1. CORPORATE INFORMATION

The registered office of Hung Hing Printing Group Limited is located at Hung Hing Printing Centre, 17–19 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong.

During the year, the Group was involved in the following principal activities:

- Printing and manufacturing of paper and carton boxes
- Trading of paper
- Manufacturing of corrugated cartons
- Manufacturing of paper

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also includes Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and available-for-sale investments, which have been measured at fair value, as further explained in note 2.5. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2006. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 3	Business Combinations
HK-Int 4	Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 23, 27, 28, 31, 33, 37, 38 and HK-Int 4 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The impact of adopting the other HKASs and HKFRS is summarised as follows:

(a) HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures. In addition, in prior years, the Group's share of tax attributable to associates was presented as a component of the Group's total tax charge/(credit) in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of associates is presented net of the Group's share of tax attributable to associates.

(b) HKAS 17 — Leases

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

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and buildings. The Group's leasehold land is classified as an operating lease because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from property, plant and equipment to prepaid land lease payments, while buildings continue to be classified as part of property, plant and equipment. Prepaid land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term.

This change in accounting policy has had no effect on the consolidated income statement and retained profits. The comparative amounts of HK$149,682,000 in respect of the land portion at 31 March 2005 in the consolidated balance sheet have been restated to reflect the reclassification of the leasehold land.

(c) HKAS 21 had no material impact on the Group. As permitted by the transitional provisions of HKAS 21, goodwill arising in a business combination prior to 1 April 2005 and fair value adjustments arising on that acquisition are deemed to be in the currency of the Company. In respect of acquisitions subsequent to 1 April 2005, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of the assets and liabilities are treated as assets and liabilities of the foreign operation and are translated at the closing rate in accordance with HKAS 21.

(d) HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(e) HKAS 32 and HKAS 39 — Financial Instruments

(i) *Equity/debt securities*

In prior years, the Group classified its investments in equity and debt securities as long term investments which were stated at their fair values on an individual basis with gains and losses recognised in the income statement. Upon the adoption of HKAS 39, these securities held by the Group at 1 April 2005 in the amount of HK$10,438,000 are designated as available-for-sale investments under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised as a separate component of equity until subsequent derecognition or impairment.

The adoption of HKAS 39 has not resulted in any change in the measurement of these equity/debt securities. Comparative amounts have been reclassified for presentation purposes.

(ii) *Convertible bonds*

Upon the adoption of HKASs 32 and 39, convertible bonds are split into liability and derivative components. The effects of the above changes are summarised in note 2.4 to the financial statements. On issuance of convertible bonds, the fair value of the derivative component is determined using an option pricing model; and this amount is carried as a liability until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The derivative component is measured at fair value with gains and losses recognised in the income statement.

(iii) *Derivative financial instruments — Forward currency contracts*

Forward currency contracts held to hedge firm future commitments and recognised financial assets are designated as cash flow hedges and fair value hedges from 1 April 2005 and are recorded at fair value. The portion of the gain or loss on the hedging instrument that is determined to be an effective cash flow hedge is recognised directly in equity, until the transaction which is being hedged is itself recognised in the financial statements. The ineffective portion of the cash flow hedge (if any) is recognised immediately in the income statement. Previously, forward currency contracts held to hedge firm future commitments were deferred on the balance sheet until the item being hedged was itself recognised.

The effects of the above changes are summarised in note 2.4 to the financial statements. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(f) HKFRS 3 — Business Combinations and HKAS 36 — Impairment of Assets

In prior years, goodwill and negative goodwill arising on acquisitions prior to 1 April 2001 were eliminated against and credited to the consolidated capital reserve in the year of acquisition and were not recognised in the income statement until disposal or impairment of the acquired businesses.

Goodwill arising on acquisitions on or after 1 April 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment.

The adoption of HKFRS 3 and HKAS 36 has resulted in the Group ceasing annual goodwill amortisation and commencing testing for impairment at the cash-generating unit level annually (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired).

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

The effects of the above changes are summarised in note 2.4 to the financial statements. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies"
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 will replace HKAS 32 and has modified the disclosure requirements of HKAS 32 relating to financial instruments and has some additional disclosures. This HKFRS shall be applied for annual periods beginning on or after 1 January 2007.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The HKAS 21 Amendment requires exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation to be recognised initially in a separate component of equity in the consolidated financial statements, irrespective of the currency of the monetary item and of whether the monetary item results from a transaction with the reporting entity or any of its subsidiaries.

The adoption of the amendments to HKAS 39 regarding financial guarantee contracts is expected to result in the recognition of a financial liability in the Company's balance sheet in respect of corporate guarantees given by the Company in connection with banking facilities granted to its subsidiaries and the issue of convertible bonds of a subsidiary in the year of initial application.

In accordance with the amendments to HKAS 39 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

HK(IFRIC)-Int 9 applies to embedded derivatives under the scope of HKAS 39. HK(IFRIC)-Int 9 requires that an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. This interpretation shall be applied for annual periods beginning on or after 1 June 2006.

The HKAS 19 Amendment, HKAS 39 Amendment regarding cash flow hedge accounting of forecast intragroup transactions, HKFRSs 1 and 6 Amendments, HKFRS 6, HK(IFRIC)-Int 5, HK(IFRIC)-Int 6, HK(IFRIC)-Int 7 and HK(IFRIC)-Int 8 do not apply to the activities of the Group. HK(IFRIC)-Int 6 and HK(IFRIC)-Int 7 shall be applied for annual periods beginning on or after 1 December 2005 and 1 March 2006, respectively.

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

(a) Effect on the consolidated balance sheet

At 1 April 2005

	Effect of adopting				
	HKAS 17#	**HKAS 32#**	**HKAS 39***	**HKFRS 3***	
Effect of new policies (Increase/ (decrease))	**Prepaid land lease payments**	**Change in classification of investments**	**Recognition of derivative financial instruments**	**Derecognition of negative goodwill**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets					
Property, plant and equipment	(149,682)	—	—	—	(149,682)
Prepaid land lease payments	149,682	—	—	—	149,682
Available-for-sale investments	—	10,438	—	—	10,438
Long term investments	—	(10,438)	—	—	(10,438)
Derivative financial instruments	—	—	794	—	794
					794
Liabilities/equity					
Deferred tax liabilities	—	—	139	—	139
Capital reserve	—	—	—	(105,103)	(105,103)
Retained profits	—	—	655	105,103	105,758
					794

* Adjustments taken effect prospectively from 1 April 2005

\# Adjustments/presentation taken effect retrospectively

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

(a) Effect on the consolidated balance sheet (continued)

