1. GENERAL INFORMATION

The Company and its subsidiaries (hereby collectively referred to as the "Group") are principally engaged in property investment and development, manufacturing and trading of plastic packaging materials, stock broking and finance.

The Company is a limited liability company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Units 407-410, 4th Floor, Tower 2, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidation financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS), which also include Hong Kong Accounting Standards (HKAS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the financial assets at fair value through income statement and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The accounting policies used in preparation of this consolidated financial statements are consistent with those used in last year, except the Group has changed certain of its accounting policies following the adoption of new HKFRS and HKAS, which have been effective for accounting periods beginning on or after 1st January 2005 and have not been early adopted by the Group for the preparation of the last year's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new HKFRS/HKAS

With effect from 1st April, 2005, the Group adopted the new HKFRS/HKAS, which are relevant to its operations. The comparatives have been amended as required, in accordance with the relevant requirements.

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 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial instruments: Disclosures and Presentation
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 40	Investment Property
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciated Assets

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new HKFRS/HKAS (Cont'd)

The adoption of HKAS 2, 7, 8, 10, 21, 23, 24, 27, 28, 32, 36, 37, 38 and HK-Int 4 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures.

– Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to leasehold land under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis and less accumulated impairment losses. HKAS 17 has also caused the Group to re-classify its Properties under Development, which were stated at cost less impairment loss in prior periods, as leasehold land and was accounted for as such accordingly. This change in accounting policy has been applied retrospectively.

  The adoption of HKAS 40 has also resulted in a change of classification of the Group's guesthouse property which was previously classified as investment property according to previous Hong Kong Statement of Standard Accounting Practice 13. In current year, the Group applied HKAS 40 and has reclassified such property from investment property to property, plant and equipment and prepaid lease payment retrospectively. Comparative figure of last year has been restated.

  In prior periods, the Group's residential/commercial flats of Dragon House in Tsimshatsui (Flats) were classified as investment properties and stated at its open market value for existing use on the basis of annual professional valuation. Starting from this year, the Flats are being converted into hotel. At 1st April 2005, the adoption of HKAS 40 has affected the Group to reclassify Flats from investment property to leasehold land and building separately. The Flats' fair value at 31st March, 2005 was divided into leasehold land and building in proportion to the relative fair values of the interests in the land and building elements. The leasehold land in accordance with HKAS 17 is carried at cost and amortised over the lease term on straight-line basis and less accumulated impairment losses. The fair value of building is treated as deemed cost and depreciated over the remaining useful life less impairment cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new HKFRS/HKAS (Cont'd)

- The adoption of HKAS 32 and HKAS 39 has no effect on the consolidated income statement and retained profits. The Group has reclassified its investment securities to available-for-sale financial assets. Since these investments are unlisted equity investment for non-trading nature, their fair values cannot be reliably measured and hence they are stated at cost less impairment loss. The Group has also reclassified its other investments which are acquired for trading, as financial assets at fair value through income statement.

- The adoption of HKAS 40 has resulted in a change in the accounting policy for the Group's investment properties, whereby changes in fair value are recognised in the income statement. The Group is maintaining its policy of conducting an independent third party valuation of its investment properties on annual basis. According to the transitional provisions in HKAS 40, there is no requirement for the Group to restate the comparative figures, any adjustment should be made to the retained profits as at 1st April 2005, including the reclassification of any amount held in revaluation surplus for investment property.

- The adoption of HKAS-Int 21 has resulted in a change in accounting policy related to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of those assets through use, unless the management has a definite intention to dispose of those assets. In prior years, the carrying amount of that asset was expected to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HKAS-Int 21, this change in accounting policy has been applied retrospectively. Comparative figures for last year have been restated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new HKFRS/HKAS (Cont'd)

(i) The effect of changes in accounting policies on the consolidated balance sheet are as follows:

	Effect of adoption						
	HKAS 16	HKAS 17	HKAS 32 & HKAS 39	HKAS 40	HKAS 38	HKAS – INT 21	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 31st March 2006							
Decrease in investment properties	–	–	–	(127,873,000)	–	–	(127,873,000)
Decrease in properties under development	–	(12,219,558)	–	–	–	–	(12,219,558)
Increase in leasehold land & land use right	–	49,472,748	–	–	–	–	49,472,748
Increase in interests in associates	–	–	–	23,370,258	–	–	23,370,258
Decrease in property, plant and equipment	(17,602,694)	–	–	–	–	–	(17,602,694)
Increase in intangible assets	–	–	–	–	2,282,706	–	2,282,706
Decrease in other assets	–	–	–	–	(2,282,706)	–	(2,282,706)
Increase in trade and other receivables	–	–	11,605,826	–	–	–	11,605,826
Increase in short term bank borrowings	–	–	(11,605,826)	–	–	–	(11,605,826)
Increase in deferred tax liabilities	–	–	–	–	–	(30,405,411)	(30,405,411)
Increase/(decrease) in net assets	(17,602,694)	37,253,190	–	(104,502,742)	–	(30,405,411)	(115,257,657)
Decrease in investment revaluation reserve	–	–	–	(170,889,988)	–	–	(170,889,988)
Increase in property revaluation reserve	2,555,495	–	–	–	–	–	2,555,495
Increase/(decrease) in retained profits	(4,273,059)	(58,641,960)	–	146,268,814	–	(29,966,653)	53,387,142
Increase/(decrease) in minority interests	124,458	–	–	3,994	–	(438,758)	(310,306)
	(1,593,106)	(58,641,960)	–	(24,617,180)	–	(30,405,411)	(115,257,657)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new HKFRS/HKAS (Cont'd)

(i) The effect of changes in accounting policies on the consolidated balance sheet are as follows (Cont'd):

	Effect of adoption						
	HKAS 16	HKAS 17	HKAS 32 & HKAS 39	HKAS 40	HKAS 38	HKAS – INT 21	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 31st March 2005							
Decrease in investment properties	–	–	–	(60,000,000)	–	–	(60,000,000)
Decrease in properties under development	–	(12,219,558)	–	–	–	–	(12,219,558)
Increase in leasehold land & land use right	–	45,547,761	–	–	–	–	45,547,761
Decrease in property, plant and equipment	(27,830,820)	–	–	–	–	–	(27,830,820)
Increase in intangible assets	–	–	–	–	5,807,706	–	5,807,706
Decrease in other assets	–	–	–	–	(5,807,706)	–	(5,807,706)
Increase in trade and other receivables	–	–	11,463,199	–	–	–	11,463,199
Increase in short term bank borrowings	–	–	(11,463,199)	–	–	–	(11,463,199)
Increase in deferred tax liabilities	–	–	–	–	–	(17,065,205)	(17,065,205)
Increase/(decrease) in net assets	(27,830,820)	33,328,203	–	(60,000,000)	–	(17,065,205)	(71,567,822)
Decrease in investment revaluation reserve	–	–	–	(170,889,988)	–	–	(170,889,988)
Increase/(decrease) in retained profits	(2,370,625)	(4,058,554)	–	122,816,550	–	(16,787,037)	99,600,334
Decrease in minority interests	–	–	–	–	–	(278,168)	(278,168)
	(2,370,625)	(4,058,554)	–	(48,073,438)	–	(17,065,205)	(71,567,822)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new HKFRS/HKAS (Cont'd)

(ii) The effect of changes in accounting policies on the consolidated income statement are as follows:

	Effect of adoption				
	HKAS 16	HKAS 17	HKAS 40	HKAS – INT 21	Total
	HK$	HK$	HK$	HK$	HK$
For the year ended 31st March 2006					
Increase in administrative expenses	(847,663)	(313,274)	–	–	(1,160,937)
Increase in fair value of investment properties	–	–	53,631,092	–	53,631,092
Increase in taxation	–	–	–	(13,340,206)	(13,340,206)
Increase/(Decrease) in profit for the year	(847,663)	(313,274)	53,631,092	(13,340,206)	39,129,949

	Effect of adoption				
	HKAS 16	HKAS 17	HKAS 40	HKAS – INT 21	Total
	HK$	HK$	HK$	HK$	HK$
For the year ended 31st March 2005					
Increase in administrative expenses	(254,880)	(251,910)	–	–	(506,790)
Increase in taxation	–	–	–	(2,313,891)	(2,313,891)
Decrease in profit for the year	(254,880)	(251,910)	–	(2,313,891)	(2,820,681)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

The adoption of new HKFRS/HKAS (Cont'd)

(iii) The effect of changes in accounting policies on the consolidated income statement are as follows (Cont'd):

The HKICPA has issued a number of new and revised HKFRSs which are effective for accounting periods beginning on or after 1st January 2006, the Group has not early adopted the following new standards or interpretations which are relevant to the Group:

HKAS 1 (Amendment)	Presentation of financial statements – capital disclosures
HKAS 39 (Amendment)	The fair value option
HKAS 39 (Amendment)	Financial guarantee contracts
HKFRS 7	Financial Instruments: Disclosures
HKFRS – Int 4	Determining whether an Arrangement contains a Lease

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31st March.

