森信集團
Samson group

Samson Paper Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 0731)

2009 Annual Report

Contents

Corporate Information

Board of Directors

Executive Directors
SHAM Kit Ying (Chairman) (alias SHAM Kit)
LEE Seng Jin (Deputy Chairman)
CHOW Wing Yuen
SHAM Yee Lan, Peggy
LEE Yue Kong, Albert

Non-executive Director
LAU Wang Yip, Eric

Independent Non-executive Directors
PANG Wing Kin, Patrick
TONG Yat Chong
NG Hung Sui, Kenneth

Company Secretary

LEE Yue Kong, Albert

Principal Bankers

Bank of Tokyo-Mitsubishi UFJ
BNP Paribas Hong Kong Branch
China Construction Bank Corporation
CITIC Ka Wah Bank Limited
DBS Bank Ltd., Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

Independent Auditor

PricewaterhouseCoopers
Certified Public Accountants

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head Office and Principal Place of Business

3/F, Seapower Industrial Centre
177 Hoi Bun Road
Kwun Tong
Kowloon, Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Corporate Services Limited
6 Front Street
Hamilton
Bermuda

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Rooms 1712–16
17/F, Hopewell Centre
183 Queen's Road East
Hong Kong

Financial Highlights

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	For the year ended 31 March	
	2009	2008
	HK$'000	HK$'000
Revenue	3,744,184	3,834,380
Operating profit	84,469	145,790
Finance costs	48,481	53,587
Profit before taxation	36,154	93,482
Profit attributable to equity holders	19,433	71,564

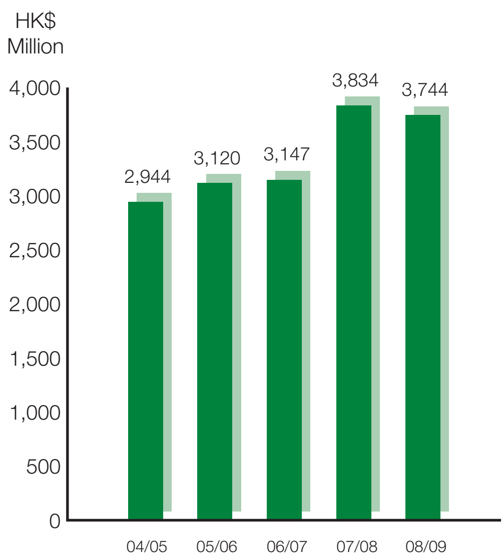
CONSOLIDATED BALANCE SHEET

	As at 31 March	
	2009	2008
	HK$'000	HK$'000
Non-current assets	956,165	629,746
Current assets	2,091,216	2,261,852
Current liabilities	1,633,636	1,840,909
Shareholders' funds	959,139	813,958
Non-current liabilities	446,460	227,700

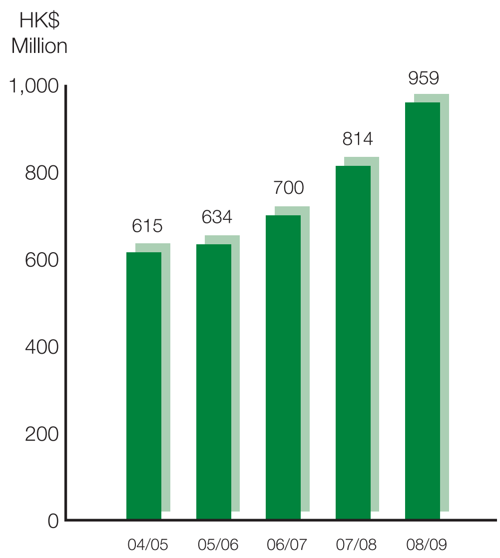
SHARE STATISTICS

Earnings per share — basic	HK4.4 CENTS	HK16.7 CENTS
Earnings per share — diluted	HK4.0 CENTS	HK16.7 CENTS
Dividends per share	HK1.0 CENT	HK5.0 CENTS
Net asset value per ordinary share	HK192 CENTS	HK192 CENTS

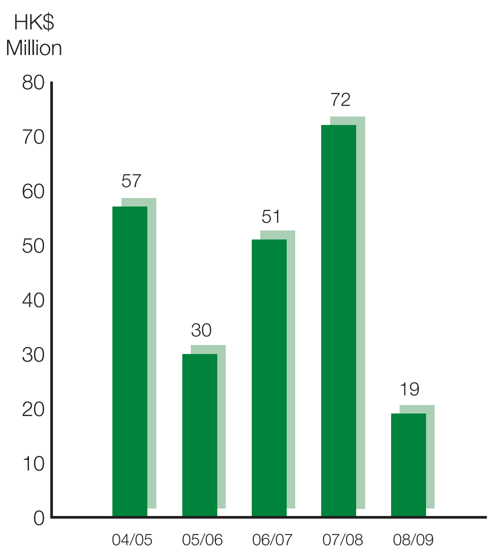
REVENUE



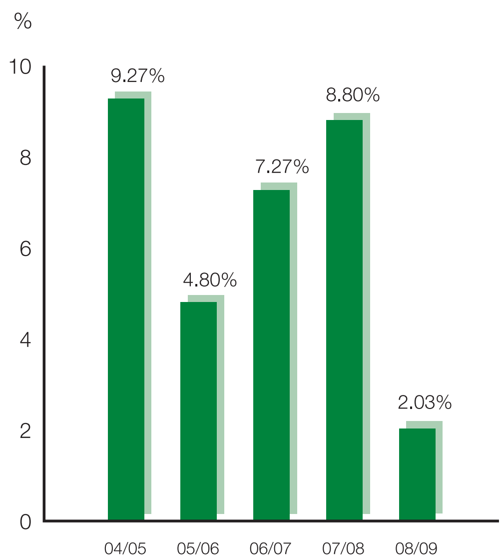
SHAREHOLDERS' FUNDS



PROFIT ATTRIBUTABLE TO EQUITY HOLDERS



RETURN ON SHAREHOLDERS' FUNDS



Chairman's Statement

The Economy

The economy went from one extreme to the other in the first and second half of the financial year under review. During the first six months, both the economy in Hong Kong Special Administrative Region ("Hong Kong" or "HK") and the People's Republic of China (the "PRC") flourished and achieved remarkable growth. However, in the second half year, when the global financial turmoil began to spread, the two economies slowed down significantly and offset the growth achieved in the first half year. The GDP of Hong Kong reported a modest increase of 3.8% in calendar year 2008 and that for the first quarter of calendar year 2009 shrank by a considerable 7.3% year-on-year, indicative of an overall decline in all sectors.

The GDP of China was also down to 6.8% in the fourth quarter of 2008 and was only 9.0% for the full year, the weakest in the past seven years.

The Printing and Paper Product Industries

For the Hong Kong market, with export dragged down by the global recession, demand for printing paper also declined, offsetting the growth in the first half of the financial year.

The PRC paper industry remained stable during the year with the country reporting outstanding economic performance during the first half of the financial year. According to PRC Paper Association figures, the market consumed 79.8 million metric tonnes of paper in calendar year 2008, representing year-on-year growth of 8.6%. In the same period, total output of paper products increased by 8.9% to 79.4 million metric tonnes. However, demand for paper products in the PRC dropped considerably in the second half of the financial year.

The gloomy economic outlook has also posed pressure on paper prices. The price of book printing paper and packaging boards fluctuated and fell significantly in the last quarter of calendar year 2008.

Operations Review

During the review year, Samson Group (the "Group") faced unprecedented challenges. Turmoil in the financial markets and a sudden and drastic tightening of credits since August 2008 gave a tremendous shock to the economy, followed closely by a reduction in private sector consumption and a drastic decline in China exports. Operating under such difficult economic conditions, the Group's revenue and gross profit remained stable, down only slightly by 2.4% and 2.6% to HK$3,744 million and HK$356 million respectively supported by the satisfactory results achieved in the first half of the year. Amid the tough market conditions, profit attributable to shareholders decreased by 72.8% to HK$19.4 million (2008: HK$71.6 million) resulting from the contraction of the market demand, tremendous price volatility and increased competition during the second half of the year.

Moreover, the Group incurred a fair value loss on investment properties of HK$2 million and unrealised forex year end closing rate translation loss on inter-companies transaction balances of HK$6.3 million for the year versus a revaluation gain on investment properties of HK$11 million and unrealised respective forex year end closing rate translation gain of HK$5.1 million respectively recorded last year. Disregarding the above non-cash adjustment items of fair value on investment properties and unrealised forex year end closing translation on inter-companies transaction balances, the profit attributable to shareholders should have been HK$27.8 million against HK$55.5 million last year, representing a decrease of 50%. Basic earnings per share were HK4.4 cents (2008: HK16.7 cents).

In the face of the adverse market situation, the Group continued to maintain a sound balance sheet and healthy working capital by further controlling the levels of accounts receivable, inventories and capital expenditure. As a result, the level of accounts receivable was drastically reduced by 38.8% to HK$716 million compared to HK$1,170 million last year while the level of inventories was decreased by 16.7% to HK$436 million compared to HK$523 million last year even though the Group's turnover was only slightly down by 2.4%. A timely bank loan of HK$420 million was arranged in June 2008 providing the Group with a cash buffer to weather the current crisis. This helps to reduce the short term bank borrowings from HK$360 million last year to HK$148 million in the current financial year. Apart from these measures, the Group has further tightened its policies on customers selection, granting of credits and entered into a credit insurance policy on receivables. This proved to be successful. The collection period has been shortened by 9 days while provision for doubtful debts, after taking into account the provision written back of HK$2.9 million, decreased from 0.4% to 0.29% of total Group's turnover.