At 31 March 2006

	Effect of adopting						
	HKAS 17	HKASs 32 and 39	HKASs 32 and 39	HKAS 39	HKAS 39	HKFRS 3	
Effect of new policies (Increase/ (decrease))	**Prepaid land lease payments**	**Change in classification of investments**	**Convertible bonds**	**Cash flow hedges**	**Derivative financial instruments not qualified as hedges**	**Derecognition of negative goodwill**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets							
Property, plant and equipment	(145,531)	—	—	—	—	—	(145,531)
Prepaid land lease payments	145,531	—	—	—	—	—	145,531
Available-for-sale investments	—	10,766	—	—	—	—	10,766
Long term investments	—	(10,766)	—	—	—	—	(10,766)
Derivative financial instruments	—	—	—	—	1,231	—	1,231
							1,231
Liabilities/equity							
Derivative component of convertible bonds	—	—	88,050	—	—	—	88,050
Convertible bonds	—	—	(83,318)	—	—	—	(83,318)
Capital reserve	—	—	—	—	—	(105,103)	(105,103)
Hedging reserve	—	—	—	(1,051)	—	—	(1,051)
Available-for-sale investment revaluation reserve	—	328	—	—	—	—	328
Retained profits	—	(328)	(4,732)	1,051	1,231	105,103	102,325
							1,231

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

(b) Effect on the balances of equity at 1 April 2005

Effect of new policies (Increase/(decrease))	Effect of adopting HKFRS 3 and HKAS 38 Negative goodwill HK$'000	Effect of adopting HKAS 39 Derivative financial instruments not qualified as hedges HK$'000	Total HK$'000
Capital reserve	(105,103)	—	(105,103)
Retained profits	105,103	655	105,758
			655

(c) Effect on the consolidated income statement for the years ended 31 March 2006 and 2005

Effect of new policies	Effect of adopting HKAS 39 Recognition of derivative financial instruments not qualified as hedges HK$'000	Effect of adopting HKASs 32 and 39 Convertible bonds HK$'000	Effect of adopting HKFRS 3 Discontinuation of amortisation of goodwill HK$'000	Total HK$'000
Year ended 31 March 2006				
Increase in other income and gains	1,231	—	—	1,231
Decrease/(increase) in other expenses*	—	(4,732)	156	(4,576)
Total increase/(decrease) in profit	1,231	(4,732)	156	(3,345)
Increase/(decrease) in basic earnings per share	HK0.21 cents	(HK0.81 cents)	HK0.03 cents	(HK0.57 cents)

* Including fair value loss on derivative component of convertible bonds and transaction cost related to derivative component of convertible bonds of HK$1,800,000 and HK$2,932,000, respectively (note 6).

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

(c) Effect on the consolidated income statement for the years ended 31 March 2006 and 2005 (continued)

Effect of new policies	Effect of adopting HKAS 1 Share of post-tax profits and losses of associates HK$'000
Year ended 31 March 2005	
Increase in share of profits and losses of associates	874
Increase in tax	(874)
Total increase in profit	—
Increase in basic earnings per share	—

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's operation and financial policies.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures (continued)

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as a subsidiary, if the Group, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors.

Associates

An associate is an entity, not being a subsidiary, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 April 2005

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Goodwill on acquisitions for which the agreement date is on or after 1 April 2005 (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 "Segment Reporting".

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill previously eliminated against the consolidated reserves

Prior to the adoption of Statement of Standard Accounting Practice No. 30 "Business combinations" in 2001, goodwill arising on acquisitions was eliminated against consolidated capital reserve in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against the consolidated capital reserve and is not recognised in profit or loss when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of the Group or its parent;

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(d) the party is a close member of the family of any individual referred to in (a) or (c); or

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d).

Property, plant and equipment and depreciation

Property, plant and equipment, other than properties under construction, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is provided so as to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates and bases used are as follows:

Buildings situated in Hong Kong	Over the lease terms
Buildings situated in Mainland China	Over the shorter of the lease terms and useful lives which is 2.5–10% on the straight-line basis
Plant and machinery	10–20% on the reducing balance basis
Motor vehicles	30% on the reducing balance basis
Furniture, fixtures and equipment	20–30% on the reducing balance basis

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties under construction

Properties under construction represent buildings under construction on sites in Mainland China whose land use rights have been acquired by the Group, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction. Properties under construction are reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Applicable to the year ended 31 March 2005:

The Group classified its equity/debt investments, other than subsidiaries and associates, as long term investments.

Long term investments in listed and unlisted equity/debt securities intended to be held on a long term basis are stated at their fair values at the balance sheet date, on an individual investment basis. The fair values of listed securities are their quoted market prices at the balance sheet date. The fair values of unlisted securities are estimated by the directors having regard to, inter alia, the prices of most recent reported sales or purchases of the securities.

The gains and losses arising from changes in fair value of such security are credited or charged to the income statement for the period in which they arise.

Applicable to the year ended 31 March 2006:

Financial assets in the scope of HKAS 39 are classified as either loans and receivables, financial assets at fair value through profit or loss and available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Applicable to the year ended 31 March 2006 (continued):

All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial assets at fair value through profit or loss

Derivatives are classified as held for trading unless they are designated as effective hedging instruments, details of which are explained below under the heading "Derivative financial instruments and hedging". Gains or losses on financial assets held for trading are recognised in the income statement.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets in listed and unlisted equity/debt securities that are designated as available for sale or are not classified in the above category. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Fair value

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (applicable to the year ended 31 March 2006)

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss.

Impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event, occurring after the impairment loss was recognised in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (applicable to the year ended 31 March 2006)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible bonds, the fair value of the derivative component is determined using an option pricing model; and this amount is carried as a derivative liability until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The derivative component is measured at fair value with gains and losses recognised in the income statement.

Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are first recognised.

Derecognition of financial liabilities (applicable to the year ended 31 March 2006)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Derivative financial instruments and hedging (applicable to the year ended 31 March 2006)

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedging (applicable to the year ended 31 March 2006) (continued)

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

A hedge of the foreign currency risk of a firm commitment is accounted for as cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and gains and losses from both are taken to profit or loss.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedging (applicable to the year ended 31 March 2006) (continued)

Fair value hedges (continued)

Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised; the hedge no longer meets the criteria for hedge accounting; or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, the amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of raw materials includes the cost of purchased materials determined using the weighted average basis. The cost of finished goods and work in progress includes direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs expected to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary differences arises from negative goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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 deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(c) dividend income, when the shareholders' right to receive payment has been established.

Borrowing costs

Borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

Staff retirement schemes

The Group operates a defined contribution staff retirement scheme (the "Scheme") for certain of its employees, the assets of which are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the eligible employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. When an employee leaves the Scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

The Group also operates another defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance. Contributions to the MPF Scheme are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Employees who joined the Group before 1 December 2000 had the option to join either one of the schemes. Employees who joined the Group on or after 1 December 2000 were only eligible to join the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

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

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

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

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.

Presentation of convertible bonds and fair value of derivative component of convertible bonds

Convertible bonds of the Group are presented into the derivative component and the liability component of the convertible bonds upon the adoption of HKAS 39 in the current year. This requires an initial recognition of the derivative component and the liability component at fair value.

The derivative component initially recognised and subsequently measured at fair value is determined by an option pricing model.

The amount of liability component initially recognised is determined with reference to the net proceeds from the issuance of the convertible bonds and the fair value of derivative component at initial recognition. The liability component is subsequently measured at amortised cost using the effective interest rate method until it is extinguished on conversion or redemption.