(a) *Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (see Note 2.7(a)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 2.7(a)).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 consolidation (Cont'd)

(b) Associates (Cont'd)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment assets consist primarily of non-current assets, inventories, receivables, operating cash and interests in associates. Segment liabilities comprise operating liabilities and exclude certain corporate borrowing. Capital expenditure comprises additions to property, plant and equipment.

In respect of geographical segment reporting, sale, total assets and capital expenditure are based on the destination country to which goods are shipped and location of assets respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equity instruments at fair value through income statement, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

The cost of an asset 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 the assets have been put into operation, such as repairs and maintenance and overhaul costs, 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 the asset, the expenditure is capitalised as an additional cost of the asset.

Building transferred from investment properties are stated at deemed cost, which is equal to its fair value at the date of change in use.

Construction in progress comprises properties under construction, and other property, plant and equipment under installation, and is stated at cost which includes development and construction expenditure incurred and other direct costs attributable to the development less any impairment losses. No depreciation is provided on construction in progress until such time as the relevant assets are completed and put into use.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained profits.

Depreciation is provided to write off the cost of an asset over its estimated useful life using the following rates per annum:

Buildings	Over the shorter of its useful life or unexpired period of the lease
Plant and machinery	10% – 20% on reducing balance method
Furniture, fixtures and equipment	15 – 25% on reducing balance method
Motor vehicles	15% – 25% on reducing balance method

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.9).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Leasehold land and land use rights

Leasehold land and land use rights represent upfront premium paid for land cost and is charged to income statement over the term of relevant land leases on a straight line basic.

Medium term lease is defined as a lease of over 10 years but not more than 50 years.

2.7 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associates at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in interests in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill on acquisitions that occurred prior to 31st March, 2001 was eliminated against reserves. Upon disposal of subsidiaries or associates that were acquired prior to the said date, the relevant portion of attributable goodwill previously written off to retained profits is released and charged to the income statement in arriving at the gain or loss on sale of the investments.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

(b) *Trading rights*

Trading rights held in The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited (the "Stock Exchange trading rights" and "Futures Exchange trading right" respectively) are classified as intangible assets. Trading rights have an indefinite useful life and are carried at cost less accumulated impairment losses.

(c) *Membership*

The membership of The Chinese Gold & Silver Exchange Society and a club membership are recognised as an intangible asset on the balance sheet. The membership has an indefinite useful life and is carried at cost less accumulated impairment losses.

Intangible assets that have an indefinite useful life are at last tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and is not occupied by the companies in the Group, is classified as an investment property.

Investment properties comprise land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment properties when the rest of the definition of investment properties is met. The operating lease is accounted for as if it were a finance lease.

Investment properties are measured initially at their cost, including related transaction costs.

After initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by external valuers. Changes in fair values are recognised in the income statement for the period in which they arise.

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

Medium term lease is defined as a lease of over 10 years but not more than 50 years.

2.9 Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its net realizable value and value in use, in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets, to which the asset belongs, that generates cash flows independently (i.e. a cash-generating unit).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Impairment of non-financial assets (Cont'd)

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at revalued amount under another HKAS/HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKAS/HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount under another HKAS/HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKAS/HKFRS.

2.10 Financial assets

From 1st April 2004 to 31st March 2005:

The Group classified its investments in securities, other than subsidiaries and associates, as investment securities and other investments.

(a) *Investment securities*

Investments securities are held for identified long term purpose and stated at cost less any accumulated impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expense in the income statement. This impairment loss is written back to income statement when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(b) *Other investments*

Other investments are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the income statement. Profits or losses on disposal of other investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the income statement as they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.10 Financial assets (Cont'd)

From 1st April 2005 onwards:

The Group classifies its financial assets into the following categories: at fair value through income statement, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) *Financial assets at fair value through income statement*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through income statement at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'long term loans and advances', 'loans and advances' and 'trade and other receivables' in the balance sheet.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through income statement are initially recognised at fair value and transaction costs are expensed in the income statement. For all the financial assets, they are initially recognised at fair value plus transaction cost. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through income statement are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.10 Financial assets (Cont'd)

Gains and losses arising, from changes in the fair value of the 'financial assets at fair value through income statement' category including interest and dividend income, are presented in the income statement within 'other revenues' and 'turnover' respectively, in the year in which they arise.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

2.11 Trading properties

Trading properties are stated at the lower of cost and net realisable value. Cost includes the acquisition cost, financing cost and decoration cost capitalised. Net realisable value is the estimated selling price at which a property can be realised less related expenses.

2.12 Inventories

Inventories are stated at the lower of cost and not realisable value. Cost is determined on the first-in, first-out basis and comprised of direct materials, direct labour cost and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less further costs expected to completion and costs to be incurred in selling and distribution.

2.13 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.15 Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associated companies and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits

(a) Discretionary bonus

The expected cost of discretionary bonus payments are recognised as a liability when the group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for discretionary bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.16 Employee benefits

(b) Retirement benefit costs

The Group's contributions to the defined contribution retirement schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in independently administered funds.

As stipulated by rules and regulations in Mainland China, the Group contributes to state-sponsored retirement plans for its employees in Mainland China. The Group contributes to the retirement plans certain percentage of the basic salaries of its employees, and has no further obligations for the actual payment of post-retirement benefits.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.18 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, the will then be recognised as a provision.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.19 Recognition of revenue

(i) Rental income under operating leases is recognised, on a straight-line basis over the lease terms.

(ii) Guest house income is recognised when guest house services are provided.

(iii) Income from sale of goods is recognised when goods are delivered and title has passed to customers.

(iv) Income from sale of trading properties is recognised when the relevant contract is made and properly executed.

(v) Brokerage income is recognised when the relevant contract note is made and properly executed.

(vi) Gains on foreign exchange dealings are recognised when the exchange memorandum are made and properly executed respectively.

(vii) Dividend income from financial assets is recognised when the shareholders' right to receive payment has been established. Dividend income from subsidiaries is recognised in the period to which the dividend relates.

2.20 Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

2.21 Operating leases

Leases which do not transfer substantially all the risks and reward of ownership to the Group are classified as operating leases. Where the Group has the use of assets held under operating leases, payments made under the leases are charged to consolidated income statement in equal instalments over the accounting periods covered by the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.22 Dividends

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

3. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include borrowings, financial assets at fair value through income statement, deposit and bank balances, trade and other receivables, trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Several subsidiaries of the Company have foreign currency sales, trade receivables and borrowings denominated in foreign currencies which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Fair value and cash flow interest rate risk

The Group's fair value interest rate risks and cash flow interest rate risks relate primarily to variable-rate borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

3. FINANCIAL RISK MANAGEMENT (Cont'd)

Credit risk

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

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

Price risk

The Group's financial assets at fair value through income statement are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31st March 2006 and 2005 except financial assets at fair value through income statement and other investments respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgements that have significant effect on the amounts recognised in the financial statements. 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 also discussed below.

Allowance for bad and doubtful debts

The policy for provision of bad and doubtful debts of the Group is based on the evaluation of collectibility and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions may be required.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Profits taxes

The Group is subject to profits taxes in various jurisdictions. Significant judgement is required in determining provision for profit tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation expenses for the Group's property, plant and equipment. Management will revise the depreciation expenses where useful lives are different to previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

5. TURNOVER

Turnover comprises the aggregate of gross invoiced values of goods sold less discounts and returns, gross proceeds from sale of trading properties, gross rental income, brokerage commission, guest house income, gains on foreign exchange dealings and dividend income.

