Note)*	Manufacture of LCDs
LCD Industries Limited	Incorporated	British Virgin Islands/The PRC	US$1	100%	Development and trading of LCDS and LCMs and other related products
Yeebo (B.V.I.) Limited	Incorporated	British Virgin Islands	US$8,100	100%	Investment holding and provision of technical services
Yeebo Investment Limited	Incorporated	Malaysia	US$1	100%	Investment holding
Yeebo LCD Limited	Incorporated	Hong Kong	HK$10,000	100%	Development and trading of LCDs and LCMs and investment holding
Yeebo Manufacturing Limited	Incorporated	Hong Kong	HK$10,000	100%	Development and trading of LCDs and LCMs and other related products
Yeebo Technology Limited	Incorporated	Hong Kong	HK$10,000	100%	Investment holding

Note: Jiangmen Yeebo Semiconductor Co., Ltd. was established by the Group with two separate parties in the PRC as a sino-foreign co-operative joint venture. Under the respective subcontracting agreement, the Group is entitled to and responsible for all of their assets and liabilities and is entitled to all of the net results of its operation. The Group therefore effectively has a 100% attributable economic interest in this subsidiary.

36. PARTICULAR OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

The above table only includes those subsidiaries 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.

Except for Yeebo (B.V.I.) Limited which is a directly owned subsidiary, all of the remaining subsidiaries are indirectly owned by the Company.

None of the subsidiaries had any debt capital outstanding at the end of the year or at any time during the year.