The fair value of the derivative component and the carrying amount of the liability component of convertible bonds at 31 March 2006 was HK$88,050,000 and HK$641,185,000, respectively (2005: Nil) (note 26).

4. SEGMENT INFORMATION

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

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

(a) the paper and carton box printing and manufacturing segment;

(b) the paper trading segment;

(c) the corrugated carton manufacturing segment; and

(d) the paper manufacturing segment.

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

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

4. SEGMENT INFORMATION (continued)

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2006 and 2005.

	Paper and carton box printing and manufacturing		Paper trading		Corrugated carton manufacturing		Paper manufacturing		Eliminations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
												(Restated)
Segment revenue:												
Sales to external customers	**1,556,040**	1,433,719	**269,544**	228,155	**493,269**	509,769	**638,032**	155,750	**–**	–	**2,956,885**	2,327,393
Intersegment sales	**32,916**	3,593	**322,682**	368,012	**103,866**	107,451	**189,645**	28,431	**(649,109)**	(507,487)	**–**	–
Total	**1,588,956**	1,437,312	**592,226**	596,167	**597,135**	617,220	**827,677**	184,181	**(649,109)**	(507,487)	**2,956,885**	2,327,393
Segment results	**255,247**	242,842	**27,266**	24,506	**25,721**	31,330	**55,839**	11,342	**208**	1,560	**364,281**	311,580
Interest, dividend income and other gains											**11,492**	22,522
Corporate and unallocated expenses											**(25,895)**	(19,507)
											349,878	314,595
Finance costs											**(28,247)**	(12,203)
Share of profits and losses of associates	**–**	–	**–**	–	**–**	–	**–**	4,756	**–**	–	**–**	4,756
Profit before tax											**321,631**	307,148
Tax											**(45,540)**	(44,096)
Profit for the year											**276,091**	263,052

4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Paper and carton box printing and manufacturing		Paper trading		Corrugated carton manufacturing		Paper manufacturing		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)		(Restated)		(Restated)		(Restated)				(Restated)
Segment assets	1,273,659	1,289,216	300,350	422,072	703,792	680,064	625,856	707,171	(75,018)	(185,281)	2,828,639	2,913,242
Unallocated assets	—	—	—	—	—	—	—	—	—	—	1,156,755	207,142
Total assets	1,273,659	1,289,216	300,350	422,072	703,792	680,064	625,856	707,171	(75,018)	(185,281)	3,985,394	3,120,384
Segment liabilities	156,766	148,374	28,345	55,369	62,547	62,990	71,947	182,406	(75,018)	(185,281)	244,587	263,858
Unallocated liabilities	—	—	—	—	—	—	—	—	—	—	1,386,577	715,012
Total liabilities	156,766	148,374	28,345	55,369	62,547	62,990	71,947	182,406	(75,018)	(185,281)	1,631,164	978,870
Other segment information:												
Depreciation	51,490	52,225	3,210	2,353	30,059	23,331	26,362	6,464	—	—	111,121	84,373
Unallocated depreciation	—	—	—	—	—	—	—	—	—	—	146	194
	51,490	52,225	3,210	2,353	30,059	23,331	26,362	6,464	—	—	111,267	84,567
Capital expenditure	108,507	125,410	5,460	13,601	31,217	106,117	25,512	40	—	—	170,696	245,168
Unallocated capital expenditure	—	—	—	—	—	—	—	—	—	—	79	—
	108,507	125,410	5,460	13,601	31,217	106,117	25,512	40	—	—	170,775	245,168
Impairment/(write-back of impairment) on accounts receivable	3,296	827	(1,910)	—	235	255	1,553	—	—	—	3,174	1,082

4. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments.

	Hong Kong		Mainland China		United States of America		Europe		Others		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
				(Restated)				(Restated)		(Restated)		(Restated)
Segment revenue:												
Sales to external customers	**1,322,743**	1,064,529	**959,084**	676,188	**282,804**	278,269	**290,314**	233,251	**101,940**	75,156	**2,956,885**	2,327,393
Other segment information:												
Segment assets	**1,343,513**	493,656	**2,471,237**	2,498,359	**53,423**	61,123	**67,573**	57,242	**49,648**	10,004	**3,985,394**	3,120,384
Capital expenditure	**18,676**	3,992	**152,099**	241,176	**—**	—	**—**	—	**—**	—	**170,775**	245,168

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced sales, net of allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Revenue — Sale of goods	**2,956,885**	2,327,393
Other income and gains:		
Dividend income from available-for-sale investments/long term investments	**361**	258
Bank interest income	**8,405**	9,344
Unrealised gains on listed investments	**—**	3,639
Gain on foreign exchange forward contracts	**—**	9,281
Fair value gains on derivative instruments, not qualified as hedges *(note 22)*	**2,726**	—
Sundry income	**24,817**	19,815
	36,309	42,337
	2,993,194	2,369,730

6. PROFIT BEFORE TAX

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

	Group	
	2006	2005
	HK$'000	HK$'000
		(Restated)
Depreciation *(note 14)*	**111,267**	84,567
Auditors' remuneration	**2,137**	1,788
Employee benefits expense (including directors' remuneration — note 8):		
Wages, salaries and other allowances	**402,879**	329,269
Retirement scheme contributions	**15,347**	2,968
Less: Forfeited contributions*	**(58)**	(16)
Net retirement scheme contributions	**15,289**	2,952
Total employee benefits expense	**418,168**	332,221
Minimum lease payments under operating leases in respect of land and buildings	**7,251**	5,727
Impairment on accounts receivable	**3,174**	1,082
Loss on disposal of items of property, plant and equipment	**974**	772
Foreign exchange differences, net	**(4,787)**	(1,687)
Fair value loss on derivative component of convertible bonds *(note 26)*	**1,800**	—
Transaction cost related to derivative component of convertible bonds	**2,932**	—

* At 31 March 2006, the Group had no forfeited contributions available to reduce its contributions to the retirement scheme in future years (2005: Nil).

7. FINANCE COSTS

	Group	
	2006	2005
	HK$'000	HK$'000
Interest on bank loans	**28,247**	12,203

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:

	2006	2005
	HK$'000	HK$'000
Fees:		
Executive directors	**—**	—
Non-executive directors	**420**	322
Other emoluments:		
Executive directors:		
Salaries, allowances and benefits in kind	**14,101**	13,471
Retirement scheme contributions	**395**	395
Discretionary bonuses paid and payable	**12,285**	12,766
	27,201	26,954

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2006	2005
	HK$'000	HK$'000
Wu Shu Chih, Alex	**—**	101
Yip Yu Bun	**100**	80
Wong Siu Ping	**100**	58
Yap, Alfred Donald	**120**	3
	320	242

There were no other emoluments payable to the independent non-executive directors during the year (2005: Nil).