	2006	2005
	HK$	HK$
		(Restated)
Sale of goods	**287,945,096**	226,521,524
Sale of trading properties	**20,073,614**	3,650,185
Gross rental income	**11,651,182**	14,210,443
Brokerage commission	**16,332,608**	21,628,910
Guest house income	**1,284,666**	2,416,944
Gains on foreign exchange dealings	**442,784**	481,202
Dividend income	**316,927**	100,951
	338,046,877	269,010,159

6. SEGMENT INFORMATION

I) Business Segment

	Property development and investment		Manufacturing and trading of plastic packing material		Stock broking and finance		Eliminations		Consolidated	
	2006 HK$	2005 HK$ (Restated)	2006 HK$	2005 HK$ (Restated)	2006 HK$	2005 HK$ (Restated)	2006 HK$	2005 HK$ (Restated)	2006 HK$	2005 HK$ (Restated)
Turnover										
External sales	32,832,462	20,277,572	288,122,096	226,521,524	17,092,319	22,211,063			338,046,877	269,010,159
Inter-segment sales	2,573,246	1,928,538	-	-	-	-	(2,573,246)	(1,928,538)	-	-
Total revenue	35,405,708	22,206,110	288,122,096	226,521,524	17,092,319	22,211,063	(2,573,246)	(1,928,538)	338,046,877	269,010,159
Operation result	(2,318,428)	(244,657)	17,800,382	12,148,035	5,887,660	6,027,355			21,369,614	17,930,733
Fair value changes on investment properties	53,545,092	-	86,000	-	-	-			53,631,092	-
Segment result	51,226,664	(244,657)	17,886,382	12,148,035	5,887,660	6,027,355			75,000,706	17,930,733
Gain on disposal of interest in associate	-	-	-	-	-	-			-	2,154,640
Finance costs	-	-	-	-	-	-			(10,985,174)	(5,016,766)
Share of (loss) profit of associates	425,396	354,767	(1,258,778)	(6,395,855)	-	-			(833,382)	(6,041,088)
Profit before taxation									63,182,150	9,027,519
Taxation	(6,888,223)	(2,560,626)	(5,165,697)	(1,431,922)	(1,860,073)	(546,078)			(13,913,993)	(4,538,626)
Profit after taxation									49,268,157	4,488,893
Minority interests	-	-	(2,143,981)	(242,489)	(29,635)	(12,756)			(2,173,616)	(255,245)
Profit attributable to shareholders									47,094,541	4,233,648
Segment assets	270,287,137	315,711,731	283,297,668	249,311,501	174,096,690	130,403,200			727,681,495	695,426,432
Interest in associates	43,410,373	17,416,646	8,388,987	2,120,188	-	-			51,799,360	19,536,834
Unallocated corporate assets									6,475,889	6,475,889
Total assets	313,697,510	333,128,377	291,686,655	251,431,689	174,096,690	130,403,200			785,956,744	721,439,155
Segment liabilities	54,590,908	48,686,800	35,039,457	34,636,916	94,279,019	52,388,515			183,909,384	135,712,231
Unallocated liabilities									194,685,005	202,358,761
Consolidated total liabilities									378,594,389	338,070,992
Minority interests	-	-	13,133,479	10,312,330	1,593,634	1,564,001			14,727,113	11,876,331
Depreciation for the year	1,924,983	1,092,140	8,311,317	7,109,273	192,380	207,853			10,428,680	8,409,266
Amortisation of leasehold land and land use right	875,481	819,083	165,501	193,759	-	-			1,040,982	1,012,842
Capital expenditure incurred during the year	1,355,818	57,591,959	15,875,593	31,255,269	239,942	306,053			17,471,353	89,153,281

6. SEGMENT INFORMATION (Cont'd)

II) Geographical Segment

	Turnover	
	2006	2005
	HK$	HK$
		(Restated)
Hong Kong	**45,201,785**	52,032,813
Mainland China	**28,231,832**	4,538,416
North America	**85,217,849**	69,396,251
Europe	**39,539,113**	33,099,576
Australia	**43,631,504**	41,146,949
Asia	**95,517,822**	64,502,243
Other	**706,972**	4,293,911
	338,046,877	269,010,159

	Carrying amount of Segment assets		Additions to Property, Plant and Equipment	
	2006	2005	**2006**	2005
	HK$	HK$	**HK$**	HK$
		(Restated)		(Restated)
Hong Kong	**506,603,268**	472,921,610	**2,063,476**	58,194,776
Mainland China	**193,008,893**	193,123,818	**15,407,877**	30,958,505
North America	**7,108,315**	9,522,655	**–**	–
Europe	**5,629,493**	6,014,074	**–**	–
Australia	**7,828,606**	6,790,953	**–**	–
Asia	**7,502,920**	6,625,691	**–**	–
Other	**–**	427,631	**–**	–
	727,681,495	695,426,432	**17,471,353**	89,153,281

7. OTHER REVENUES

	2006	2005
	HK$	HK$
		(Restated)
Interest income	**6,304,285**	4,356,132
Other income	**3,797,202**	2,769,335
Consultancy & management fee	**407,962**	64,200
Loss on disposals of financial assets at fair value through income statement	**(99,635)**	–
Loss on disposals of other investments	**–**	(333,319)
Unrealised holding gains on financial assets at fair value through income statement	**445,647**	–
Unrealised holding gains on other investments	**–**	556,805
Provision for doubtful debts written back	**2,047,293**	–
	12,902,754	7,413,153

8. PROFIT FROM OPERATIONS

	2006 HK$	2005 HK$ (Restated)
Profit from operations is arrived at after charging:		
Auditors' remuneration	**668,541**	712,534
Cost of inventories sold	**209,320,038**	162,017,557
Cost of trading properties sold	**18,958,818**	4,042,469
Impairment loss of trading properties	**–**	299,954
Impairment loss of intangible assets	**3,985,000**	–
Impairment loss of property, plant & equipment	**1,047,403**	–
Net bad debt provision	**–**	506,685
Loss on disposal of property, plant and equipment	**551,690**	1,211,363
Staff costs (including directors' remuneration)	**40,278,077**	43,041,842
Salaries, wages and allowance	**35,592,725**	38,849,916
Benefits	**3,158,402**	3,221,217
Defined contribution plans	**705,349**	707,249
Severance payment	**821,601**	263,460
Operating lease rental in respect of land and buildings	**1,161,144**	530,100
Depreciation	**10,428,680**	8,409,266
Amortisation of leasehold land and land use rights	**1,040,982**	1,012,842
Exchange loss	**724,822**	448,001
and after crediting:		
Net rental income	**11,439,674**	13,986,716
Gross rental income from investment properties	**11,651,182**	14,210,443
Less: outgoings	**(211,508)**	(223,727)

9. FINANCE COSTS

	2006 HK$	2005 HK$ (Restated)
Interest on:		
Bank loans and overdrafts wholly repayable		
within five years	**8,304,170**	3,344,778
Over five years	**886,829**	115,341
Other borrowings	**963,305**	544,050
Bank charges	**830,870**	1,012,597
	10,985,174	5,016,766

10. TAXATION

The amount of taxation in the consolidated income statement represents:

	2006 HK$	2005 HK$ (Restated)
Current tax-Hong Kong profits tax		
Tax for the year	**2,052,451**	2,075,884
Benefit of previously unrecognized tax losses	**(172,870)**	(1,012,697)
	1,879,581	1,063,187
Current tax-Overseas taxation		
Tax for the year	**493,732**	541,262
Write-back of provision made in previous year	**(2,319,910)**	-
	(1,826,178)	541,262
Deferred tax		
Origination and reversal of temporary differences	**1,276,216**	543,293
Change in fair value of investment properties	**13,340,206**	2,313,891
Benefit of current year's tax loss recognized	**(359,813)**	–
Benefit of previously unrecognized tax losses now recognized	**(405,292)**	–
Net under-provision in prior years	**9,273**	–
Write-back of tax losses previously recognized	**–**	76,993
	13,860,590	2,934,177
Total charge for taxation	**13,913,993**	4,538,626
Effective tax rate	**22.0%**	50.3%

Reconciliation between taxation charge and accounting profit at applicable tax rates:

	2006 HK$	2005 HK$
Profit before taxation	**63,182,150**	9,027,519
Notional tax on profit before taxation, calculated at Hong Kong profits tax rate of 17.5%	**11,056,879**	1,579,816
Tax effect of:		
Different tax rates in other tax jurisdiction	**(341,252)**	275,485
Non-deductible expenses	**11,192,864**	5,040,383
Non-taxable revenue	**(5,850,767)**	(2,272,259)
Current year's tax loss not recognized	**740,804**	850,905
Previous tax losses utilized in current year	**(172,870)**	(1,012,697)
Recognition of previously unrecognized tax losses	**(405,292)**	–
Net under-provision in prior years	**9,273**	–
Origination and reversal of unrecognized temporary differences	**4,264**	–
Write-back of provision made in previous year	**(2,319,910)**	–
Write-back of tax losses previously recognized	**–**	76,993
Actual charge for taxation	**13,913,993**	4,538,626

10. TAXATION (Cont'd)

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 for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the business operate.