To ensure the Group has strong cash reserve in the uncertain business environment, the Board does not recommend payment of a final dividend for the year ended 31 March 2009. Taking into account the interim dividend of HK1.0 cent per share already paid, the Group has adhered to the set policy of 30% yearly dividend payout ratio. As at 31 March 2009, the Group had cash on hand and restricted deposits of HK$665 million from prudent management of working capital.

By business segment, paper trading, paper manufacturing, consumable aeronautic parts & services, logistics services and marine services accounted for 90.7%, 3.6%, 2.8%, 0.9% and 2.0% of the Group's total turnover respectively.

Paper Trading Business

During the year, the Group continued to manage its business on a conservative basis. In particular, it was more careful in selecting its customers amid the market downturn and tightening credit policy. Paper product sales of the Group declined by 5.4% to HK$3,396 million, with sales volume slipped by 10.2% to 524,700 metric tonnes, and operating profit down by 35.7% to HK$78.9 million.

The Group paid much attention on the PRC market which accounted for 52.6% of the Group's total turnover. It made effort to broaden the sales network in the country so as to better capitalise on the relatively stable economy. During the year, the Group opened new offices in Qingdao and Hangzhou. However, with a decline in prices of paper products starting in the second quarter of the financial year, turnover from paper product sales in the PRC was HK$1,786 million, down by 6.5% from last year's HK$1,911 million. To mitigate the credit risk exposure, the Group actively negotiated with customers for better business terms, tightened credit control policy and shortened payment collection period.

Hong Kong, the Group's second key market, accounted for 40.8% of total paper product sales. It recorded turnover of HK$1,386 million, a 3.0% decline against last year. For other Asian countries such as Malaysia, the Group has been consolidating its business interests to control credit risk exposure. As a result, paper sales to Asian markets dropped by 9.9% to HK$223 million, which accounted for 6.6% of the turnover from paper trading business. As for Singapore-listed United Pulp & Paper Company Limited, an associated company of the Group, it made a profit of S$543,000 (HK$2.8 million), of which the Group's share of profit is HK$166,000.

Book printing papers and packaging boards accounted for 49.1% and 36.3% of the Group's total turnover respectively. Sales contributions from the two products remained stable.

Paper Manufacturing Business

The Group expanded upstream into paper manufacturing during the year. In February 2008, the Group acquired the entire assets of a paper mill in Shandong province, the PRC. The paper mill, which includes two production lines with a total annual output capacity of 170,000 metric tonnes of duplex boards, has started to contribute revenue and operating profit to the Group. The segment reported turnover and operating profit of HK$228.9 million including inter-companies sales and HK$7.1 million respectively. In view of the difficult operating environment, the management has taken measures to maintain a low level of inventories and raw materials in the mill to minimize the impact of the drop in prices in the third quarter of the financial year.

Consumable Aeronautic Parts and Services Business

The segment, which has been in operation for a few years, reported steady results. It achieved a 11% growth in revenue to HK$104.9 million and operating profit up by 40.2% against last year to HK$12.7 million despite of a slow down of business in the last quarter of the financial year.

Logistics Services Business

The Group continued to consolidate its logistics services business, focusing on providing services internally to its paper operation. As a result, turnover from the business declined by 38% to HK$33.6 million. Operating loss of HK$3.3 million were recorded after taking into account a fair value loss of HK$1 million on investment property against a fair value gain of HK$5.9 million last year.

Marine Services Business

The segment provides corrosion prevention services to the marine, oil and gas industries in Singapore with a trading arm supplying and distributing marine hardware and consumable products. Like most other industries, the marine industry has been affected by the effects caused by the global credit crunch. The segment recorded turnover of HK$75.2 million, representing a decrease of 22.4%, and the operating profit reduced significantly to HK$143,000. The Group remains positive of the marine industry in the longer term outlook as the orders of ship repair works gradually pick up and shipyards successfully renegotiate their contracts with ship and oil-rig owners.

Others

In November 2008, the Group raised approximately HK$100 million by issuing convertible non-voting preference shares ("CP shares") to shareholders. At the same time, it issued bonus warrants to holders of both ordinary shares and CP shares of the Group with proceeds estimated at HK$76 million assuming full subscription of the new ordinary shares under the bonus warrant issue. In March 2009, HK$50 million was raised when the warrants were partially converted into fully paid ordinary shares. The total funding of HK$150 million raised during the year has strengthened the Company's capital base giving its boosted working capital to cope with the uncertain economic environment ahead.

Prospects

The Chinese economy has been among the most resilient in the global economic downturn. The mainland government was quick to implement economic stimulus packages to brace domestic consumption and the economic stamina of the country. The management is therefore optimistic that the mainland economy will continue to achieve steady growth in and after 2009.

As for other parts of the world, consumer confidence will require time to recuperate. The Group's overall performance in the first half of the coming financial year will not improve dramatically. However, the management is well equipped and will capture the opportunity when the market rebounds.

Looking at the paper industry, the prices of book printing paper and packaging boards started to stabilise in the last quarter of the financial year. Prices of various types of paper products began to increase in the range of 10% to 20% in March 2009 as compared with the trough in December 2008. The management believes demand for paper will become stable and hence paper prices when economic conditions gradually improve.

The Group commenced its paper manufacturing business in February 2008, supported by the paper mill in Shandong. The management is satisfied with the performance of the plant as it achieved satisfactory level of sales. Since the market started to recover and demand for paper products has been returned since the end of the second quarter of 2009, the plant is operating at its optimum level to meet customer's demand. The Group is in the course to expand the mill, installing an additional production line that can produce up to 200,000 metric tonnes of kraft liner boards and corrugated medium per annum. When the new production line is completed and in operation, the annual production capacity of the Group currently at 170,000 metric tonnes will be more than doubled.

For its key revenue source paper trading business, the Group will focus on increasing sales in China. Expecting the proportion of customers from the PRC in its clientele to continue to grow, the Group will continue to enhance its presence in the country. The management believes there is still significant room for growth for the Group in markets in other regions of the mainland. It plans to open one to two more offices in the country in the coming year.

To boost the financial strength of the Group in the current economic downturn, the management will continue to tighten credit control policies and continue to sell products to reputable customers so as to minimise possible bad debts. With banks still keeping a tight credit grip, the Group will also preserve a high level of liquidity.

Apart from boosting its liquidity, the Group has also worked hard at controlling costs. It has reviewed the cost structure of each department and streamlined operations where appropriate. Furthermore, the management will continue to negotiate with landlords to reduce rent for warehousing and seek to maximize synergies between businesses aiming for cost benefits. Its decision to integrate logistics services business with paper business is set to allow the Group to reduce administration expenses. The management will continue to meticulously examine all aspects of the Group's operation and apply relevant cost control measures to raise profit margin.

Looking ahead, the Group expects its paper trading business to deliver stable performance with prices already bottomed-out and its paper manufacturing business to grow in revenue. With the Group having a vertically integrated operation in place now, the management is confident of the long term development of the Group. However, given the still uncertain market environment, it is cautiously optimistic about the performance of the Group in the coming year.

Appreciation

On behalf of the Board, I would like to extend my gratitude to our customers, suppliers and bankers for their support in the past year. I wish to also express my appreciation to the management and staff for their diligence and dedication critical to seeing the Group through this severely testing time.

By Order of the Board
SHAM Kit Ying
Chairman

Hong Kong, 20 July 2009

Management Discussion and Analysis

Sales by Geographical Area

During the year, amid the market downturn, the Group's revenue decreased slightly by 2.4% to HK$3,744 million.

With the Group's strategic move during the year to expand business upstream to paper manufacturing and the dedicated effort to broaden its sales network in the PRC, the PRC paper market continued to be a main growth driver of the segment. Despite the slacken market demand in the second half of the financial year, the Group is able to sell the same level of paper products in tonnage to customers in the market with the support of the extensive sales network in the market. In value term, including the sales of paper manufacturing segment, revenue from paper products sales in the PRC market increased slightly by 0.5% to HK$1,921 million, making up 54.4% of the Group's total revenue from paper products. Sales of paper products in Hong Kong contributed 39.3% while those in Malaysia and other Asian countries contributed the remaining 6.3% to the Group's revenue from paper business. In volume term, the total sales of paper business in all geographical regions including paper manufacturing activity is 566,000 metric tonnes.

Apart from the paper business, the Group has diversified into the distribution business of consumable aeronautic parts and provision of related services, logistics services and marine services business. These business segments together contributed HK$213.7 million, 5.7% (2008: HK$245.7 million, 6.4%) of the Group's total revenue.