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Discretionary bonuses HK$'000	Total remuneration HK$'000
2006					
Executive directors:					
Yam Cheong Hung	**—**	**6,867**	**215**	**4,543**	**11,625**
Yum Chak Ming, Matthew	**—**	**3,752**	**121**	**4,889**	**8,762**
Yam Ho Ming, Michael	**—**	**1,199**	**—**	**1,555**	**2,754**
Yam Hon Ming, Tommy	**—**	**2,283**	**59**	**1,298**	**3,640**
	—	**14,101**	**395**	**12,285**	**26,781**
Non-executive directors:					
Chu Shu Ho, David	**50**	**—**	**—**	**—**	**50**
Yum Pui Ming, Anna	**50**	**—**	**—**	**—**	**50**
	100	**—**	**—**	**—**	**100**
	100	**14,101**	**395**	**12,285**	**26,881**
2005					
Executive directors:					
Yam Cheong Hung	—	6,258	215	5,122	11,595
Yum Chak Ming, Matthew	—	3,632	121	5,129	8,882
Yam Ho Ming, Michael	—	1,327	—	1,316	2,643
Yam Hon Ming, Tommy	—	2,254	59	1,199	3,512
	—	13,471	395	12,766	26,632
Non-executive directors:					
Chu Shu Ho, David	40	—	—	—	40
Yum Pui Ming, Anna	40	—	—	—	40
	80	—	—	—	80
	80	13,471	395	12,766	26,712

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2005: four) directors, details of whose remuneration are set out in note 8 above. The details of the remuneration of the remaining one (2005: one) non-director, highest paid employee for the year are as follows:

	2006	2005
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,284**	1,211
Retirement scheme contributions	**46**	46
Discretionary bonuses paid and payable	**2,242**	2,602
	3,572	3,859

The remuneration of the non-director, highest paid employee fell within the following band:

	Number of employees	
	2006	2005
HK$3,500,001–HK$4,000,000	**1**	1

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2006	2005
	HK$'000	HK$'000
		(Restated)
Group:		
Current — Hong Kong		
— Charge for the year	**13,396**	16,122
— Overprovision in prior years	**(1,798)**	(809)
Current — Mainland China		
— Charge for the year	**36,528**	31,264
— Tax refund#	**(6,646)**	(6,478)
Deferred tax *(note 27)*	**4,060**	3,997
Total tax charge for the year	**45,540**	44,096

Under certain PRC local income tax laws, a company is entitled to certain tax refund concession, representing the difference between the statutory tax rate and the reduced concession tax rate, upon successful application as an "export enterprise" whereby more than 70% of its turnover is derived from export sales. During the year, a subsidiary of the Group was granted such status from relevant authorities in respect of its operations in prior years and was entitled to a tax refund.

10. TAX (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group

	2006					
	Hong Kong		**Mainland China**		**Total**	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Profit before tax	**97,428**		**224,203**		**321,631**	
Tax at the statutory tax rate	**17,050**	**17.5**	**73,987**	**33.0**	**91,037**	**28.3**
Lower tax rate for local authority*	**—**	**—**	**(33,451)**	**(14.9)**	**(33,451)**	**(10.4)**
Profits not subject to tax, due to concessions**	**—**	**—**	**(3,944)**	**(1.7)**	**(3,944)**	**(1.2)**
Effect on opening deferred tax of increase in rates	**—**	**—**	**(315)**	**(0.1)**	**(315)**	**(0.1)**
Adjustment in respect of current tax of previous period	**(1,798)**	**(1.8)**	**—**	**—**	**(1,798)**	**(0.5)**
Tax refund	**—**	**—**	**(6,646)**	**(3.0)**	**(6,646)**	**(2.1)**
Income not subject to tax	**(3,130)**	**(3.2)**	**(1,075)**	**(0.5)**	**(4,205)**	**(1.3)**
Expenses not deductible for tax	**1,888**	**1.9**	**1,081**	**0.5**	**2,969**	**0.9**
Tax losses not recognised	**896**	**0.9**	**997**	**0.4**	**1,893**	**0.6**
Tax charge at the Group's effective rate	**14,906**	**15.3**	**30,634**	**13.7**	**45,540**	**14.2**

10. TAX (continued)

Group (continued)

	2005					
	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
			(Restated)		(Restated)	
Profit before tax	109,310		197,838		307,148	
Tax at the statutory tax rate	19,129	17.5	65,286	33.0	84,415	27.5
Lower tax rate for local authority*	—	—	(31,012)	(15.7)	(31,012)	(10.1)
Profits not subject to tax, due to concessions**	—	—	(99)	(0.1)	(99)	—
Profits and losses attributable to associates	—	—	(1,569)	(0.8)	(1,569)	(0.2)
Adjustment in respect of current tax of previous period	(809)	(0.7)	—	—	(809)	(0.5)
Tax refund	—	—	(6,478)	(3.2)	(6,478)	(2.1)
Income not subject to tax	(2,921)	(2.7)	(979)	(0.5)	(3,900)	(1.3)
Expenses not deductible for tax	1,817	1.6	400	0.2	2,217	0.7
Tax losses not recognised	—	—	1,445	0.7	1,445	0.4
Tax losses utilised	(114)	(0.1)	—	—	(114)	—
Tax charge at the Group's effective rate	17,102	15.6	26,994	13.6	44,096	14.4

* Under the PRC income tax laws, enterprises are subject to corporate income tax ("CIT") at rate of 33%. However, certain of the Group's subsidiaries are operating in specific development zones in Mainland China, and the relevant authorities have granted these subsidiaries preferential CIT rates ranging from 15% to 27%.

** In addition to preferential CIT rates granted to the Group's certain subsidiaries in Mainland China, tax holiday was also granted by the relevant authorities to these subsidiaries, where CIT is exempted for the first two profitable years of the subsidiaries and is chargeable at half of the applicable rate for the next subsequent three years.

The share of tax credit attributable to associates amounting to HK$874,000 in 2005 is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

11. NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The net profit attributable to equity holders of the parent for the year ended 31 March 2006 dealt with in the financial statements of the Company was HK$196,567,000 (2005: HK$184,085,000) (note 29(b)).

12. DIVIDENDS

	2006	2005
	HK$'000	HK$'000
Interim dividend of HK9.5 cents (2005: HK9.5 cents) per ordinary share	**56,265**	54,341
Proposed final dividend of HK20.0 cents (2005: HK20.0 cents) per ordinary share	**120,156**	115,559
	176,421	169,900

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

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic earnings per share

The calculation of basic earnings per share amount is based on the net profit for the year attributable to equity holders of the parent of HK$248,891,000 (2005: HK$240,281,000) and the weighted average of 586,141,600 (2005: 572,942,598) shares in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share amount for the year ended 31 March 2006 has not been presented as the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year. Diluted earnings per share amount for the year ended 31 March 2005 has not been presented as there were no dilutive potential ordinary shares in existence during that year.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
31 March 2006					
At 1 April 2005:					
Cost	472,251	1,298,291	32,208	64,003	1,866,753
Accumulated depreciation	(71,277)	(443,458)	(21,173)	(41,161)	(577,069)
Net carrying amount	400,974	854,833	11,035	22,842	1,289,684
At 1 April 2005, net of accumulated depreciation	400,974	854,833	11,035	22,842	1,289,684
Additions	1,497	113,068	2,359	3,814	120,738
Transfer from properties under construction *(note 18)*	62,627	—	—	—	62,627
Disposals	—	(3,898)	(147)	(157)	(4,202)
Depreciation provided during the year	(16,417)	(86,971)	(3,177)	(4,702)	(111,267)
Exchange realignment	5,392	10,183	124	298	15,997
At 31 March 2006, net of accumulated depreciation	454,073	887,215	10,194	22,095	1,373,577
At 31 March 2006:					
Cost	542,286	1,411,036	33,528	67,307	2,054,157
Accumulated depreciation	(88,213)	(523,821)	(23,334)	(45,212)	(680,580)
Net carrying amount	454,073	887,215	10,194	22,095	1,373,577

Certain buildings and plant and machinery of the Group with a total net book value of HK$283,637,000 (2005 (restated): HK$286,612,000) have been pledged to secure banking facilities granted to the Group (note 25).