Share of associates taxation for the year ended 31st March, 2006 HK$6,165 (2005: HK$177,274) is included in the profit and loss account as the share of loss of associates.

11. DIRECTORS' AND EMPLOYEES' REMUNERATION

The remuneration of every Director for the year ended 31 March 2006 is set out below:

Name of Directors	Salary and other benefits HK$ note	Director fee HK$	Severance Pay HK$	MPF contribution HK$	Bonus HK$	Total HK$
Executive Director						
Chua Nai Tuen	1,946,395	30,000	–	21,095	350,247	2,347,737
Chua Nai King	953,295	20,000	–	–	–	973,295
Se Ying Kin	1,146,160	20,000	241,037	7,858	–	1,415,055
Non-executive Directors						
Siy Yap	–	20,000	–	–	–	20,000
Jimmy Siy Tiong	–	20,000	–	–	–	20,000
Luis Chua	–	20,000	–	–	–	20,000
Rene Siy Chua	–	20,000	–	–	–	20,000
Tsai Han Yung	–	20,000	–	–	–	20,000
Chan Man Hon, Eric	–	20,000	–	–	–	20,000
Independent Non-executive Directors						
Lee Man Ban	–	20,000	–	–	–	20,000
James L. Kwok	–	20,000	–	–	–	20,000
Wong Shek Keung	–	20,000	–	–	–	20,000
	4,045,850	250,000	241,037	28,953	350,247	4,916,087

Note: Including consultancy fees paid to Sonliet Investment Company Limited, Holytex Investment Company Limited and Rolling Development Limited of which Mr. Chua Nai Tuen, Mr. Se Ying Kin and Mr. Chua Nai King were directors respectively.

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

11. DIRECTORS' AND EMPLOYEES' REMUNERATION (Cont'd)

The remuneration of every Director for the year ended 31 March 2005 is set out below:

Name of Directors	Salary and other benefits HK$ (Restated) *note*	Director fee HK$ (Restated)	MPF contribution HK$ (Restated)	Bonus HK$ (Restated)	Total HK$ (Restated)
Executive Director					
Chua Nai Tuen	1,944,242	30,000	23,247	350,568	2,348,057
Chua Nai King	953,295	20,000	–	–	973,295
Se Ying Kin	1,234,277	20,000	12,264	–	1,266,541
Non-executive Directors					
Siy Yap	–	20,000	–	–	20,000
Jimmy Siy Tiong	–	20,000	–	–	20,000
Luis Chua	–	20,000	–	–	20,000
Rene Siy Chua	–	20,000	–	–	20,000
Tsai Han Yung	–	20,000	–	–	20,000
Chan Man Hon, Eric	–	20,000	–	–	20,000
Independent Non-executive Directors					
Lee Man Ban	–	20,000	–	–	20,000
James L. Kwok	–	20,000	–	–	20,000
Wong Shek Keung	–	20,000	–	–	20,000
	4,131,814	250,000	35,511	350,568	4,767,893

Note: Including consultancy fees paid to Sonliet Investment Company Limited, Holytex Investment Company Limited and Rolling Development Limited of which Mr. Chua Nai Tuen, Mr. Se Ying Kin and Mr. Chua Nai King were directors respectively.

11. DIRECTORS' AND EMPLOYEES' REMUNERATION (Cont'd)

Five highest paid employees

The five highest paid employees of the Group during the year included three directors, details of whose remuneration are set out in note 11 above. The remuneration of the other two employees disclosed pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited was as follows:

	2006	2005
	HK$	HK$
Salaries and other allowances	**2,291,908**	6,220,912

The remuneration of the other two employees fell within the following band:

	2006 Number of employees	2005 Number of employees
Nil-HK$1,000,000	**1**	1
HK$1,000,001 – HK$1,500,000	**1**	–
HK$5,000,001 – HK$5,500,000	**–**	1
	2	2

12. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

	2006	2005
	HK$	HK$ (Restated)
Dealt with in the financial statements of the Company	**(48,922,481)**	16,064,815
Retained by subsidiaries	**96,850,404**	(5,790,079)
Retained by associates	**(833,382)**	(6,041,088)
	47,094,541	4,233,648

13. PROPOSED DIVIDENDS

	2006	2005
	HK$	HK$
Proposed final dividend of HK3.0 cents per share (2005: HK1.5 cents)	**5,929,605**	2,964,803

14. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to shareholders of HK$47,094,541 (2005 restated: HK$4,233,648) and ordinary shares in issue of 197,653,500 shares.

15. INVESTMENT PROPERTIES

Group

	Medium term lease in Hong Kong HK$	Medium term lease in the Mainland China HK$	Total HK$
Valuation			
At 31st March, 2004, as previously reported	274,750,000	816,365	275,566,365
Effect of adopting HKAS 40 and HKAS 17			
– re-classified to building *(note 16)*	(5,926,562)	–	(5,926,562)
– re-classified to leasehold land and land use rights *(note 18)*	(6,000,000)	–	(6,000,000)
– elimination of investment revaluation surplus	(48,073,438)	–	(48,073,438)
At 31st March, 2004, as restated	214,750,000	816,365	215,566,365
Additions	17,246,871	–	17,246,871
Fair value gain (loss)	23,003,129	(3,472)	22,999,657
At 31st March, 2005, as retated	255,000,000	812,893	255,812,893
Effect of adopting HKAS 40 and HKAS 17 at 1st April 2005,			
Transfer to:			
Building *(note 16)*	(14,730,000)	–	(14,730,000)
Leasehold land and land use rights *(note 18)*	(56,270,000)	–	(56,270,000)
Adjustment at 1st April 2005	(71,000,000)	–	(71,000,000)
Transfer from building *(note 16)*	3,041,000	–	3,041,000
Additions	107,400	–	107,400
Fair value gain	53,578,600	52,492	53,631,092
At 31st March, 2006	**240,727,000**	**865,385**	**241,592,385**

Company

	Medium term lease in Hong Kong HK$	Medium term lease in the Mainland China HK$	Total HK$
Valuation			
At 31st March, 2004	188,000,000	816,365	188,816,365
Fair value gain (loss)	5,000,000	(3,472)	4,996,528
At 31st March, 2005	193,000,000	812,893	193,812,893
Disposal	(193,000,000)	–	(193,000,000)
Fair value gain	–	52,492	52,492
At 31st March, 2006	**–**	**865,385**	**865,385**

Investment properties were revalued at their open market value at 31st March, 2006. The revaluation was carried out by K.T. Liu Surveyors Limited, an independent valuer.

Regarding the investment property in the Mainland China, the Group is entitled to the property-use right for fifty years as from 12/1/1992 to 11/1/2042 in accordance with the sale and purchase agreement, and is allowed to transfer or lease the property-use right according to the regulations of the Shenzhen Government.

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings						
	Medium term lease in Hong Kong HK$	Medium term lease in the Mainland China HK$	Construction in progress HK$	Plant and Machinery HK$	Furniture, fixtures & equipment HK$	Motor vehicles HK$	Total HK$
Cost							
At 31st March, 2005, as previously reported	40,975,865	60,013,690	10,066,985	97,262,349	16,289,568	6,726,076	231,334,533
Transfer from property under development	–	–	–	1,047,403	–	–	1,047,403
Effect of adopting HKAS 40 *(note 15)*	5,926,562	–	–	–	–	–	5,926,562
Effect of adopting HKAS 17 *(note 18)*	(29,372,655)	(5,240,299)	–	–	–	–	(34,612,954)
At 31st March, 2005, as restated	17,529,772	54,773,391	10,066,985	98,309,752	16,289,568	6,726,076	203,695,544
Effect of adopting of HKAS 40 *(note 15)*	14,730,000	–	–	–	–	–	14,730,000
Additions	–	1,696,475	3,320,250	6,976,385	1,287,324	1,545,401	14,825,835
Effect of adopting HKAS 40 – revaluation surplus for building changed to investment property	2,679,953	–	–	–	–	–	2,679,953
Disposals	–	–	–	(94,378)	(2,007,130)	(215,688)	(2,317,196)
Transfer	–	5,304,102	(5,445,340)	–	141,238	–	–
Change from building to investment property *(note 15)*	(3,416,783)	–	–	–	–	–	(3,416,783)
Exchange realignments	–	1,307,042	225,365	1,964,593	81,928	80,967	3,659,895
At 31st March, 2006	**31,522,942**	**63,081,010**	**8,167,260**	**107,156,352**	**15,792,928**	**8,136,756**	**233,857,248**
Accumulated depreciation							
At 31st March, 2005, as previously reported	1,825,242	14,299,738	–	45,287,642	9,002,849	4,548,773	74,964,244
Effect of adopting HKAS 16 – provided on investment property re-classified	2,252,094	–	–	–	–	–	2,252,094
Under provision in prior years	320,949	–	–	–	–	–	320,949
Effect of adopting of HKAS 17	(1,083,858)	(1,101,000)	–	–	–	–	(2,184,858)
Exchange realignments	–	(1,374)	–	–	–	–	(1,374)
At 31st March, 2005, as restated	3,314,427	13,197,364	–	45,287,642	9,002,849	4,548,773	75,351,055
Charge for the year	1,228,092	2,440,409	–	4,641,265	1,379,260	739,654	10,428,680
Written back on disposals	–	–	–	(9,438)	(1,408,051)	(189,610)	(1,607,099)
Written back arising from building changed to investment property *(notes 15)*	(375,783)	–	–	–	–	–	(375,783)
Impairment loss	–	–	–	1,047,403	–	–	1,047,403
Exchange realignments	–	295,445	–	974,951	38,133	44,958	1,353,487
At 31st March, 2006	**4,166,736**	**15,933,218**	**–**	**51,941,823**	**9,012,191**	**5,143,775**	**86,197,743**
Net book value as at 31st March, 2006	**27,356,206**	**47,147,792**	**8,167,260**	**55,214,529**	**6,780,737**	**2,992,981**	**147,659,505**

16. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group

	Buildings						
	Medium term lease in Hong Kong	Medium term lease in the Mainland China	Construction in progress	Plant and Machinery	Furniture, fixtures & equipment	Motor vehicles	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Cost							
At 1st April, 2004, as previously reported	3,375,457	35,549,848	23,448,418	79,215,031	16,587,422	7,600,600	165,776,776
Transfer from property under development	–	–	–	1,047,403	–	–	1,047,403
Effect of adopting HKAS 40 *(note 15)*	5,926,562	–	–	–	–	–	5,926,562
Effect of adopting of HKAS 17 *(note 18)*	(1,981,846)	(5,240,299)	–	–	–	–	(7,222,145)
At 1st April, 2004, as restated	7,320,173	30,309,549	23,448,418	80,262,434	16,587,422	7,600,600	165,528,596
Additions	37,600,408	926,714	10,102,242	18,664,803	4,554,581	92,919	71,941,667
Transfer	–	23,483,675	(23,483,675)	–	–	–	–
Disposals	–	–	–	(722,121)	(4,856,593)	(974,196)	(6,552,910)
Effect of adopting of HKAS 17, *(note 18)*	(27,390,809)	–	–	–	–	–	(27,390,809)
Exchange realignments	–	53,453	–	104,636	4,158	6,753	169,000
At 31st March, 2005, as restated	**17,529,772**	**54,773,391**	**10,066,985**	**98,309,752**	**16,289,568**	**6,726,076**	**203,695,544**
Accumulated depreciation							
At 1st April, 2004, as previously reported	1,009,931	12,183,235	–	41,856,308	11,138,420	4,652,406	70,840,300
Effect of adopting HKAS 16 – provided on investment property re-classified	2,252,094	–	–	–	–	–	2,252,094
Under provision in prior years	66,069	–	–	–	–	–	66,069
Effect of adopting of HKAS 17 *(note 18)*	(512,626)	(911,300)	–	–	–	–	(1,423,926)
At 1st April, 2004, as restated	2,815,468	11,271,935	–	41,856,308	11,138,420	4,652,406	71,734,537
Charge for the year, as previously reported	815,311	2,098,184	–	3,862,370	1,499,459	639,994	8,915,318
Under provision	254,880	–	–	–	–	–	254,880
Effect of adopting of HKAS 17	(571,232)	(189,700)	–	–	–	–	(760,932)
Charge for the year as restated	498,959	1,908,484	–	3,862,370	1,499,459	639,994	8,409,266
Written back on disposals	–	–	–	(492,646)	(3,637,181)	(747,006)	(4,876,833)
Exchange realignments	–	16,945	–	61,610	2,151	3,379	84,085
At 31st March, 2005, as restated	**3,314,427**	**13,197,364**	**–**	**45,287,642**	**9,002,849**	**4,548,773**	**75,351,055**
Net book value as at 31st March, 2005, as restated	**14,215,345**	**41,576,027**	**10,066,985**	**53,022,110**	**7,286,719**	**2,177,303**	**128,344,489**

16. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company

	Furniture, fixtures & equipment HK$	Motor vehicles HK$	Total HK$
Cost			
At 1st April, 2004	5,967,811	1,946,386	7,914,197
Additions	155,430	–	155,430
Disposals	(3,183,408)	–	(3,183,408)
At 31st March, 2005	2,939,833	1,946,386	4,886,219
Accumulated depreciation			
At 1st April, 2004	4,498,117	1,540,841	6,038,958
Charge for the year	163,496	60,832	224,328
Written back on disposals	(2,389,142)	–	(2,389,142)
At 31st March, 2005	2,272,471	1,601,673	3,874,144
Net book value as at			
31st March, 2005	667,362	344,713	1,012,075
Cost			
At 1st April, 2005	2,939,833	1,946,386	4,886,219
Additions	18,690	1,205,166	1,223,856
Disposals	–	(215,688)	(215,688)
At 31st March, 2006	2,958,523	2,935,864	5,894,387
Accumulated depreciation			
At 1st April, 2005	2,272,471	1,601,673	3,874,144
Charge for the year	133,928	228,570	362,498
Eliminated on disposal	–	(189,610)	(189,610)
At 31st March, 2006	2,406,399	1,640,633	4,047,032
Net book value as at			
31st March, 2006	552,124	1,295,231	1,847,355

17. INTERESTS IN SUBSIDIARIES

	Company	
	2006	2005
	HK$	HK$
		(Restated)
Unlisted shares, at cost	**37,064,773**	37,064,879
Amounts due from subsidiaries	**294,436,943**	162,549,240
	331,501,716	199,614,119
Impairment loss	**(52,743,157)**	(4,536,530)
	278,758,559	195,077,589

Details of the Company's principal subsidiaries at 31st March, 2006 are set out in note 42 to the financial statements.

The amounts due from subsidiaries are unsecured and have no fixed repayment terms. At 31st March, 2006, an amount of HK$197,336,291 (2005: HK$46,435,057) bears interest at Hong Kong dollar prime rate minus 2% and the remaining balance is interest free.

The effective interest rate at 31st March 2006 was Hong Kong dollar prime rate quoted by Standard Chartered Bank (Hong Kong) Limited minus 2%.

18. LEASEHOLD LAND AND LAND USE RIGHT

Group

	HK$
Cost	
At 31st March 2004, as previously reported	–
Effect of adopting HKAS 17 and HKAS40	
– re-classified from property, plant and equipment *(note 16)*	7,222,145
– re-classified from investment property and restated at historical cost *(note 15)*	6,000,000
– re-classified from property under development	11,172,155
At 31st March 2004, as restated	24,394,300
Additions	
Effect of adopting HKAS 17 and HKAS40	
– re-classified from property, plant and equipment *(note 16)*	27,390,809
At 31st March 2005, as restated	51,785,109
Effect of adopting HKAS 40	
– transfer from investment property *(note 15)*	56,270,000
– elimination of revaluation surplus	(52,220,000)
At 1st April 2005, as restated	55,835,109
Additions	2,645,518
Exchange realignment	117,313
At 31st March 2006	58,597,940
Amortisation	
At 31st March 2004, as previously reported	–
Effect of adopting HKAS 17	
– re-classified from property, plant and equipment *(note 16)*	1,423,926
– provided on investment property re-classified	2,030,769
– re-classified from property under development	1,775,875
At 31st March 2004, as restated	5,230,570
Charged for the year	1,012,842
Exchange realignment	1,370
At 31st March 2005, as restated	6,244,782
Effect of adopting HKAS 40	
– provided on investment property transferred	2,025,000
At 1st April 2005, as restated	8,269,782
Charged for the year	1,040,982
Exchange realignment	24,678
At 31st March 2006	9,335,442
Net book value at	
31st March 2006	49,262,498
31st March 2005, as restated	45,540,327

18. LEASEHOLD LAND AND LAND USE RIGHT (Cont'd)

The leasehold land and land use rights at their net book values are analysed as follows:

	2006 HK$	2005 HK$ (Restated)
In Hong Kong, medium term lease	**33,465,817**	32,165,720
In Mainland China, medium term lease	**15,796,681**	13,374,607
	49,262,498	45,540,327

19. INTERESTS IN ASSOCIATES

	Group	
	2006 HK$	2005 HK$ (Restated)
Share of net assets at 1st April	**411,780**	7,459,362
Share of associates' results		
– loss before taxation	**(827,217)**	(5,863,814)
– taxation	**(6,165)**	(177,274)
Disposal of an associate	**–**	(1,008,359)
Effect of adopting HKAS 40 at 1st April 2005	**23,370,258**	–
Other equity movements	**(1,865)**	1,865
Exchange gain arising from consolidation	**1,942,362**	–
Share of net assets at 31st March	**24,889,153**	411,780
Amount due from associates	**26,910,207**	19,125,054
	51,799,360	19,536,834
Investment at cost	**18,562,601**	18,562,600

	Company	
	2006 HK$	2005 HK$ (Restated)
Investment at cost	**13,921,154**	13,921,154
Amount due from associates	**7,271,600**	7,271,820
	21,192,754	21,192,974

Details of the Group's associates at 31st March, 2006 are set out in note 43 to the financial statements.