	2009 HK$ million	2008 HK$ million	% change
Hong Kong			
Paper	1,386.4	1,429.5	-3.0%
Logistics services	24.9	44.7	-44.3%
The PRC			
Paper	1,920.6	1,911.1	0.5%
Logistics services	8.7	9.6	-9.4%
Singapore			
Marine services	75.2	96.9	-22.4%
Aeronautic parts and services	104.9	94.5	11.0%
Other regions			
Paper	223.5	248.1	-9.9%
Total revenue	3,744.2	3,834.4	-2.4%

Hong Kong Paper and Board Import/Re-export Statistics (January to December)

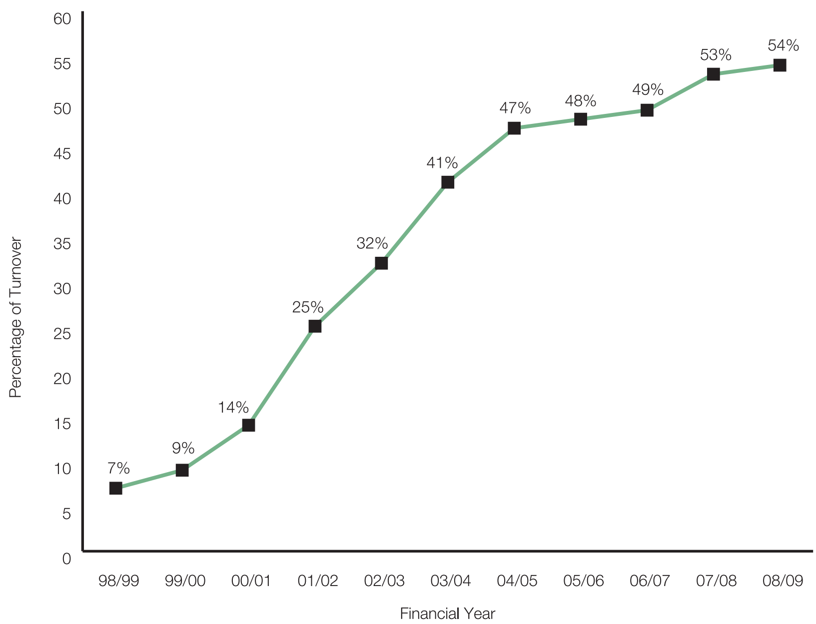
(in '000 Metric Tonnes)	2008	2007	+/-
Import	1,064	1,262	-15.7%
Re-export	353	473	-25.4%
Local consumption	711	789	-9.9%

Sales by Geographical Area (continued)

Import Statistics of Paper & Board to the Mainland China (January to December)

(in'000 Metric Tonnes)	2008	2007	+/-
Newsprint	20	20	0.0%
Woodfree	390	450	-13.3%
Coated paper	540	560	-3.6%
Corrugated board	1,000	1,130	-11.5%
Duplex board	640	700	-8.6%
Corrugating medium	450	530	-15.1%
Others	540	620	-12.9%
	3,580	4,010	-10.7%

Analysis of the PRC's Contribution to the Group's Turnover of Paper Products



Major Product Analysis

As a national paper distributor in the mainland China and one of the largest paper traders in Hong Kong, the Group currently maintains a stock of over 100 paper brands. The Group's two main product categories, book printing papers and packaging boards, accounted for 47.2% and 38.8% of the Group's turnover of paper products respectively. Sales of book printing papers decreased by 12.5% resulting from the market downturn in the second half of the year while sales for packaging boards rose by 8% with the boost from the contribution of the paper manufacturing segment compared with the previous financial year.

Working Capital and Inventory Management

In view of the difficult operating environment, the Group has taken swift measures to mitigate the credit exposure on customers while at the same time to maintain the turnover. The Group has thoroughly reviewed the credit position of each customer, set new sales target for each reputable customer and enhanced the sale commission scheme focused on the collection period. These measures proved to be successful. The collection period was shorten by 9 days and the level of accounts receivable as at 31 March 2009 was reduced by 38.8% compared to last year. Impaired receivable provision after write back of the previous year's impaired receivable of HK$2.9 million was reduced from HK$15.5 million to HK$10.7 million, a decrease of 31%.

To build up more cash reserve to weather the financial crisis, the Group has reduced the level of inventories while the level of the turnover was maintained and more sales offices were opened during the year. The average stock turnover day in tonnes was kept at 46 days.

Employees and Remuneration Policies

As at 31 March 2009, the Group employed 1,512 staff members, 155 of whom were based in Hong Kong and 921 were based in the PRC and 436 were based in other Asian countries. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the Group and of the individuals concerned. Remuneration policies are reviewed regularly to ensure that the Group is offering competitive employment packages. In addition to salary payments, other staff benefits include performance bonuses, education subsidies, provident fund, medical insurance and the use of a share option scheme to reward high-calibre staff. Training for various levels of staff is undertaken on a regular basis, consisting of development in the strategic, implementation, sales and marketing disciplines.

Liquidity and Financial Resources

The Group normally finances short term funding requirements with cash generated from operations, credit facilities available from suppliers and banking facilities (both secured and unsecured) provided by our bankers. The Group uses cash flow generated from operations and shareholders' equity for the financing of long-term assets and investments. As at 31 March 2009, short term deposits plus bank balances and bank borrowings amounted to HK$665 million (including restricted bank deposits of HK$70 million) and HK$1,059 million respectively.

As at 31 March 2009, the Group's gearing ratio was 29.5%, calculated as net debt divided by total capital. The Group's gearing ratio decreased from last year of 45.3% as the Group's total equity was further strengthened by the capital funds raised of HK$150 million during the year. Net debt of HK$405 million is calculated as total borrowings of HK$1,070 million (including trust receipt loans, short term and long term borrowings) less cash, bank balances and restricted deposits of HK$665 million. Total capital is calculated as total equity of HK$967 million plus net debt. The current ratio (current assets divided by current liabilities) was 1.28 times (2008: 1.23 times).

The intended increase in the long term bank borrowings and the reduction in the short term bank borrowings is to enable the Group to have a better working capital position and stronger balance sheet structure in light of the difficult operating environment.

With bank balances and other current assets of HK$2,091 million as well as available banking and trade facilities, the directors of the Company (the "Directors") believe the Group has sufficient working capital for its present requirement.

Foreign Exchange Risk

The Group's transaction currencies are principally denominated in Renminbi, United States dollar and Hong Kong dollar. The Group hedged its position with foreign exchange contracts and options when considered necessary. The Group has continued to obtain Renminbi loans which provide a natural hedge against currency risks. As at 31 March 2009, bank borrowings in Renminbi amounted to HK$43 million (2008: HK$100 million). The remaining borrowings are mainly in Hong Kong dollar. The majority of the Group's borrowings bear interest costs which are based on floating interest rates. As at 31 March 2009, the Group has no outstanding interest rate swap contracts (2008: HK$50 million).

Contingent Liabilities and Charge of Assets

As at 31 March 2009, Samson Paper Holdings Limited (the "Company") continued to provide corporate guarantees on banking facilities granted to the Group's subsidiaries. The amounts of facilities utilised by the subsidiaries as at 31 March 2009 amounted to HK$1,059 million (2008: HK$1,006 million).

Certain prepaid premium for land leases, buildings and investment properties in Hong Kong of the Company's subsidiaries, with a total carrying value of HK$160 million as at 31 March 2009 (2008: HK$163 million) were pledged to banks as securities for bank loans of HK$66.2 million (2008: HK$87.6 million) and trust receipt loans of HK$161 million (2008: HK$227 million) granted to the Group.

Corporate Governance

Corporate Governance Practices

The Company has always recognised the importance of transparency in governance and accountability to shareholders. It is the belief of the Board that good corporate governance practices are essential for the growth of the Group and for safeguarding and maximising shareholders' interests.

The Board is committed to maintaining high standards of corporate governance and endeavours in following the code provisions (the "Code Provisions") of the "Code on Corporate Governance Practices" (the "Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the Code. Throughout the year of 2009, the Company has met the Code Provisions set out in the Code except that the non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election pursuant to the Company's bye-laws.

Board of Directors

The Board currently comprises five executive and four non-executive Directors of whom three are independent as defined by the Stock Exchange. (The biographies of the Directors, together with information about the relationship among them, are set out on page 21). Independent non-executive Directors are one-third of the Board. Under the Company's bye-laws, every Director is subject to retirement by rotation at least once every three year. One-third of the Directors, who have served the longest on the Board, must retire from office at each Annual General Meeting and their re-election is subject to a vote of shareholders.

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and financial performance. Day-to-day management of the Group's businesses is delegated to the executive Director or officer in charge of each division. The functions and authority that are so delegated are reviewed periodically to ensure that they remain appropriate.

Matters that reserved for the Board are those affecting the Group's overall strategic policies, finances and shareholders including financial statements, dividend policy, significant changes in accounting policy, material contracts and major investments. All Board members have access to the advice and services of the Company Secretary. All Directors have separate and independent access to the Management for enquiries and to obtain information when required. Independent professional advice can be sought at the Group's expense upon reasonable requests. The Directors are covered by appropriate insurance on Directors' liabilities from risk exposures arising from the management of the Company.

Board of Directors (continued)

The Board meets regularly to review the financial and operating performance of the Group and approve future strategies. Details of the number of Board meetings held in the year and attendance of each Board member at those meetings and meetings of the Audit Committee and the Remuneration Committee are set out below:

	Attendance/Number of Meetings		
Directors	**Board**	**Audit Committee**	**Remuneration Committee**
Executive Directors			
Mr. SHAM Kit Ying (Chairman)	4/4		
Mr. LEE Seng Jin (Deputy Chairman and Chief Executive Officer) (note 1)	4/4		1/1
Mr. CHOW Wing Yuen	4/4		
Ms. SHAM Yee Lan, Peggy	4/4		
Mr. LEE Yue Kong, Albert	4/4		
Independent Non-executive Directors			
Mr. PANG Wing Kin, Patrick (note 2)	4/4	2/2	
Mr. TONG Yat Chong	4/4	2/2	1/1
Mr. NG Hung Sui, Kenneth	4/4		1/1
Non-executive Director			
Mr. LAU Wang Yip, Eric	4/4	2/2	

Note 1: Chairman of Remuneration Committee
Note 2: Chairman of Audit Committee

To implement the strategies and plans adopted by the Board effectively, an executive committee of selected executive Directors and senior managers meet monthly to review the performance of the businesses of the Group and make financial and operational decisions.