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	Buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000 (Restated)
31 March 2005					
At 1 April 2004:					
Cost	356,438	911,042	27,782	59,835	1,355,097
Accumulated depreciation	(59,332)	(381,338)	(19,654)	(35,622)	(495,946)
Net carrying amount	297,106	529,704	8,128	24,213	859,151
At 1 April 2004, net of accumulated depreciation	297,106	529,704	8,128	24,213	859,151
Additions	7,513	180,423	3,352	3,868	195,156
Acquisition of subsidiaries *(note 30(b))*	74,379	209,700	2,926	465	287,470
Transfer from properties under construction *(note 18)*	33,921	—	—	—	33,921
Disposals	—	(1,086)	(298)	(63)	(1,447)
Depreciation provided during the year	(11,945)	(63,908)	(3,073)	(5,641)	(84,567)
At 31 March 2005, net of accumulated depreciation	400,974	854,833	11,035	22,842	1,289,684
At 31 March 2005:					
Cost	472,251	1,298,291	32,208	64,003	1,866,753
Accumulated depreciation	(71,277)	(443,458)	(21,173)	(41,161)	(577,069)
Net carrying amount	400,974	854,833	11,035	22,842	1,289,684

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
31 March 2006			
At 1 April 2005:			
Cost	4,080	748	4,828
Accumulated depreciation	(3,701)	(663)	(4,364)
Net carrying amount	379	85	464
At 1 April 2005, net of accumulated depreciation	379	85	464
Additions	—	79	79
Disposals	(9)	—	(9)
Depreciation provided during the year	(112)	(34)	(146)
At 31 March 2006, net of accumulated depreciation	258	130	388
At 31 March 2006:			
Cost	3,321	827	4,148
Accumulated depreciation	(3,063)	(697)	(3,760)
Net carrying amount	258	130	388

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Company (continued)

	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
			(Restated)
31 March 2005			
At 1 April 2004:			
Cost	4,704	748	5,452
Accumulated depreciation	(4,126)	(638)	(4,764)
Net carrying amount	578	110	688
At 1 April 2004, net of accumulated depreciation	578	110	688
Disposals	(30)	—	(30)
Depreciation provided during the year	(169)	(25)	(194)
At 31 March 2005, net of accumulated depreciation	379	85	464
At 31 March 2005:			
Cost	4,080	748	4,828
Accumulated depreciation	(3,701)	(663)	(4,364)
Net carrying amount	379	85	464

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2006	2005
	HK$'000	HK$'000
		(Restated)
Carrying amount at beginning of year		
As previously reported	**—**	—
Effect of adopting HKAS 17 *(note 2.2(b))*	**149,682**	98,178
As restated	**149,682**	98,178
Additions	**242**	23,285
Acquisition of subsidiaries *(note 30(b))*	**—**	30,503
Recognised during the year	**(4,393)**	(2,284)
Carrying amount at 31 March	**145,531**	149,682

	Company	
	2006	2005
	HK$'000	HK$'000
		(Restated)
Carrying amount at beginning of year		
As previously reported	**—**	—
Effect of adopting HKAS 17 *(note 2.2(b))*	**12,115**	12,674
As restated	**12,115**	12,674
Recognised during the year	**(560)**	(559)
Carrying amount at 31 March	**11,555**	12,115

15. PREPAID LAND LEASE PAYMENTS (continued)

The Group's leasehold land are situated in Hong Kong and Mainland China and are held under the following lease terms:

	Group 2006 HK$'000	Group 2005 HK$'000 (Restated)
Hong Kong:		
Medium term leases	**21,587**	22,126
Mainland China:		
Medium term land use rights	**123,944**	127,556
	145,531	149,682

The Company's leasehold land is situated in Mainland China under a medium term land use right.

Certain leasehold land of the Group with total net book value of HK$46,584,000 (2005 (restated): HK$49,173,000) have been pledged to banks to secure banking facilities granted to the Group (note 25).

16. GOODWILL

	Group 2006 HK$'000	Group 2005 HK$'000
At beginning of year:		
Cost and carrying amount	**3,041**	—
Carrying amount at beginning of year	**3,041**	—
Acquisition of subsidiaries *(note 30(b))*	**—**	3,041
Carrying amount at 31 March	**3,041**	3,041
At 31 March:		
Cost	**3,041**	3,041
Accumulated impairment	**—**	—
Net carrying amount	**3,041**	3,041

As further detailed in note 2.2 to the financial statements, the Group applied the transitional provisions of HKFRS 3 that permitted goodwill in respect of business combinations which occurred prior to 2001, to remain eliminated against the consolidated reserves.

16. GOODWILL (continued)

The amounts of the goodwill and negative goodwill remaining in the consolidated reserves as at 1 April 2005, arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001, are as follows:

	Group	
	Goodwill eliminated against capital reserve	**Negative goodwill credited to capital reserve**
	HK$'000	HK$'000
31 March 2006		
At 1 April 2005		
Cost as previously reported	**814**	**(105,103)**
Effect of adopting HKFRS 3 *(note 2.2(f))*	**—**	**105,103**
Net carrying amount at 1 April 2005 and 31 March 2006	**814**	**—**
31 March 2005		
Cost and net carrying amount as at 1 April 2004 and 31 March 2005	814	(105,103)

17. AVAILABLE-FOR-SALE INVESTMENTS/LONG TERM INVESTMENTS

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Unlisted equity investments, at fair value	**60**	60	**—**	—
Club debentures, at fair value	**1,948**	1,362	**378**	802
	2,008	1,422	**378**	802
Hong Kong listed equity investments, at market value	**8,758**	9,016	**—**	—
	10,766	10,438	**378**	802

During the year, the net gains on fair values of the Group's available-for-sale investments of HK$328,000 were recognised in the available-for-sale investment revaluation reserve.

Available-for-sale investments consist of investments in listed and unlisted ordinary shares and club debentures, and have no fixed maturity date or coupon rate.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted available-for-sale equity investments have been estimated by directors having regard to, inter alia, the prices of most recent reported sales or purchases of the securities. The directors believe that the estimated fair values resulting, which are recorded in the consolidated balance sheet, and the related changes in fair values, which are recorded in the consolidated reserve, are reasonable, and that they are the most appropriate values at the balance sheet date.