19. INTERESTS IN ASSOCIATES (Cont'd)

Summary financial information on associates

At 31st March 2006

	Assets HK$	Liabilities HK$	Equity HK$	Revenues HK$	Loss HK$
100 per cent	151,715,588	(110,206,990)	41,508,598	17,296,619	(513,186)
Group's effective interest	66,020,464	(41,131,311)	24,889,153	7,962,120	(833,382)

At 31st March 2005, restated

	Assets HK$	Liabilities HK$	Equity HK$	Revenues HK$	Loss HK$
100 per cent	60,686,004	(69,762,538)	(9,076,534)	735,972	(17,735,612)
Group's effective interest	21,457,416	(21,045,636)	411,780	147,194	(6,041,088)

20. INVESTMENT SECURITIES

	Group		Company	
	2006 HK$	2005 HK$ (Restated)	**2006 HK$**	2005 HK$ (Restated)
At cost				
Unlisted in Hong Kong	–	3,664,649	–	3,664,649
Unlisted outside Hong Kong	–	2,929,990	–	2,929,990
	–	6,594,639	–	6,594,639
Impairment loss				
Unlisted outside Hong Kong	–	(118,750)	–	(118,750)
Carrying value				
Unlisted in Hong Kong	–	3,664,649	–	3,664,649
Unlisted outside Hong Kong	–	2,811,240	–	2,811,240
	–	6,475,889	–	6,475,889

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2006	2005	**2006**	2005
	HK$	HK$	**HK$**	HK$
		(Restated)		(Restated)
At cost				
Unlisted in Hong Kong	**3,664,649**	–	**3,664,649**	–
Unlisted outside Hong Kong	**2,929,990**	–	**2,929,990**	–
	6,594,639	–	**6,594,639**	–
Impairment loss				
Unlisted outside Hong Kong	**(118,750)**	–	**(118,750)**	–
Carrying value				
Unlisted in Hong Kong	**3,664,649**	–	**3,664,649**	–
Unlisted outside Hong Kong	**2,811,240**	–	**2,811,240**	–
	6,475,889	–	**6,475,889**	–

22. INTANGIBLE ASSETS

Group

	Future Exchange trading right	Stock Exchange trading right	Membership of The Chinese Gold & Silver Exchange Society	Club Membership	Total
	HK$	HK$	HK$	HK$	HK$
Cost					
As 1st April, 2004	3,150,001	201,205	1,475,000	–	4,826,206
Additions	–	–	–	981,500	981,500
As 31st March, 2005, restated	3,150,001	201,205	1,475,000	981,500	5,807,706
At 1st April, 2005	3,150,001	201,205	1,475,000	981,500	5,807,706
Additions	460,000	–	–	–	460,000
	3,610,001	201,205	1,475,000	981,500	6,267,706
Impairment loss	(2,810,000)	–	(1,175,000)	–	(3,985,000)
Carrying value as at 31st March, 2006	800,001	201,205	300,000	981,500	2,282,706

23. DEFERRED TAXATION

Group

(i) Deferred tax assets and liabilities recognized

The components of deferred tax (assets) liabilities recognized in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation HK$	Revaluation of investment properties HK$	Future benefit of tax losses HK$	Others HK$	Total HK$
At 1 April 2005					
As previously reported	2,468,930	–	–	(365,454)	2,103,476
Prior year adjustment:					
Charged to reserve	–	17,427,566	–	–	17,427,566
As restated	2,468,930	17,427,566	–	(365,454)	19,531,042
Charged (Credited) to income statement	6,197,855	7,833,000	(765,105)	594,840	13,860,590
At 31 March 2006	8,666,785	25,260,566	(765,105)	229,386	33,391,632
At 1 April 2004					
As previously reported	1,738,536	–	(77,113)	(178,233)	1,483,190
Prior year adjustment:					
Charged to reserve	–	11,963,127	–	–	11,963,127
As restated	1,738,536	11,963,127	(77,113)	(178,233)	13,446,317
Charged to reserve	–	3,150,548	–	–	3,150,548
Charged (Credited) to income statement	730,394	2,313,891	77,113	(187,221)	2,934,177
At 31 March 2005, as restated	2,468,930	17,427,566	–	(365,454)	19,531,042

	2006 HK$	2005 HK$ (Restated)
Net deferred tax liabilities recognized on the balance sheet	**34,156,737**	19,818,335
Net deferred tax assets recognized on the balance sheet	**(765,105)**	(287,293)
Net deferred tax liabilities recognized on the balance sheet	**33,391,632**	19,531,042

23. DEFERRED TAXATION (Cont'd)

(ii) Deferred tax assets unrecognized

Deferred tax assets have not been recognized in respect of the following items:

	2006	2005
	HK$	HK$
		(Restated)
Deductible temporary differences	**12,880**	–
Tax losses	**1,500,420**	1,432,813
	1,513,300	1,432,813

The tax losses do not expire under current tax legislation.

Company

(i) Deferred tax liabilities recognized

The components of deferred tax liabilities recognized in the balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation	**Others**	**Total**
	HK$	HK$	HK$
			(Restated)
At 1 April 2005	302,891	(54,896)	247,995
Charged (Credited) to income statement	(53,368)	54,896	1,528
At 31 March 2006	249,523	-	249,523
At 1 April 2004	462,086	(9,170)	452,916
Credited to income statement	(159,195)	(45,726)	(204,921)
At 31 March 2005	302,891	(54,896)	247,995

23. DEFERRED TAXATION (Cont'd)

(i) Deferred tax liabilities recognized (Cont'd)

	2006 **HK$**	2005 HK$ (Restated)
Net deferred tax liabilities recognized on the balance sheet	**249,523**	302,891
Net deferred tax assets recognized on the balance sheet	**–**	–
	249,523	302,891

(ii) Deferred tax asset unrecognized

Deferred tax asset has not been recognized in respect of the following item:

	2006 **HK$**	2005 HK$ (Restated)
Tax losses	**47,703**	–

The tax losses do not expire under current tax legislation.

24. INVENTORIES

	2006 **HK$**	2005 HK$ (Restated)
Raw materials	**33,787,712**	39,904,256
Work in progress	**3,592,041**	2,653,440
Finished goods	**13,767,394**	12,527,443
	51,147,147	55,085,139

25. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to 90 days to its trade customers. The ageing analysis of trade receivables was as follows:

	Group	
	2006	2005
	HK$	HK$
		(Restated)
0-1 month	**172,229,931**	115,099,246
2-3 months	**11,640,696**	16,881,209
Over 3 months	**12,470,901**	12,883,129
	196,341,528	144,863,584
Impairment loss	**(2,612,342)**	(3,426,347)
	193,729,186	141,437,237

26. OTHER INVESTMENTS

	Group	
	2006	2005
	HK$	HK$
		(Restated)
At fair value		
Equity securities listed in Hong Kong, market value at 31st March	**–**	8,008,878

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

	Group	
	2006	2005
	HK$	HK$
		(Restated)
At fair value		
Equity securities listed in Hong Kong, market value at 31st March	**8,454,525**	–

28. LOANS AND ADVANCES

	Group	
	2006	2005
	HK$	HK$
		(Restated)
Loans and advances, at cost	**10,204,261**	12,676,736
Impairment loss	**(10,204,261)**	(10,204,261)
Loans and advances, net	**–**	2,472,475

29. TIME DEPOSITS

	Group	
	2006	2005
	HK$	HK$
		(Restated)
Short term bank deposits		
– secured time deposits	**13,273,512**	8,691,687
– secured certificate of deposits	**1,000,000**	1,000,000
	14,273,512	9,691,687

Secured time deposits of HK$4,005,662 (2005: nil) are placed with bank in the Mainland China. The remittance of these funds out of the Mainland China is subject to exchange control restrictions imposed by the PRC government.