Chairman and Chief Executive Officer

The Group has appointed a Chairman, Mr. Sham Kit Ying and a Chief Executive Officer, Mr. Lee Seng Jin. The roles of the Chairman and the Chief Executive Officer are segregated. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. The Chief Executive Officer is a Board member and has executive responsibilities over the business direction and operational decisions of the Group.

Non-executive Directors

There are currently four non-executive Directors of whom three are independent. As a deviation from the Code, the term of office for non-executive Directors is not fixed but subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's bye-laws. At every Annual General Meeting, one-third of the Directors for the time being, who have served the longest on the Board, or if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office. As such, the Company considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the Code.

Remuneration of Directors

The Remuneration Committee, established in August 2005, has clear terms of reference and is accountable to the Board. The principle role of the Remuneration Committee is to make recommendations to the Board on the Company's policies and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee comprises three members including the Deputy Chairman and two independent non-executive Directors. The current Committee members are:

Mr. Lee Seng Jin (Chairman)
Mr. Tong Yat Chong
Mr. Ng Hung Sui, Kenneth

The Remuneration Committee met once in the year with the attendance rate of 100%.

During the year, the Remuneration Committee reviewed the remuneration policies and approved the salaries and bonuses of the executive Directors and certain key executives. No executive Director has taken part in any discussion about his/her own remuneration.

The Directors' emoluments paid or payable to the Directors during the year are set out on an individual and named basis, in note 13 to the accounts of this Annual Report.

Nomination of Directors

The Company has not established a nomination committee. The Board as a whole is responsible for approving the appointment of its members and nominating them for election and re-election by the shareholders of the Company. New directors are sought mainly through referrals or internal promotion. In evaluating whether an appointee is suitable to act as a director of the Company, the Board will review the independence, professional knowledge, industry experience and personal skills of the appointee as well as personal ethics, integrity and time commitments of the appointee. During the year, there was no nomination of directors to fill board vacancies.

Audit Committee

The Company set up an Audit Committee in December 1998. The Audit Committee has clear terms of reference and is accountable to the Board. It assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting objectives. The Audit Committee comprises three non-executive Directors, two of them including the Chairman being independent. The current Committee members are:

Mr. Pang Wing Kin, Patrick (Chairman)
Mr. Lau Wang Yip,Eric
Mr. Tong Yat Chong

The Committee members possess diversified industry experience and the Chairman has professional qualifications and experience in financial matters. The Audit Committee met two times during the year, together with senior management and auditors, both internal and external, if considered necessary, to review the Company's internal controls and risk management process, financial reporting and compliance procedures, financial results and reports and to assess the external auditor for re-appointment. The Audit Committee reviews the interim and annual financial statements before submission to the Board for approval. The Group's unaudited interim results and audited annual results for 2009 had been reviewed by the Audit Committee which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures had been made.

Audit Committee (continued)

The Audit Committee is also entrusted with monitoring and assessing the independence and objectivity of the external auditor and the effectiveness of the audit process. The annual fees for audit and non-audit services are subject to close scrutiny by the Audit Committee. The Audit Committee has recommended to the Board that PricewaterhouseCoopers be re-appointed as the Group's external auditor at the coming Annual General Meeting.

Internal Control and Risk Management

The Board maintains a sound and effective system of internal controls in the Group and reviews its effectiveness through the Audit Committee. The system is set up to address key business risks of failure to meet corporate objectives. The purpose of such system is to manage and control risks properly, but not eliminate it. The Board decides the overall policies and strategies which are implemented by the executive management as well as the review of material controls including the financial, operational and compliance controls and risk management functions.

The Group carries out the businesses under an established control environment which is consistent with the principles stated in Internal Control and Risk Management — A Basic Framework issued by the Hong Kong Institute of Certified Public Accountants. The internal control of the Group is designed to provide reasonable assurance regarding the achievements of effectiveness and efficiency of operation, reliability of financial reporting and compliance with applicable laws and regulations.

The Group's internal audit team under the supervision of Internal Audit Manager independently reviews the internal controls and evaluates their adequacy, effectiveness and compliance. The team comprises qualified personnel to maintain and monitor the system of controls on an ongoing basis. The Internal Audit Department reports the major findings and recommendations to the Audit Committee on a regular basis.

In the year 2008/2009, the internal audit reports of the Group were completed regularly and sent to the Audit Committee to review. According to the assessments made by the Board and the Group's Internal Audit team in 2008, the Audit Committee is satisfied that:

— The internal controls and accounting systems of the Group have been functioning effectively. They provide the reasonable assurance that the business risks are detected and monitored. The material assets are protected and the accounts are reliable. They help to ensure compliance with applicable laws and regulations.

— There is an ongoing basis of identifying and managing the risks existing in the Group.

Business Planning and Budgeting

The Group's budget meeting is held annually in the beginning of each year. It is a key control process in business planning. The budget meeting of the year 2009/2010 was held from 2 to 6 March 2009. The scope of the meeting included the following areas:

1. Sales/product strategy;

2. Market analysis and competitor profile;

3. Purchasing strategy; and

4. Customers analysis.

Business Planning and Budgeting (continued)

On the other hand, the half-yearly performance review for the year 2008/2009 (i.e. April to September 2008) was conducted in October 2008. The monthly performance reviews for the same year were carried out as well. It is important to monitor results and progress against the budget. Revenue and expenditures were compared with the budget and projections were revised when considered necessary.

Auditor's Remuneration

The Company's external auditor is PricewaterhouseCoopers, Hong Kong. During the year, PricewaterhouseCoopers, Hong Kong provided the following audit and non-audit services to the Group:

Service	Fee charged HK$'000
(a) Audit services	1,700
(b) Tax compliance services	213
(c) Other assurance services	403

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code throughout the year of 2009.

Financial Reporting

The Management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Board is responsible for presenting a clear and balanced view of the Company's annual and interim reports, price-sensitive announcements, disclosures required under the Listing Rules, and other regulatory requirements. The Directors acknowledge their responsibility for the preparation of the financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 25.

Communication with Shareholders

The Board and senior management recognise their responsibilities to look after the interests of the shareholders of the Company. The Company reports on its financial and operating performance to the shareholders through interim and annual reports. At the Annual General Meeting, shareholders can raise any questions relating to the performance and future directions of the Company to the Directors. Our corporate website which contains information, interim and annual reports, announcements and circulars issued by the Company as well as the recent development of the Group, enables the Company's shareholders to access information on the Group on a timely basis.

The Directors submit their report together with the audited accounts for the year ended 31 March 2009.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacturing, trading and marketing of paper products as set out in note 38 to the accounts. The Group also engages in trading of consumable aeronautic parts and provision of related services, provision of logistic services and marine services. The Group's customers are mainly based in Hong Kong and the PRC.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the accounts.

Results and Appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 26.

The Directors have declared an interim dividend of HK1 cent per ordinary share, totalling HK$5,723,000, which was paid on 21 January 2009.

The Directors do not recommend the payment of a final dividend.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in note 29 to the accounts.

Donations

Charitable and other donations made by the Group during the year amounted to HK$189,000.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the accounts.

Share Capital

Details of the movements in share capital of the Company are set out in note 28 to the accounts.

Distributable Reserves

Distributable reserves of the Company at 31 March 2009, calculated under the Companies Act of 1981 of Bermuda (as amended), amounted to HK$253,415,000 (2008: HK$264,066,000).

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Five Year Financial Summary

A summary of the results, assets and liabilities of the Group for the last five financial years is set out below:

	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000
Revenue	2,944,408	3,120,108	3,146,763	3,834,380	3,744,184
Profit attributable to equity holders	56,584	30,449	50,867	71,564	19,433
Total assets	1,974,969	2,029,301	2,175,209	2,891,598	3,047,381
Total liabilities	1,356,449	1,391,402	1,468,346	2,068,609	2,080,096
Total equity	618,520	637,899	706,863	822,989	967,285

Purchase, Sale or Redemption of Securities

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries have purchased or sold any of the Company's shares during the year.

Share Options

At the Special General Meeting of the Company held on 26 February 2004, the shareholders of the Company approved the adoption of a share option scheme (the "Option Scheme") to comply with the requirements of Chapter 17 of the Listing Rules. At 31 March 2009, no option has been granted under the Option Scheme. Terms and conditions of the Option Scheme are set out below.

(1) Purpose

The purpose of the Option Scheme is to provide incentives to Participants (as defined below) to contribute to the Group and to enable the Group to recruit high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity").

(2) Participants

All Directors and employees of the Group and suppliers, consultants, advisors, agents, customers, service providers, contractors, any member of or any holder of any securities issued by any member of the Group or any Invested Entity.

(3) Maximum number of shares

The number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option scheme(s) of the Company must not exceed 10% of the nominal amount of the issued share capital of the Company as at the date of adoption of the Option Scheme. The maximum number of shares available for issue under the Option Scheme is 42,925,803 as at the date of this report.