18. PROPERTIES UNDER CONSTRUCTION

	Group	
	2006	2005
	HK$'000	HK$'000
At beginning of year	**57,382**	41,291
Additions	**50,037**	50,012
Transfer to property, plant and equipment *(note 14)*	**(62,627)**	(33,921)
Exchange realignment	**1,266**	—
At 31 March	**46,058**	57,382

The properties under construction are located in Mainland China.

19. INTERESTS IN SUBSIDIARIES

	Company	
	2006	2005
	HK$'000	HK$'000
Unlisted shares, at cost	**407,744**	401,861
Due from subsidiaries	**394,519**	367,484
	802,263	769,345
Impairment	**(1,353)**	(1,353)
	800,910	767,992
Due to subsidiaries	**(818,086)**	—

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these amounts due from/to subsidiaries approximate to their fair values.

19. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operation	Nominal value of issued ordinary share/registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Hung Hing Off-Set Printing Company, Limited	Hong Kong	HK$100	100	—	Paper products and carton box trading
Sun Hing Paper Company, Limited	Hong Kong	HK$100	100	—	Paper trading
Hung Hing Printing (China) Company Limited §§	People's Republic of China (the "PRC")/Mainland China	HK$180,000,000	—	100	Production and colour printing of paper products
Tai Hing Paper Products Company, Limited	Hong Kong	HK$100	100	—	Trading of corrugated cartons
Piguet Graphic & Prints Company Limited	Hong Kong	HK$1,000,000	100	—	Provision of colour separation services
Zhongshan Hung Hing Printing & Packaging Company Limited §	the PRC/ Mainland China	US$15,000,000	—	56	Printing and manufacturing of paper cartons
Zhongshan Hung Hing Off-Set Printing Company Limited §	the PRC/ Mainland China	US$5,000,000	—	56	Production and colour printing of paper products
Hung Hing International Limited	British Virgin Islands ("BVI")/ Mainland China	US$100	100	—	Investment holding
South Gain Enterprises Limited	Hong Kong	HK$1,200,000	—	56	Selling and purchasing agent
Po Hing Packaging (Shenzhen) Company Limited §§	the PRC/ Mainland China	US$11,200,000	—	100	Printing and manufacturing of paper cartons
South Gain Paper Products Company Limited §§	the PRC/ Mainland China	US$15,000,000	—	56	Printing and manufacturing of paper cartons
Sun Hing Paper (Shenzhen) Company Limited §§	the PRC/ Mainland China	HK$30,000,000	—	100	Paper trading
Hung Hing Packaging (Wuxi) Company Limited §§	the PRC/ Mainland China	US$24,000,000	100	—	Production and colour printing of paper products
Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited ("Rengo") §	the PRC/ Mainland China	US$28,830,000	51	8	Paper manufacturing
Zhongshan Ren Hing Paper Manufacturing Company Limited ("Ren Hing") §	the PRC/ Mainland China	US$14,710,000	51	8	Paper manufacturing
Hung Hing Printing (Heshan) Company Limited §§	the PRC/ Mainland China	HK$80,000,000	—	100	Not yet commenced operations
Greatest Joy Investments Limited @	BVI/Hong Kong	US$1	100	—	Issue of convertible bonds

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

@ Incorporated during the year

§ Sino-foreign equity joint venture

§§ Wholly foreign-owned enterprise

20. INVENTORIES

	Group 2006 HK$'000	Group 2005 HK$'000
Raw materials	**332,951**	392,010
Work in progress	**46,699**	48,941
Finished goods	**121,064**	112,660
	500,714	553,611

21. ACCOUNTS AND BILLS RECEIVABLE

The Group's trading terms with customers are mainly on credit. Invoices are normally payable between 30 and 90 days of issuance. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's accounts and bills receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts and bills receivable are non-interest-bearing.

	Group 2006 HK$'000	Group 2005 HK$'000
Accounts receivable	**506,900**	594,600
Bills receivable	**35,232**	49,909
	542,132	644,509

An aged analysis of accounts receivable at the balance sheet date, based on invoice date and net of provisions, is as follows:

	Group 2006 HK$'000	Group 2005 HK$'000
Within 30 days	**204,676**	256,816
31 to 60 days	**126,579**	151,451
61 to 90 days	**88,783**	97,577
Over 90 days	**86,862**	88,756
	506,900	594,600

The carrying amounts of the accounts and bills receivable approximate to their fair values.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments of HK$1,231,000 at 31 March 2006 represented forward currency contracts. The Group has entered into these forward currency contracts to manage its exchange rate exposures in the year ending 31 March 2007 which did not meet the criteria for hedge accounting. Changes in the fair value of non-hedging currency derivatives amounting to HK$2,726,000 were credited to the income statement during the year (2005: Nil) (note 5). The carrying amounts of forward currency contracts approximate to their fair values.

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**196,285**	170,962	**2,174**	4,333
Time deposits	**1,114,746**	163,454	**979,181**	69,114
Cash and cash equivalents	**1,311,031**	334,416	**981,355**	73,447

At the balance sheet date, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK$285,875,000 (2005: HK$238,867,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at bank earns interest at floating rates based on daily bank deposits rates. Short term time deposits are made for varying periods of between one day and ten months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

Forward currency time deposits — cash flow hedges

At 31 March 2006, the Group had several foreign currency time deposits of HK$26,643,000 designated as hedges of expected future purchase in the year ending 31 March 2007 from a supplier in Germany for which the Group has firm commitments. The cash flow hedges of the expected future purchase were assessed to be highly effective and the net loss on cash flow hedges of HK$1,051,000 was included in the hedging reserve.

24. ACCOUNTS PAYABLE

An aged analysis of accounts payable as at the balance sheet date, based on invoice date, is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Within 30 days	**87,052**	98,921
31 to 60 days	**24,980**	17,207
61 to 90 days	**341**	1,812
Over 90 days	**1,465**	6,076
	113,838	124,016

The accounts payables are non-interest-bearing and are normally settled on 30-day terms. The carrying amounts of the accounts payable approximate to their fair values.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)	**Maturity**	**Group**	
			2006	2005
			HK$'000	HK$'000
Current				
Bank overdrafts — unsecured	8	On demand	**246**	—
Bank loans — unsecured	5	2006	**273,154**	176,736
Bank loans — secured	6	2006	**149,860**	136,792
Trust receipt loans	5	2006	**3,986**	14,985
			427,246	328,513
Non-current				
Bank loans — unsecured	3–5	2007–2009	**169,167**	325,000
Convertible bonds *(note 26)*	6	2011	**641,185**	—
			810,352	325,000
			1,237,598	653,513

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	Group	
	2006	2005
	HK$'000	HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**427,246**	328,513
In the second year	**81,667**	135,417
In the third to fifth years, inclusive	**87,500**	189,583
	596,413	653,513
Convertible bonds repayable:		
In the third to fifth years, inclusive	**641,185**	—
	1,237,598	653,513

Notes:

(a) The Group's banking facilities amounting to HK$169,082,000 (2005: HK$174,528,000), of which HK$149,860,000 (2005: HK$136,792,000) had been utilised as at the balance sheet date, are secured by the pledge of certain of the Group's prepaid land lease payments, buildings and plant and machinery, which had an aggregate carrying value at the balance sheet date of approximately HK$330,221,000 (2005: HK$335,785,000) (notes 14 and 15).