The certificate of deposits bear interest at a fixed rate of 2.8% p.a. with maturity in September 2007 and is extendable for two years at banker's option. The amounts represent deposits pledged to banks to secure short term banking facilities granted to the Group and are therefore classified as current assets.

The effective interst rate on short term deposits ranged from 2.8% to 3.57% (2005: 0.25% to 2.8%) and these deposits have maturity ranged from 30 days to 180 days.

30. TRADE AND OTHER PAYABLES

The ageing analysis of trade and other payables was as follows:

	Group	
	2006	2005
	HK$	HK$
		(Restated)
0-1 month	**106,248,322**	81,491,217
2-3 months	**5,210,028**	6,704,550
Over 3 months	**35,543,056**	23,565,910
	147,001,406	111,761,677

31. BORROWINGS

	Group		Company	
	2006	2005	**2006**	2005
	HK$	HK$	**HK$**	HK$
		(Restated)		(Restated)
Secured bank overdrafts	**2,100,008**	1,690,237	**–**	1,061,220
Secured bank loans	**181,579,022**	200,668,524	**13,865,794**	68,221,399
Unseured bank loans	**11,005,975**	–	**–**	–
	194,685,005	202,358,761	**13,865,794**	69,282,619
Bank loans and overdrafts repayable:				
Within one year	**154,258,682**	144,195,626	**6,522,271**	30,083,492
More than one year but not exceeding two years	**18,992,990**	23,986,279	**2,743,523**	14,522,271
More than two years but not exceeding five years	**13,933,333**	24,676,856	**4,600,000**	24,676,856
Over five years	**7,500,000**	9,500,000	**–**	–
	194,685,005	202,358,761	**13,865,794**	69,282,619
Portion due within one year included under current liabilities	**(154,258,682)**	(144,195,626)	**(6,522,271)**	(30,083,492)
Portion due after one year	**40,426,323**	58,163,135	**7,343,523**	39,199,127

The carrying amount of bank loans approximates to its fair value and is denominated in Hong Kong dollar and United States dollar. The effective interest rate at 31st March, 2006 ranged from 4.18% to 6.85% (2005: 1.86% to 5.63%)

32. SHARE CAPITAL

	2006	2005
	HK$	HK$
Authorized:		
200,000,000 shares of HK$1.00 each	**200,000,000**	200,000,000
Issued and fully paid:		
197,653,500 shares of HK$1.00 each	**197,653,500**	197,653,500

33. RESERVES

	Investment property revaluation reserve HK$	Property revaluation reserve HK$	Exchange reserve HK$	Capital reserve HK$	Retained profits HK$	Total HK$
Group						
Balance at 31st March 2005, restated	122,816,550	–	(3,368,019)	–	51,424,998	170,873,529
Opening adjustment for the adoption of HKAS 40	(122,816,550)	–	–	–	68,147,839	(54,668,711)
Increase in interests in associate	–	–	–	–	23,370,258	23,370,258
Balance at 1st April 2005, restated	–	–	(3,368,019)	–	142,943,095	139,575,076
The adoption of HKAS 40 arising from change of usage	–	2,555,496	–	–	–	2,555,496
Exchange difference arising from consolidation	–	–	5,756,629	–	–	5,756,629
Profit for the year	–	–	–	–	47,094,541	47,094,541
Proposed final dividends *(note 13)*	–	–	–	–	(5,929,605)	(5,929,605)
At 31st March, 2006	–	2,555,496	2,388,610	–	184,108,031	189,052,137
Attributable to:						
Company and subsidiaries	–	2,555,496	2,388,610	–	186,168,915	191,113,021
Associates	–	–	–	–	(2,060,884)	(2,060,884)
	–	2,555,496	2,388,610	–	184,108,031	189,052,137
Company						
Balance at 31st March, 2005	90,085,494	–	–	–	26,152,847	116,238,341
Opening adjustment for the adoption of HKAS 40	(90,085,494)	–	–	–	90,085,494	–
Balance at 1st April 2005, restated	–	–	–	–	116,238,341	116,238,341
Loss for the year	–	–	–	–	(48,922,481)	(48,922,481)
Proposed final dividends (note 13)	–	–	–	–	(5,929,605)	(5,929,605)
Balance at 31st March,2006	–	–	–	–	61,386,255	61,386,255

Reserves of the Company available for distribution to shareholders amount to HK$67,315,860 (2005 restated: HK$29,117,650).

33. RESERVES (Cont'd)

	Investment property revaluation reserve HK$	Property revaluation reserve HK$	Exchange reserve HK$	Capital reserve HK$	Retained profits HK$	Total HK$
Group						
Balance at 31st March, 2004, previously reported	148,247,919	–	(4,850,181)	37,647	71,683,391	215,118,776
Prior year adjustment for the adoption of HKAS 17	(47,300,000)	–	–	–	(3,806,644)	(51,106,644)
Prior year adjustment for the adoption of HKAS 16	(773,438)	–	–	–	(2,315,091)	(3,088,529)
Prior year adjustment for the adoption of HKAS-INT 21	–	–	–	–	(14,411,795)	(14,411,795)
Balance at 31st March 2004, restated	100,174,481	–	(4,850,181)	37,647	51,149,861	146,511,808
Exchange difference arising from consolidation	–	–	448,942	–	–	448,942
Surplus arising from revaluation	22,642,069	–	–	–	–	22,642,069
Share of reserve in associates	–	–	1,865	–	–	1,865
Disposal of interests in associates	–	–	1,031,355	(37,647)	(993,708)	–
Profit for the year	–	–	–	–	4,233,648	4,233,648
Proposed final dividends *(note 13)*	–	–	–	–	(2,964,803)	(2,964,803)
Balance at 31st March 2005, restated	122,816,550	–	(3,368,019)	–	51,424,998	170,873,529
Attributable to :						
Company and subsidiaries	126,786,388	–	(3,369,884)	–	52,652,500	176,069,004
Associates	(3,969,838)	–	1,865	–	(1,227,502)	(5,195,475)
	122,816,550	–	(3,368,019)	–	51,424,998	170,873,529
Company						
Balance at 31st March, 2004	90,085,494	–	–	–	13,052,835	103,138,329
Profit for the year	–	–	–	–	16,064,815	16,064,815
Proposed final dividends *(note 13)*	–	–	–	–	(2,964,803)	(2,964,803)
Balance at 31st March,2005	90,085,494	–	–	–	26,152,847	116,238,341

34. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group	
	2006	2005
	HK$	HK$
		(Restated)
Profit before taxation	**63,182,150**	9,027,519
Impairment loss of intangible assets	**3,985,000**	–
Impairment loss of trading properties	**–**	299,954
Impairment loss of property, plant & equipments	**1,047,403**	–
Fair value changes on investment properties	**(53,631,092)**	–
Share of losses of associates	**833,382**	6,041,088
Gain on disposal of interest in associate	**–**	(2,154,640)
Dividend income	**(316,927)**	(100,951)
Interest income	**(6,304,285)**	(4,356,132)
Foreign exchange loss	**724,822**	448,001
Finance costs	**10,985,174**	5,016,766
Provision for bad debts written back	**(2,047,293)**	–
Net bad debts provision	**–**	506,685
Depreciation	**10,428,680**	8,409,266
Amortisation of leasehold land and land use rights	**1,040,982**	1,012,842
Loss on disposal of property, plant & equipment	**551,690**	1,211,363
Loss on disposals of other assets	**–**	1,234
Loss on disposals of financial assets at fair value through income statement/other investments	**99,635**	333,319
Unrealised holding gain on financial asset at fair value through income statement/other investments	**(445,647)**	(556,805)
Operating profit before working capital changes	**30,133,674**	25,139,509
Decrease in trading properties	**18,958,818**	2,513,687
Decrease (Increase) in inventories	**3,937,992**	(24,209,127)
(Increase) Decrease in time deposits	**(4,581,825)**	3,993,803
Decrease in clients' trust money	**4,944,057**	60,655,214
Increase in other assets	**(200,000)**	–
Decrease in loans and advances	**2,981,233**	1,234,555
(Increase) Decrease in trade and other receivables	**(52,291,949)**	20,529,043
Increase in deposits and prepayments	**(2,457,472)**	(789,507)
Increase (Decrease) in trade and other payable	**35,198,012**	(79,593,051)
CASH INFLOW FROM OPERATIONS	**36,622,540**	9,474,126

35. RETIREMENT BENEFIT COSTS

The Group operates a Mandatory Provident Fund Scheme (MPF Scheme) under the rules and regulations of Mandatory Provident Fund Scheme Ordinance for all its employees up to a maximum of HK$1,000 per person per month. The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HK$4,000 per month. The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid. The Group also makes voluntary contribution which are in excess of the MPF Scheme requirement for certain employees. Before the voluntary contributions become fully vested in the employees, the relevant portion of the voluntary contributions forfeited will be reverted to the Group to offset future employer's contributions. The assets of the MPF Scheme and voluntary contributions are held separately from those of the Group in an independently administered fund.