(4) Maximum entitlement of each Participant

The maximum number of shares issued and to be issued upon exercise of the options granted to any one Participant (including both exercised and unexercised options) in any 12-month period shall not exceed one percent of the shares in issue as at the date of grant.

Share Options (continued)

(5) Time of exercise of option
An option may be exercised in accordance with the terms of the Option Scheme at any time during the period to be notified by the Board to each grantee of the option at the date of grant provided that such period shall not exceed a period of ten years from the date of grant but subject to the provisions for early termination of the option as contained in the terms of the Option Scheme.

(6) The eligible person shall pay HK$1.0 to the Company in consideration of the grant of an option upon acceptance of the grant of option.

(7) Exercise price
The option price per share payable on the exercise of an option is determined by the Board and shall not be less than the highest of:

(a) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant;

(b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and

(c) the nominal value of a share on the date of grant.

(8) Remaining life of the Option Scheme
The Option Scheme will remain in force until 26 February 2014.

Directors

The Directors during the year and up to the date of this report were:

Executive Directors
Mr. SHAM Kit Ying (Chairman) (alias SHAM Kit) (note)
Mr. LEE Seng Jin (Deputy Chairman)
Mr. CHOW Wing Yuen
Ms. SHAM Yee Lan, Peggy (note)
Mr. LEE Yue Kong, Albert

Non-executive Director
Mr. LAU Wang Yip, Eric (note)

Independent non-executive Directors
Mr. PANG Wing Kin, Patrick
Mr. TONG Yat Chong
Mr. NG Hung Sui, Kenneth

Note: Mr. SHAM Kit Ying, Ms. SHAM Yee Lan, Peggy and Mr. LAU Wang Yip, Eric retire in accordance with clause 99 of the Company's bye-laws and, being eligible, offer themselves for re-election.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company for a term of three years from the date of their respective contract and each of such service contracts will continue thereafter until terminated by either party concerned with not less than three month's notice in writing.

Apart from the above, none of the Directors has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation other than under statutory compensation.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company, its holding company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Biographical Details of Directors and Senior Management

Brief biographical details of the Directors and senior management of the Group are set out as follows:

Executive Directors
Mr. SHAM Kit Ying (alias SHAM Kit), aged 83, is the founder and Chairman of the Group. Mr. Sham is responsible for the Group's corporate vision and corporate development. He has over 50 years of experience in the paper distribution industry in Hong Kong.

Mr. LEE Seng Jin, aged 52, is the Deputy Chairman and Chief Executive Officer of the Group. Mr. Lee is responsible for the formulation of the Group's corporate strategies and development. He joined the Group in 1997. He is the husband of Ms. Sham Yee Lan, Peggy and a son-in-law of Mr. Sham Kit Ying.

Mr. CHOW Wing Yuen, aged 50, is the Chief Operating Officer of the Group. Mr. Chow joined the Group in 1978 and is responsible for the overall management of the Group's operation in Hong Kong and the PRC. Mr. Chow has over 31 years of experience in the paper distribution industry in Hong Kong.

Ms. SHAM Yee Lan, Peggy, aged 43, is a Director of the Group. Ms. Sham joined the Group in 1989 and is responsible for the Group's overall credit administrative management. Ms. Sham is the wife of Mr. Lee Seng Jin and a daughter of Mr. Sham Kit Ying.

Mr. LEE Yue Kong, Albert, aged 53, is the Chief Financial Officer of the Group and the Company Secretary of the Company. Mr. Lee is responsible for the Group's financial and accounting management. He has over 26 years of experience in the finance, auditing and accounting fields. Prior to joining the Group in June 1997, Mr. Lee was an independent non-executive Director of the Company. He is an associate member of the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants.

Non-executive Directors
Mr. PANG Wing Kin, Patrick, aged 53, is a qualified accountant and has over 26 years of working experience in the auditing, finance and general management areas. Mr. Pang was appointed independent non-executive Director of the Company in 1995. He is a member of the CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Institute of Internal Auditors of the United Kingdom.

Mr. LAU Wang Yip, Eric, aged 42, is a solicitor practising in Hong Kong. He was appointed non-executive Director of the Company in 1997 and is currently a partner of a local law firm. Mr. Lau holds a Bachelor's degree in Laws and has been admitted as a solicitor in England and Wales. He has also been admitted as a legal practitioner in Tasmania, Australia.

Mr. TONG Yat Chong, aged 52, is a qualified accountant and has over 24 years of experience in finance, accounting and management. Mr. Tong was appointed independent non-executive Director of the Company in 2004. Mr. Tong holds a Master of Business Administration degree from the University of Wales. He is a fellow member of The Association of Chartered Certified Accountants in the United Kingdom and a Certified Public Accountant in Hong Kong.

Mr. NG Hung Sui, Kenneth, aged 42, is a solicitor practicing in Hong Kong. He was appointed independent non-executive Director of the Company in 2005 and is currently a partner of a local law firm. Mr. NG holds a Bachelor's degree in Laws and has been admitted as a solicitor in Hong Kong. He was also admitted as a solicitor in England and Wales and as a legal practitioner in Tasmania, Australia.

Mr. Ng was also appointed as an independent non-executive director of Mexan Limited (stock code: 22) on 19 April 2007. He has also been a member of the Criminal Law and Procedure Committee of the Law Society of Hong Kong since January 2007. He was appointed as a Notary Public of Hong Kong on 3 April 2008.

Biographical Details of Directors and Senior Management (continued)

Senior Management

Mr. CHU Wai Kwong, aged 52, is a Sales Director, Southern China of Samson Paper (China) Company Limited. He joined the Group in 1976. He has over 23 years of sales experience in the paper distribution industry and is responsible for the purchases of packaging boards and overseeing the general operations in Southern China.

Mr. HOI Tin On, Joseph, aged 47, is the General Manager of High Flyer Logistics (Hong Kong) Limited. He joined the Group in 1990. He has over 23 years of working experience in the paper distribution industry.

Mr. CHAN Kwok Keung, aged 49, is a Sales Director, Northern China of Samson Paper (China) Company Limited. He joined the Group in 1990 and has over 22 years of working experience in the paper distribution industry and is responsible for the purchases of printing paper and overseeing the general operations in Northern China.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 31 March 2009, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(a) Long position in shares of the Company

Ordinary shares of HK$0.10 each

		Number of ordinary shares beneficially held				
	Capacity	Personal interest	Corporate interest	Family interest	Total	Percentage
Mr. LEE Seng Jin	Beneficial owner	64,229,844	278,234,156	16,712,556	359,176,556	73.04%
Ms. SHAM Yee Lan, Peggy	Beneficial owner	572,556	16,140,000	342,464,000	359,176,556	73.04%
Mr. CHOW Wing Yuen	Beneficial owner	540,000	—	—	540,000	0.11%

Convertible non-voting preference shares ("CP shares") of HK$0.10 each

		Number of CP shares beneficially held				
	Capacity	Personal interest	Corporate interest	Family interest	Total	Percentage
Mr. LEE Seng Jin	Beneficial owner	—	132,064,935	—	132,064,935	92.30%

Warrant at a subscription price of HK$0.80 per share which will be expired on 4 June 2010

		Number of warrants held				
	Capacity	Personal interest	Corporate interest	Family interest	Total	Percentage
Mr. LEE Seng Jin	Beneficial owner	6,171,489	—	2,785,426	8,956,915	27.23%
Ms. SHAM Yee Lan, Peggy	Beneficial owner	95,426	2,690,000	6,171,489	8,956,915	27.23%
Mr. CHOW Wing Yuen	Beneficial owner	90,000	—	—	90,000	0.27%

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation (continued)

(a) Long position in shares of the Company (continued)

Save as disclosed above, as at 31 March 2009, none of the Directors and chief executives had any interests or short positions in the shares, underlying shares or debentures of, or had been granted, or exercised any rights to subscribe for shares (or warrants or debentures, if applicable) of, the Company and any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which had been recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than those interests disclosed above, the Directors and chief executives also hold shares of certain subsidiaries solely for the purpose of ensuring that the relevant subsidiary has more than one member.

At no time during the year was the Company, its holding company, its subsidiaries or its associated companies a party to any arrangement to enable any Director or chief executive of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company and its associated corporations as defined in the SFO.

(b) Short positions in shares and underlying shares of the Company

None of the Directors and the chief executive of the Company or their associates had any short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares of the Company

At 31 March 2009, the interests and short positions of the shareholders other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register which were required to be kept by the Company under Section 336 of the SFO are as follows:

Long position in ordinary shares of HK$0.10 each in the Company

Name of shareholder	Number of ordinary shares	Percentage
Quinselle Holdings Limited (note)	278,234,156	56.58%

Long position in CP shares of HK$0.10 each in the Company

Name of shareholder	Number of CP shares	Percentage
Quinselle Holdings Limited (note)	132,064,935	92.30%

Note: Quinselle Holdings Limited is wholly owned by Mr. Lee Seng Jin.

Save as disclosed above, the register which is required to be kept under Section 336 of the SFO shows that the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as at 31 March 2009.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Customers and Suppliers

During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers and therefore no additional disclosure with regard to major suppliers is made.

During the year, the Group sold less than 30% of its goods and services to its five largest customers and therefore no additional disclosure with regard to major customers is made.