(b) Except for the secured bank loans of HK$146,860,000 and unsecured bank loan of HK$4,831,000, which are denominated in Renminbi, all other borrowings are in Hong Kong dollars.

Other interest rate information:

	Group			
	2006		2005	
	Fixed rate	**Floating rate**	Fixed rate	Floating rate
	HK$'000	**HK$'000**	HK$'000	HK$'000
Bank overdrafts — unsecured	**—**	**246**	—	—
Bank loans — unsecured	**160,000**	**282,321**	160,000	341,736
Bank loans — secured	**130,435**	**19,425**	136,792	—
Trust receipt loans	**—**	**3,986**	—	14,985

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The carrying amounts of the Group's current borrowings approximate to their fair values. The carrying amounts and fair values of the Group's non-current borrowings are as follows:

	Carrying amounts		Fair values	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loans — unsecured	**169,167**	325,000	**167,366**	325,053
Convertible bonds	**641,185**	—	**675,450**	—
	810,352	325,000	**842,816**	325,053

The fair value of the liability portion of the convertible bonds is calculated with reference to the market value of the convertible bonds and the fair value of the derivative component of the convertible bonds. The fair value of other borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.

26. CONVERTIBLE BONDS

On 29 March 2006, Greatest Joy Investments Limited, a subsidiary of the Company, issued five-year zero coupon guaranteed convertible bonds with a nominal value of HK$750,000,000 and there was no movement in the number of these convertible bonds as at the balance sheet date. The bonds are listed on the Stock Exchange of Hong Kong. The bonds are convertible at the option of the bondholders into fully paid ordinary shares with a par value of HK$0.10 each of the Company on or after 13 April 2006 up to and including 22 March 2011 at an initial conversion price of HK$6.76 per share. The Group has an option to settle the conversion requested by bondholders in cash. The bonds are redeemable at the option of the bondholders at 105.51% of their principal amount two years after issue date on 29 March 2008. Any convertible bonds not converted will be redeemed on 29 March 2011 at 114.35% of their principal amount. When the bonds were issued, the prevailing market interest rate for similar bonds without the conversion option was higher than the interest rate at which the bonds were issued.

The fair value of the derivative component was estimated at the issuance date using an option pricing model and the change in fair value of that component is recognised in the income statement. The residual amount is assigned as the liability component.

26. CONVERTIBLE BONDS (continued)

The net proceeds received from the issue of the convertible bonds have been split between the derivative and liability components, as follows:

	HK$'000
Nominal value of convertible bonds issued during the year	750,000
Transaction cost related to liability component	(22,565)
Derivative component	(86,250)
Liability component at the issuance date and 31 March 2006 *(note 25)*	641,185
Derivative component at the issuance date	86,250
Fair value loss recognised in current year *(note 6)*	1,800
Derivative component at 31 March 2006	88,050

27. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group

	Accelerated tax depreciation HK$'000	**Provision for doubtful debts** HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 April 2004	19,611	(2,248)	(735)	16,628
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	3,575	(867)	(11)	2,697
At 31 March 2005 and 1 April 2005	23,186	(3,115)	(746)	19,325
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	4,134	(432)	187	3,889
Exchange realignment	165	(22)	(3)	140
At 31 March 2006	27,485	(3,569)	(562)	23,354

27. DEFERRED TAX (continued)

Deferred tax assets

Group

	Accelerated tax depreciation HK$'000	**Provision for doubtful debts** HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 April 2004	158	(2,028)	(517)	(2,387)
Acquisition of subsidiaries *(note 30(b))*	(2,113)	(2,860)	—	(4,973)
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	169	1,133	(2)	1,300
At 31 March 2005 and 1 April 2005	(1,786)	(3,755)	(519)	(6,060)
Opening adjustment on derivative instruments not qualified as hedges	—	—	139	139
Deferred tax charged/(credited) to the income statement during the year *(note 10)*	99	(81)	153	171
Exchange realignment	(45)	(74)	—	(119)
At 31 March 2006	(1,732)	(3,910)	(227)	(5,869)

The Group has tax losses arising in Hong Kong of HK$12,709,000 (2005: HK$8,696,000) and in Mainland China of HK$43,613,000 (2005: HK$33,301,000) that are available for offsetting against future taxable profits of the companies in which the losses arose, those arising in Mainland China being due to expire within a maximum period of five years. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

At 31 March 2006, there was no unrecognised deferred tax liability (2005: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. DEFERRED TAX (continued)

Deferred tax liabilities/(assets)

Company

	Accelerated tax depreciation HK$'000	**Others** HK$'000	**Total** HK$'000
At 1 April 2004	92	(212)	(120)
Deferred tax credited to the income statement during the year	(27)	(21)	(48)
At 31 March 2005 and at 1 April 2005	65	(233)	(168)
Opening adjustment on derivative instruments not qualified as hedges	—	139	139
Deferred tax charged/(credited) to the income statement during the year	(12)	36	24
At 31 March 2006	53	(58)	(5)

28. SHARE CAPITAL

	2006 Number of shares	2005 Number of shares	**2006 HK$'000**	2005 HK$'000
Authorised ordinary shares of HK$0.10 each	**800,000,000**	800,000,000	**80,000**	80,000
Issued and fully paid ordinary shares of HK$0.10 each	**600,780,529**	577,796,067	**60,078**	57,779

28. SHARE CAPITAL (continued)

Pursuant to two scrip dividend schemes as detailed in the Company's circulars dated 7 September 2005 and 13 January 2006, 14,473,517 and 8,510,945 ordinary shares of HK$0.10 each were issued on 29 September 2005 and 15 February 2006, respectively to shareholders who elected to receive shares for the Company's 2005 final dividends and 2006 interim dividends, at an issue price of HK$4.75 and HK$4.35 per share, respectively, during the year.

A summary of the transaction during the year with reference to the above movement in the Company's issued ordinary share capital is as follows:

	Number of shares in issue	Issued share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 April 2004	572,006,798	57,200	590,690	647,890
Issue of shares pursuant to a scrip dividend scheme	5,789,269	579	30,683	31,262
At 31 March 2005 and 1 April 2005	577,796,067	57,779	621,373	679,152
Issue of shares pursuant to scrip dividend schemes	22,984,462	2,299	103,472	105,771
At 31 March 2006	600,780,529	60,078	724,845	784,923

29. RESERVES

(a) Group

(i) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(ii) The Group's legal reserves are statutory reserves for foreign investment enterprises operating in Mainland China. The transfers to these reserves are determined by the board of directors of the relevant subsidiaries and the use thereof is governed by the relevant laws and regulations of Mainland China.