The aggregate employer's contributions, net of forfeited contributions, which have been dealt with in the income statement for the year amounted to:

	2006 **HK$**	2005 HK$ (Restated)
Gross employer's contributions		
Less: Forfeited contributions utilised to offset	**711,219**	707,734
employer's contribution for the year	**(5,870)**	(485)
Net employer's contributions charged to income statement	**705,349**	707,249

36. COMMITMENTS

As at 31 st March 2006, the Group had commitments under non-cancellable operating leases in respect of land and buildings to make payment in the following periods as follows:–

	Group	
	2006 **HK$**	2005 HK$ (Restated)
Within one year	**2,183,406**	1,870,742
More than one year but not exceeding five years	**3,252,797**	3,288,387
Over five years	**2,258,065**	2,858,065
	7,694,268	8,017,194

For leasing period exceeds two years, lease rental will be adjusted bi-yearly to reflect market rent.

37. FUTURE RENTAL INCOMES

As at 31st March 2006, the total future rental incomes receivable under non-cancellable operating leases are analysed as follows:–

	Group		**Company**	
	2006	2005	**2006**	2005
	HK$	HK$	**HK$**	HK$
		(Restated)		(Restated)
Within one year	**9,800,757**	10,268,903	**207,533**	6,098,903
More than one year but not exceeding five years	**9,865,392**	3,505,166	**870,484**	2,485,166
Total	**19,666,149**	13,774,069	**1,078,017**	8,584,069

38. PLEDGE OF ASSETS

At 31st March, 2006, the Group had the following assets pledged to bank to secure general banking facilities granted to the group:

(a) the Group's investment properties and leasehold land with a total carrying value of approximately HK$183,079,000 (2005 restated: HK$215,000,000) together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from the relevant properties;

(b) the Group's hotel buildings and leasehold land with a total carrying value of approximately HK$15,957,000 (2005 restated: HK$7,433,000);

(c) the Group's owner occupied properties and leasehold land with a total carrying value of approximately HK$43,044,000 (2005 restated: HK$44,874,000);

(d) Time deposits of HK$14,273,512 (2005 restated: HK$9,691,687);

(e) Margin clients Hong Kong listed shares of HK$40,975,308 (2005 restated: HK$40,600,254).

39. CONTINGENT LIABILITIES

The Company had unsettled tax dispute regarding the deductibility of interest expenses incurred in the year of 2000/2001.

40. CAPITAL COMMITMENTS

	Group	
	2006	2005
	HK$	HK$
		(Restated)
Contracted for but not provided in the financial statements in respect of plant expansion project and building re-development project	**6,814,000**	2,529,000

41. RELATED PARTIES TRANSATIONS

During the year, in addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at normal commercial terms:

	2006	2005
	HK$	HK$
		(Restated)
(a) Income received from associates of the Group:		
– consultancy and management fee	**407,962**	–
– interest income	**689,135**	–
– sale of finished goods	**7,806,707**	3,479,801
– sale of raw materials	**4,127,638**	–
– sharing of production overheads	**806,453**	–
(b) Payment to an associate of the Group:		
– purchase of finished goods	**3,860,703**	–
– purchase of raw material & production material	**214,540**	–
– sub-contracting charges	**483,101**	
(c) Payment to a company in which the Chairman of the Group has controlling interest		
– rental expenses	**600,000**	91,071

42. PRINCIPAL SUBSIDIARIES

Name of Company	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity interest held by Company	Percentage of equity interest held by Group	Principal activities
Always Best Company Limited	British Virgin Islands/ Mainland China	US$1	–	95	Investment holding
Brightgate Limited	Hong Kong	HK$1,000	100	100	Hotel opearations
Dongguan Nan Sing Plastics Limited[c]	Mainland China	HK$160,000,000[a]	–	95	Manufacturing of plastics products
Dongguan Nanryo Super Plastics Limited[c]	Mainland China	HK$20,000,000[b]	–	71.5	Manufacturing of plastics products
Edinburgh Holdings Limited	British Virgin Islands/ Mainland China	US$10	100	100	Property investment
Fortune State Investments Limited	Hong Kong	HK$2	100	100	Investment holding
Goldtower Investments Limited	Hong Kong/ Mainland China	HK$2	100	100	Property investment
Happy Dragon Investment Limited	Hong Kong	HK$2	100	100	Investment holding
K.W.& Associates Company Limited	Hong Kong	HK$2,000,000	100	100	Property investment
More Investments Limited	Hong Kong/ Mainland China	HK$2	100	100	Property investment
Nan Sing Holdings Limited	Hong Kong	HK$10,000	100	100	Investment holding
Nan Sing Plastics Limited	Hong Kong	HK$15,000,000	–	95	Trading of plastics products

(a) Paid up Capital up to 31st March 2006 amounted to HK$148,071,408

(b) Paid up Capital up to 31st March 2006 amounted to HK$3,690,000

(c) Subsidiaries not audited by K. L. Young & Co.

42. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of Company	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital	Precentage of equity interest held by Company	Group	Principal activities
Nanryo Super Plastics (Hong Kong) Limited	Hong Kong	HK$19,500,000	–	71.5	Trading of plastics products
Nan Sing Plastics International Limited	British Virgin Islands/ Mainland China	US$10	–	95	Provision of Consultancy services
Polex Products Company Limited	Hong Kong	HK$2,900,000	–	98	Trading
Queensbridge Limited	Hong Kong/ Mainland China	HK$1,000,000	100	100	Property investment
Silver Advance Limited	Hong Kong/ Mainland China	HK$2	100	100	Property investment
Southeast Asia Properties & Finance (China) Limited	Hong Kong/ Mainland China	HK$2	100	100	Property investment and development
Southeast Asia Properties & Finance (Exchange) Limited	Hong Kong	HK$1,000,000	75	75	Money exchange
Southeast Asia Properties & Finance (Nominees) Limited	Hong Kong	HK$10,000	100	100	Nominees Service
SAP Realty Company Limited	Hong Kong	HK$100	100	100	Property investment
Stockwell Securities Limited	Hong Kong	HK$20,000,000	100	100	Stock broking

42. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of Company	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital	Precentage of equity interest held by Company	Group	Principal activities
Super Dragon Investment Limited	Hong Kong/ Mainland China	HK$2	100	100	Property investment and development
Tanpar Company Limtied	Hong Kong	HK$2	–	95	Trading and nominee
Topland Development Limited	Hong Kong/ Mainland China	HK$2	100	100	Property investment
Top Epoch Limited	Hong Kong	HK$1	100	100	Property investment
Tsen Hsin Industrial Company Limited	Hong Kong	HK$400,000	–	95	Property investment

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

43. ASSOCIATES

Name of Company	Place of incorporation/ operation	Particulars of issued and paid up capital	Business Structure	Percentage of equity interest held by Company	Group	Principal activities
Redi-Bag USA LLC	USA	N/A	partnership	–	47.7	Trading of plastics products
Wisestar Holdings Limited	Hong Kong	2 ordinary shares of HK$1 each	company	–	47.7	Trading of plastics products
Dongguan Wisestar Plastics Limited	Mainland China	HK$3,690,000	company	–	47.7	Manufacturing of plastics products

43. ASSOCIATES (Cont'd)

Name of Company	Place of incorporation/ operation	Particulars of issued and paid up capital	Business Structure	Percentage of equity interest held by Company	Percentage of equity interest held by Group	Principal activities
Ongoing Investments Limited	British Virgin Islands/ Mainland China	100 ordinary shares of US$1 each	company	–	20	Property investment
Sequin Development Limited	British Virgin Islands/ Mainland China	100 ordinary shares of US$1 each	company	–	20	Property investment
Titan Dragon Properties Corporation	Philippines	80,000 ordinary shares of Peso 1,000 each	company	30	49	Property investment

All the associates except Wisestar Holdings Limited are not audited by K.L. Young & Co.

44. COMPARATIVE FIGURES

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

45. APPROVAL AND AUTHORIZATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised by the Board of Directors on 14th July, 2006.