Independence of Independent Non-executive Directors

The Company has received, from each of the independent non-executive Directors of the Company, an annual confirmation of his independence pursuant to Rules 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Compliance with the Continuing Disclosure Requirement under Chapter 13 of the Listing Rules

In accordance with the continuing disclosure requirements under Rule 13.21 of Chapter 13 of the Listing Rules (as amended on 31 March 2004), the Directors reported below details of the Group's loan agreements, which contains covenants requiring performance obligations of the controlling shareholder of the Company.

The Company has been granted a three and a half-year revolving credit and term loan facility amounting to HK$420,000,000 in June 2008 which requires that (i) Mr. Sham Kit Ying, Mr. Lee Seng Jin, Ms. Sham Yee Lan, Peggy and members of their respective immediate family shall in aggregate maintain not less than 100% of the direct or indirect legal and beneficial interest in Quinselle Holdings Limited; and maintain management control over Quinselle Holdings Limited; and (ii) Quinselle Holdings Limited shall maintain at least 51% of the direct or indirect legal and beneficial interest in the Company and remain the single largest shareholder of the Company.

Independent Auditor

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

SHAM Kit Ying
Chairman

Hong Kong, 20 July 2009

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central Hong Kong

Independent Auditor's Report
To the shareholders of Samson Paper Holdings Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated accounts of Samson Paper Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 26 to 79, which comprise the consolidated and Company balance sheets as at 31 March 2009, and the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated accounts in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated accounts based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 July 2009

Consolidated Profit and Loss Account

For the financial year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Revenue	5	3,744,184	3,834,380
Cost of sales		(3,388,345)	(3,468,942)
Gross profit		355,839	365,438
Other gains and income, net	5	10,904	26,116
Selling expenses		(139,298)	(122,623)
Administrative expenses		(124,314)	(110,202)
Other operating expenses		(18,662)	(12,939)
Operating profit	6	84,469	145,790
Finance costs	7	(48,481)	(53,587)
Share of profit of an associated company		166	1,279
Profit before taxation		36,154	93,482
Taxation	8	(16,780)	(21,119)
Profit for the year		19,374	72,363
Attributable to:			
Equity holders of the Company		19,433	71,564
Minority interests		(59)	799
		19,374	72,363
Dividends	10	5,723	21,462
Earnings per share			
Basic	11	4.4 cents	16.7 cents
Diluted	11	4.0 cents	16.7 cents
Dividends per share			
Interim		1.0 cent	2.5 cents
Proposed final		—	2.5 cents
		1.0 cent	5.0 cents

Consolidated Balance Sheet

As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	14	673,755	226,230
Prepaid premium for land leases	15	63,260	64,146
Non-current deposits	22	—	110,700
Investment properties	16	115,000	117,000
Intangible assets	17	38,631	36,932
Interest in an associated company	19	60,140	69,670
Deferred tax assets	31	5,379	5,023
Finance lease receivables	21	—	45
		956,165	629,746
Current assets			
Inventories	20	435,750	523,044
Accounts receivable, deposits and prepayments	21	976,854	1,378,073
Financial assets at fair value through profit or loss	23	11,434	17,817
Taxation recoverable		2,428	1,615
Restricted bank deposits	24	70,046	60,235
Bank balances and cash	25	594,704	281,068
		2,091,216	2,261,852
Current liabilities			
Accounts payable and accrued charges	26	946,792	1,014,536
Trust receipt loans	27	523,060	442,823
Taxation payable		10,466	11,150
Financial liabilities at fair value through profit or loss	23	356	4,715
Borrowings	27	152,962	367,685
		1,633,636	1,840,909
Net current assets		457,580	420,943
Total assets less current liabilities		1,413,745	1,050,689
Equity			
Share capital	28	63,485	42,926
Reserves	29	895,654	760,301
Proposed final dividend	29	—	10,731
		895,654	771,032
Shareholders' funds		959,139	813,958
Minority interests		8,146	9,031
Total equity		967,285	822,989
Non-current liabilities			
Borrowings	27	393,763	213,294
Other payable	30	33,975	—
Deferred tax liabilities	31	18,722	14,406
		446,460	227,700
		1,413,745	1,050,689

On behalf of the Board

SHAM Kit Ying
Director

SHAM Yee Lan, Peggy
Director

Balance Sheet

As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Interests in subsidiaries	18	249,897	249,897
Current assets			
Amounts due from subsidiaries	18	290,990	142,578
Dividend receivable from a subsidiary		—	10,731
Tax recoverable		20	16
Bank balances and cash	25	89	69
		291,099	153,394
Current liabilities			
Accrued charges		385	6
Net current assets		290,714	153,388
Total assets less current liabilities		540,611	403,285
Equity			
Share capital	28	63,485	42,926
Reserves	29	477,126	349,628
Proposed final dividend	29	—	10,731
		477,126	360,359
Total equity		540,611	403,285

On behalf of the Board

SHAM Kit Ying
Director

SHAM Yee Lan, Peggy
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company					
	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Subtotal HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2007	42,926	183,556	473,509	699,991	6,872	706,863
Surplus on properties revaluation, net of deferred tax	—	12,479	—	12,479	—	12,479
Currency translation difference	—	51,314	—	51,314	173	51,487
Share of reserves of an associated company	—	72	—	72	—	72
Net income recognised directly in equity	—	63,865	—	63,865	173	64,038
Profit for the year	—	—	71,564	71,564	799	72,363
Total recognised income for the year	—	63,865	71,564	135,429	972	136,401
Capital injection by a minority shareholder	—	—	—	—	1,187	1,187
2006–2007 final dividend paid	—	—	(10,731)	(10,731)	—	(10,731)
2007–2008 interim dividend paid	—	—	(10,731)	(10,731)	—	(10,731)
Reserves	42,926	247,421	512,880	803,227	9,031	812,258
Proposed 2007–2008 final dividend	—	—	10,731	10,731	—	10,731
At 31 March 2008	42,926	247,421	523,611	813,958	9,031	822,989
At 1 April 2008 as per above	42,926	247,421	523,611	813,958	9,031	822,989
Deferred tax charged to equity	—	(2,910)	—	(2,910)	—	(2,910)
Currency translation difference	—	(746)	—	(746)	(826)	(1,572)
Share of reserves of an associated company	—	(2,119)	—	(2,119)	—	(2,119)
Net expense recognised directly in equity	—	(5,775)	—	(5,775)	(826)	(6,601)
Profit for the year	—	—	19,433	19,433	(59)	19,374
Total recognised income for the year	—	(5,775)	19,433	13,658	(885)	12,773
Issuance of preference shares, net of issuance expenses	14,309	83,668	—	97,977	—	97,977
Issuance of ordinary shares	6,250	43,750	—	50,000	—	50,000
2007–2008 final dividend paid	—	—	(10,731)	(10,731)	—	(10,731)
2008–2009 interim dividend paid	—	—	(5,723)	(5,723)	—	(5,723)
At 31 March 2009	63,485	369,064	526,590	959,139	8,146	967,285

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Operating activities			
Cash inflow generated from operations	32(a)	456,577	106,110
Interest paid		(48,481)	(53,587)
Hong Kong profits tax paid		(10,521)	(3,048)
Overseas taxation paid		(6,706)	(8,497)
Net cash inflow from operating activities		390,869	40,978
Investing activities			
Decrease for non-current deposits		—	(110,700)
Payment for subscription of rights issue of an associated company		—	(6,624)
Proceeds from sales of rights issue of an associated company		—	8,388
Purchase of property, plant and equipment		(252,270)	(125,310)
Purchase of prepaid premium for land leases		—	(36,610)
Purchase of intangible assets		(586)	—
Proceeds from disposal of property, plant and equipment		1,431	2,338
Capital element received from finance lease receivables		1,658	2,765
Interest element received from finance lease receivables		61	345
Proceeds from sale of investments in financial assets		—	8,022
Interest received		6,784	9,753
Dividends received from investments in financial assets		1,149	1,389
Net cash outflow from investing activities		(241,773)	(246,244)
Financing activities			
Bank loans raised	32(b)	410,563	273,027
Repayment of bank loans	32(b)	(440,275)	(117,642)
Repayment of finance lease liabilities		(9,303)	(5,298)
Increase in restricted bank deposits		(9,811)	(46,140)
Increase in trust receipt loans		80,237	53,314
Dividends paid to shareholders		(16,454)	(21,462)
Capital contribution from minority shareholders of subsidiaries		—	1,187
Issuance of preference shares, net of issuance expenses		97,977	—
Issuance of ordinary shares		50,000	—
Net cash inflow from financing activities		162,934	136,986
Effect of changes in exchange rates on cash and cash equivalents		1,606	12,786
Net increase/(decrease) in cash and cash equivalents		313,636	(55,494)
Cash and cash equivalents at the beginning of the year		281,068	336,562
Cash and cash equivalents at the end of the year	25	594,704	281,068

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacturing, trading and marketing of paper products. The Group also engages in trading of consumable aeronautic parts, provision of logistics services and marine services. Detailed analysis of these business segments are set out in note 5 to the accounts.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is 3/F Seapower Industrial Centre, 177 Hoi Bun Road, Kwun Tong, Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These consolidated accounts are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated accounts have been approved for issue by the Board of Directors on 20 July 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated accounts 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 accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of buildings, investment properties, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of accounts in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated accounts, are disclosed in note 4.