29. RESERVES (continued)

(b) Company

	Notes	Share premium account HK$'000	Capital redemption reserve HK$'000	Hedging reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 April 2004		590,690	966	—	—	36,283	627,939
Net profit for the year	11	—	—	—	—	184,085	184,085
Issue of shares pursuant to a scrip dividend scheme	28	30,683	—	—	—	—	30,683
Interim 2005 dividend	12	—	—	—	—	(54,341)	(54,341)
Proposed final 2005 dividend	12	—	—	—	—	(115,559)	(115,559)
At 31 March 2005 and 1 April 2005		621,373	966	—	—	50,468	672,807
Opening adjustments:							
Derivative financial Instruments		—	—	—	—	655	655
Changes in fair values of available-for-sale investments		—	—	—	(424)	—	(424)
Net losses on cash flow hedges		—	—	(1,051)	—	—	(1,051)
Net profit for the year	11	—	—	—	—	196,567	196,567
Issue of shares pursuant to scrip dividend schemes	28	103,472	—	—	—	—	103,472
Interim 2006 dividend	12	—	—	—	—	(56,265)	(56,265)
Proposed final 2006 dividend	12	—	—	—	—	(120,156)	(120,156)
At 31 March 2006		724,845	966	(1,051)	(424)	71,269	795,605

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Major non-cash transaction

During the year, the Company settled its 2005 final dividend and 2006 interim dividend totaling of HK$105,771,000 (2005: HK$31,262,000) by the issue of 14,473,517 and 8,510,945 ordinary shares of HK$0.1 each at an issue price of HK$4.75 per share and HK$4.35 per share, respectively, pursuant to two scrip dividend schemes. Further details of which are set out in note 28 to the financial statements.

(b) Acquisition of subsidiaries

	Notes	2005 HK$'000 (Restated)
Net assets acquired:		
Property, plant and equipment	*14*	287,470
Prepaid land lease payments	*15*	30,503
Deferred tax assets	*27*	4,973
Cash and bank balances		48,555
Accounts and bills receivable		173,061
Inventories		126,459
Prepayments, deposits and other receivables		21,302
Due to fellow subsidiaries		(108,372)
Accounts payable		(20,493)
Tax payable		(1,037)
Other payables and accrued liabilities		(37,665)
Interest-bearing bank and other borrowings		(139,623)
Minority interests		(134,796)
		250,337
Goodwill on acquisition	*16*	3,041
		253,378
Satisfied by:		
Cash		118,581
Reclassification to interests in subsidiaries from interests in associates		134,797
		253,378

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Acquisition of subsidiaries (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	2005 HK$'000
Cash consideration	(118,581)
Cash and bank balances acquired	48,555
	(70,026)

In prior year, the Group acquired additional 24% interests in Rengo and Ren Hing from their existing shareholders. Rengo and Ren Hing are engaged in the manufacturing of paper. The purchase consideration was in the form of cash, with HK$118,339,000 and HK$242,000 being paid on 16 December 2004 and 29 December 2004, respectively.

Since the acquisition, Rengo and Ren Hing contributed HK$155,750,000 to the Group's revenue and HK$7,614,000 to the consolidated profit for the year ended 31 March 2005.

31. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	**2006 HK$'000**	2005 HK$'000
Associates:			
Sales	*(i)*	—	254,354
Purchases	*(ii)*	—	61,133
Interest income	*(iii)*	—	1,821
Rentals paid to companies in which directors of the Company are controlling shareholders	*(iv)*	**1,200**	1,320

Notes:

(i) The sales to associates were carried out in the ordinary course of business of the Group according to the prices and conditions offered to regular customers of the Group.

(ii) The purchases from associates were carried out in the ordinary course of business of the Group according to the prices and conditions similar to those offered to regular customers of the suppliers.

(iii) The interest income from the amounts due from associates, arising in the ordinary course of business of the Group, were unsecured, bore interest at prime rate for balances due over one month and had no fixed terms of repayment.

(iv) The rentals paid to two companies of which certain directors of the Company are controlling shareholders were in connection with the housing benefits provided to Messrs. Yum Chak Ming, Matthew and Yam Hon Ming, Tommy, directors of the Company, respectively, and were based on estimated open market rentals. They have been included in the directors' remuneration.

31. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

There are no outstanding balances with related parties as at 31 March 2006 (31 March 2005: Nil).

(c) Compensation of key management personnel of the Group

	2006 HK$'000	2005 HK$'000
Short term employment benefits	**45,285**	44,290
Post-employment benefits	**1,120**	634
	46,405	44,924

32. CONTINGENT LIABILITIES

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

	Group		Company	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Guarantees given to banks for banking and trading facilities granted to subsidiaries	**—**	—	**922,184**	912,520
Amount of banking facilities with the Company's guarantees utilised by subsidiaries	**—**	—	**353,301**	384,184
Guarantee given to a subsidiary for the settlement of convertible bonds issued	**—**	—	**750,000**	—

33. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and staff quarters under operating lease arrangements. Leases for office properties are negotiated for terms ranging from one to fifty years, and those for staff quarters for terms ranging from one to two years.

At 31 March 2006, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Within one year	**3,885**	2,760	**—**	480
In the second to fifth years, inclusive	**6,751**	6,268	**—**	480
After five years	**64,161**	64,303	**—**	—
	74,797	73,331	**—**	960

34. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 33 above, the Group had the following capital commitments at the balance sheet date:

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted for:				
Land and buildings	**38,486**	21,416	**—**	—
Plant and machinery	**99,762**	13,853	**—**	—
Investments in subsidiaries in Mainland China	**—**	—	**—**	6,118
	138,248	35,269	**—**	6,118

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank borrowings, convertible bonds, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The policies to mitigate each of these risks are summarised below. The board manages and monitors these risks to ensure appropriate measures are implemented on a timely and effective manner. The Group's accounting policies in relation to derivatives are set out in note 2.5 to the financial statements.

Interest rate risk

The Group's main interest risk exposure relate to its Renminbi and Hong Kong dollar bank borrowings. The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rate. When considered appropriate, the Group uses interest rate swaps to hedge its long term borrowings which bear floating interest rates. At 31 March 2006, the Group had approximately 49% (2005: 45%) of bank borrowings which bear fixed interest rates.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group is subject to foreign exchange risk arising from future commercial transactions, recognised assets and liabilities and net investments in PRC subsidiaries. Majority of the Group's transactions, balances and investments are denominated in Hong Kong dollars, Renminbi and U.S. dollars. When there are significant foreign currency transactions other than the above currencies arise, the Group will use forward exchange contracts to hedge the foreign currency exposure. The forward currency contracts must be in the same currency as the hedged item.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit approval procedures. In addition, receivable balances are monitored on an ongoing basis and follow-up action is taken to recover overdue debts. The Group reviews regularly the recoverable amount of individual trade receivable to ensure adequate provision for bad debts are made for irrecoverable amounts.

Liquidity risk

The Group's objective is to maintain sufficient cash and to ensure the availability of funding through an adequate amount of committed banking facilities. The Group aims to maintain flexibility in funding by keeping committed banking facilities available.

36. COMPARATIVE AMOUNTS

As further explained in notes 2.2 and 2.4 to the financial statements, due to the adoption of new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain opening balance adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 7 July 2006.