(a) *Amendments and interpretations effective in 2008/2009*

- HKAS 39, "Financial instruments: Recognition and measurement", amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, "Financial instruments: Disclosures", introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's accounts as the Group has not reclassified any financial assets.

- HK(IFRIC) — Int 11, "HKFRS 2 — Group and treasury share transactions", provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group's accounts.

- HK(IFRIC) — Int 12, "Service concession arrangements", applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. This interpretation is not relevant to the Group's operation because the Group does not provide public sector services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

(a) *Amendments and interpretations effective in 2008/2009 (continued)*

- HK(IFRIC) — Int 14, "HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction", provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the Group's accounts as the Group does not operate any defined benefit pension plan.

(b) The following new standards, amendments to standards and interpretations have been published and are mandatory for the Group's accounting period beginning or after 1 April 2009 or later periods, but the Group has not early adopted them:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time adoption of HKFRSs and HKAS 27 consolidated and separate financial statements — cost of an investment in a subsidiary, jointly controlled entity or associate[2]
HKFRS 2 Amendments	Share-based payment — vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKAS 32 and HKAS 1 Amendments	Financial instruments: presentation and HKAS 1 presentation of financial statements — puttable financial instruments and obligations arising on liquidation[1]
HKAS 39 Amendment	Financial instruments: recognition and measurement — eligible hedged items[2]
HK(IFRIC) — Int 9	Reassessment of embedded derivatives[2]
HK(IFRIC) — Int 13	Customer loyalty programmes[3]
HK(IFRIC) — Int 15	Agreements for the construction of real estate[1]
HK(IFRIC) — Int 16	Hedges of a net investment in a foreign operation[4]
HK(IFRIC) — Int 17	Distribution of non-cash assets to owners[2]
HK(IFRIC) — Int 18	Transfers of assets from customers[2]

In addition, the HKICPA has also issued Improvements to HKFRSs and Improvements to HKFRSs 2009.

Notes:

(1) Effective for financial periods beginning on or after 1 January 2009
(2) Effective for financial periods beginning on or after 1 July 2009
(3) Effective for financial periods beginning on or after 1 July 2008
(4) Effective for financial periods beginning on or after 1 October 2008

The Group is in the process of making an assessment of the impact of those new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures, those new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation

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

(a) *Subsidiaries*

Subsidiaries are all entitled 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at 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. 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 consolidated profit and loss account (note 2.10).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated accounts, 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 (note 2.3). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) *Transactions with minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated profit and loss account. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) *Associated companies*

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 using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (note 2.10).

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated profit and loss account, 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 (continued)

2.2 Consolidation (continued)

(c) *Associated companies (continued)*

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.

Dilution gains and losses arising in investments in associates are recognised in the consolidated profit and loss account.

2.3 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, but are tested at least annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.4 Financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) *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 trade and other receivables in the balance sheet.

Regular purchases and sales of financial assets are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all other financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. 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. Other financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the profit and loss account in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 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 the 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 original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss account within "other operating expenses". When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against "other operating expenses" in the profit and loss account.

2.6 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period 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.

2.7 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the accounts 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 accounts are presented in Hong Kong 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 profit and loss account, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation difference on non-monetary financial assets, such as equities classified as available for sale, 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 profit and loss account are translated at average exchange rates (unless this 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Foreign currency translation (continued)

(c) Group companies (continued)

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

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed or sold, such exchange differences that were recorded in equity are recognised in the profit and loss account as part of the gain or loss on sale.

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.

2.8 Property, plant and equipment

Buildings comprise mainly warehouses and offices. Subsequent to initial recognition, buildings are carried at their revalued amounts less subsequent accumulated depreciation and impairment losses. Valuation of buildings inside and outside Hong Kong are valued by external independent valuers on a regular basis with an interval of not more than 3 years. In the intervening years, the directors review the carrying value of the buildings and adjustment is made where they consider that there has been a material change. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the profit and loss account during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are expensed in the profit and loss account.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives. The principal annual rates are as follows:

Buildings	2.5% to 5.9%
Furniture and fixtures	10% to 25%
Machinery and equipment	4% to 20%
Office and computer equipment	10% to 20%
Motor vehicles and vessels	20%
Leasehold improvements	20% or over the unexpired lease period, whichever is shorter

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Property, plant and equipment (continued)

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 (note 2.3).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit and loss account. When revalued assets are sold, the amounts included in "asset revaluation reserve" are transferred to retained earnings.

2.9 Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the cost of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

2.10 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/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investment in associates. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Company allocates goodwill to each business segment in each country in which it operates (note 2.3).

(b) *Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed ten years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investment properties

Investment property is defined as property held to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Investment property, principally comprising leasehold land and office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the profit and loss account.

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

2.12 Operating leases (as lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land and land use rights, are charged to the profit and loss account on a straight-line basis over the period of the lease.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost for trading merchandise is determined using the first-in, first-out method and cost for manufactured merchandise is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Employee benefits (continued)

(b) *Retirement benefit obligations*

The Group operates a number of defined contribution schemes for all its employees in Hong Kong. A defined contribution scheme is a pension scheme that the Group pays fixed contribution into a separate entity. The Group's contributions to the defined contribution retirement schemes are expensed as incurred and are not reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

The Group also contributes on a monthly basis to various defined contribution schemes, organised by relevant municipal and provincial governments in the PRC for all its employees in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees for post-retirement benefits beyond the contributions made. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government. Contributions to these schemes are expensed as incurred.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. However, the deferred income tax 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 income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognised as follows:

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

Sales commission is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

2.18 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or 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.

2.19 Finance lease (as lessor)

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income from operating lease is recognised over the term of the lease on a straight-line basis.

2.20 Finance lease (as lessee)

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 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 the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's accounts in the period in which the dividends are approved by the Company's equity holders.

2.23 Share capital

Ordinary shares and convertible non-voting preference shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest-rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management policies approved by the Board of Directors are carried out by a central treasury department ("Group Treasury"). Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Currency risk

The Group operates in various Asian countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi and United States dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group enters into forward contracts to reduce foreign exchange risk.

The carrying amounts of the Group's accounts receivable are mainly denominated in Hong Kong dollar and Renminbi. The carrying amounts of the Group's accounts payable and accrued charges are mainly denominated in Renminbi and United States dollar. The carrying amounts of cash and bank balances are mainly denominated in Hong Kong dollar, Renminbi and United States dollar.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 March 2009, if Hong Kong dollar had weakened/strengthened by 5% against the Renminbi with all other variables held constant, post-tax profit for the year would have been HK$6,546,000 (2008: HK$933,000) higher/lower, mainly as a result of offsetting the foreign exchange gains/losses on translation of Renminbi-denominated bank balances and cash, trade and other receivables, and the foreign exchange losses/gains on translation of Renminbi-denominated borrowings. Profit or loss is more sensitive to movements in Hong Kong dollar/Renminbi exchange rates in 2009 than 2008 because of the decreased amount of Renminbi-denominated borrowings which acts a natural hedge against Renminbi-denominated bank balances and cash, and trade and other receivables.

Hong Kong dollar is pegged to United States dollar at a range between 7.75 to 7.85, the foreign exchange exposure between United States dollar and Hong Kong dollar is therefore limited.

Management considers that the Group is not exposed to significant foreign exchange risk arising from other foreign currencies, such as Euro, Singapore dollar, Japanese Yen, Korean Won and Malaysian Ringgits.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through profit or loss. The Group maintained these equity securities investments for long-term strategic purpose.

With all other variables held constant, if the average future prices of equity securities increase/decrease by 5%, the impact on the Group's profit would be a maximum increase/decrease of HK$558,000 (2008: HK$832,000).

(iii) Cash flow interest-rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arises from bank borrowings. As at 31 March 2009, borrowings were primarily at floating rates.

At 31 March 2009, if interest rates on Hong Kong dollar-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been HK$7,347,000 (2008: HK$5,549,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The Group's credit risk is primarily attributable to cash and bank deposits, trade and other receivables, and other financial assets (including derivative financial instruments) at fair value through profit or loss.

The Group's cash and bank deposits and derivative financial instruments are entered into with a diversified portfolio of reputable financial institutions. Counterparties' credit risks are carefully reviewed and in general, the Group only deals with financial institutions with investment grade credit rating. The amount of counterparties' lending exposure to the Group is also an important consideration as a means to control credit risk.

The Group has put in place policies to ensure that sales of products are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances. There was no individual customer with balance representing more than 2.7% of the Group's total trade receivables from third parties, thus there was no concentration of credit risk with respect to trade receivable as there are a large number of customers.

The carrying amount of cash and bank deposits, trade and other receivables and other financial assets at fair value through profit or loss included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to its financial assets.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

The Group has been prudent in liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The management aims to maintain flexibility in funding by keeping credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facilities and bank balances and cash (note 25)) on the basis of expected cash flow.

The table below analyses the Group's and the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
Group			
At 31 March 2009			
Bank borrowings	149,357	158,354	257,262
Trust receipt loans	525,065	—	—
Derivative financial instruments	356	—	—
Accounts payable, other payable and accrued charges	946,792	33,975	—
Finance lease liabilities	5,676	4,698	1,681
At 31 March 2008			
Bank borrowings	365,788	167,143	45,183
Trust receipt loans	445,037	—	—
Derivative financial instruments	4,715	—	—
Accounts payable and accrued charges	1,014,536	—	—
Finance lease liabilities	7,978	5,800	6,031
Company			
At 31 March 2009			
Accrued charges	385	—	—
At 31 March 2008			
Accrued charges	6	—	—

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's derivative financial instruments in respect of United States dollar forward or option contracts that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Group	
	Less than 1 year HK$'000	Between 1 and 2 years HK$'000
At 31 March 2009		
Forward foreign exchange contracts — not qualified for cash flow hedges:		
— outflow	239,790	—
— inflow	239,776	—
At 31 March 2008		
Forward foreign exchange contracts — not qualified for cash flow hedges:		
— outflow	210,677	101,360
— inflow	210,532	97,604
Interest rate swap contracts — not qualified for cash flow hedges		
— outflow	50,000	—
— inflow	50,371	—

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash, bank balances and restricted deposits. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt.

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management (continued)

	Group	
	2009 HK'000	2008 HK'000
Total borrowings (note 27)	1,069,785	1,023,802
Less: Cash, bank balances and restricted deposits	(664,750)	(341,303)
Net debt	405,035	682,499
Total equity	967,285	822,989
Total capital	1,372,320	1,505,488
Gearing ratio	29.5%	45.3%

The decrease in the gearing ratio was due to the Group's total equity being further strengthened by capital funds raised and the 40.7% decrease in net debt during the year.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises 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 period in which such determination is made.

(b) Estimated provision for trade and other receivables

The Group makes provision for impairment of receivables based on an assessment of the recoverability of trade and other receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impaired receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and impairment expenses in the period in which such estimate has been changed.

(c) Estimated write-downs of inventories to net realisable value

The Group writes down inventories to net realisable value based on an assessment of the realisability of inventories. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the period in which such estimate has been changed.

(d) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.10. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 17).

(e) Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation expenses for the Group's property, plant and equipment. Management will revise the depreciation expenses where useful lives and residual values 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.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. The calculation require the use of judgements and estimates.

(f) Fair value of investment properties

The fair value of each investment property individually is determined at each balance sheet date by independent professional valuers by reference to comparable market transactions and where appropriate on the basis of capitalisation of the net rental income/net income, after allowing for outgoings, and in appropriate cases provisions for reversionary income potential. These methodologies are based upon estimates of future results and a set of assumptions as to income and expenses of the property and future economic conditions. The fair value of each investment property reflects, among other things, rental income from current bases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

5 REVENUE, OTHER GAINS AND INCOME AND SEGMENT INFORMATION

Revenue recognised is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Revenue		
Sale of goods	3,601,798	3,651,991
Provision of services	142,386	182,389
	3,744,184	3,834,380
Other gains and income, net		
Interest income	6,845	10,098
Gain on sales of rights issue of an associated company	—	3,596
Dividends income — listed investments	912	1,389
Fair value (losses)/gains on investment properties	(2,000)	10,986
Rental income	7,813	3,058
Gains on disposal of property, plant and equipment	—	315
Net losses on investments in financial assets	(5,399)	(4,976)
Others	2,733	1,650
	10,904	26,116

(a) Primary reporting format — business segments

At 31 March 2009, the Group is organised on a worldwide basis into four main business segments:

(1) Manufacturing, trading and marketing of paper products;

(2) Provision of logistics services;

(3) Trading and marketing of aeronautic parts and provision of services; and

(4) Provision of marine services to marine, oil and gas industries.

5 REVENUE, OTHER GAINS AND INCOME AND SEGMENT INFORMATION (continued)

(a) Primary reporting format – business segments (continued)

The segment results for the year ended 31 March 2009 are as follows:

	Paper HK$'000	Logistics services HK$'000	Aeronautic parts and services HK$'000	Marine services HK$'000	Unallocated HK$'000	Group HK$'000
Total segment revenue	3,530,504	72,257	104,890	75,192	—	3,782,843
Inter-segment revenue	—	(38,659)	—	—	—	(38,659)
Revenue	3,530,504	33,598	104,890	75,192	—	3,744,184
Segment results	86,067	(3,299)	12,651	143	(11,093)	84,469
Finance costs (note 7)						(48,481)
Share of profit of an associated company	166	—	—	—	—	166
Profit before taxation						36,154
Taxation (note 8)						(16,780)
Profit for the year						19,374

The segment results for the year ended 31 March 2008 are as follows:

	Paper HK$'000	Logistics services HK$'000	Aeronautic parts and services HK$'000	Marine services HK$'000	Unallocated HK$'000	Group HK$'000
Total segment revenue	3,588,831	98,182	94,463	96,876	—	3,878,352
Inter-segment revenue	—	(43,972)	—	—	—	(43,972)
Revenue	3,588,831	54,210	94,463	96,876	—	3,834,380
Segment results	122,657	1,051	9,024	15,723	(2,665)	145,790
Finance costs (note 7)						(53,587)
Share of profit of an associated company	1,279	—	—	—	—	1,279
Profit before taxation						93,482
Taxation (note 8)						(21,119)
Profit for the year						72,363

5 REVENUE, OTHER GAINS AND INCOME AND SEGMENT INFORMATION (continued)

(a) Primary reporting format – business segments (continued)

Segment assets consist primarily of non-current assets and current assets except taxation and other corporate assets.

Segment liabilities comprise accounts payable and accrued charges, trust receipt loans, other financial liabilities at fair value through profit or loss and other payable.

Capital expenditure comprises additions to property, plant and equipment (note 14), prepaid premium for land leases (note 15) and intangible assets (note 17).

The segment assets and segment liabilities at 31 March 2009 and capital expenditure for the year then ended are as follows:

	Paper HK$'000	Logistics services HK$'000	Aeronautic parts and services HK$'000	Marine services HK$'000	Unallocated HK$'000	Group HK$'000
Assets	2,710,244	71,336	56,213	96,335	53,113	2,987,241
Associated company	60,140	—	—	—	—	60,140
Segment assets	2,770,384	71,336	56,213	96,335	53,113	3,047,381
Segment liabilities	1,458,481	2,834	12,858	28,425	577,498	2,080,096
Capital expenditure (notes 14 and 17)	476,752	2,034	13	1,564	46	480,409

The segment assets and segment liabilities at 31 March 2008 and capital expenditure for the year then ended are as follows:

	Paper HK$'000	Logistics services HK$'000	Aeronautic parts and services HK$'000	Marine services HK$'000	Unallocated HK$'000	Group HK$'000
Assets	2,500,974	87,368	48,865	127,373	57,348	2,821,928
Associated company	69,670	—	—	—	—	69,670
Segment assets	2,570,644	87,368	48,865	127,373	57,348	2,891,598
Segment liabilities	1,399,346	8,115	19,226	33,706	608,216	2,068,609
Capital expenditure (notes 14 and 15)	143,925	4,761	841	20,354	—	169,881

5 REVENUE, OTHER GAINS AND INCOME AND SEGMENT INFORMATION (continued)

(a) Primary reporting format – business segments (continued)

Other segment items included in the consolidated profit and loss account are as follows:

	Year ended 31 March 2009					
	Paper HK$'000	Logistics services HK$'000	Aeronautic parts and services HK$'000	Marine services HK$'000	Unallocated HK$'000	Group HK$'000
Depreciation of property, plant and equipment (note 14)	6,012	2,939	776	7,477	108	17,312
Amortisation of prepaid premium for land leases (note 15)	719	—	—	—	62	781
Amortisation of intangible assets	86	—	—	—	—	86

	Year ended 31 March 2008					
	Paper HK$'000	Logistics services HK$'000	Aeronautic parts and services HK$'000	Marine services HK$'000	Unallocated HK$'000	Group HK$'000
Depreciation of property, plant and equipment (note 14)	5,613	2,795	647	7,412	101	16,568
Amortisation of prepaid premium for land leases (note 15)	1,506	—	—	—	62	1,568
Amortisation of intangible assets	—	—	—	—	—	—

5 REVENUE, OTHER GAINS AND INCOME AND SEGMENT INFORMATION (continued)

(b) Secondary reporting format — geographical segments

The Group's four business segments operate in three main geographical areas, even though they are managed on a worldwide basis.

	Group					
	Revenue		Segment assets		Capital expenditure	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Hong Kong	1,411,330	1,474,228	1,250,698	1,282,129	9,573	8,061
The PRC (note)	1,929,284	1,920,678	1,519,852	1,279,673	467,738	140,410
Singapore	180,081	191,339	152,548	176,238	1,623	21,195
Others	223,489	248,135	71,170	96,210	1,475	215
	3,744,184	3,834,380	2,994,268	2,834,250	480,409	169,881
Unallocated	—	—	53,113	57,348	—	—
	3,744,184	3,834,380	3,047,381	2,891,598	480,409	169,881

Note: The PRC, for the presentation purpose in these accounts, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan.

6 OPERATING PROFIT

Operating profit is stated after charging and crediting the following:

	Group	
	2009 HK$'000	2008 HK$'000
Charging		
Cost of inventories sold	3,280,592	3,323,242
Depreciation of property, plant and equipment	17,312	16,568
Amortisation of prepaid premium for land leases	781	1,568
Amortisation of intangible assets	86	—
Loss on disposal of property, plant and equipment	1,102	—
Operating lease rentals in respect of land and buildings	7,192	6,766
Transportation costs	80,793	101,146
Provision for impairment on inventories	3,594	886
Provision for impairment on receivables	13,542	16,276
Employee benefits expenses (note 12)	107,994	139,771
Auditor's remuneration	3,368	1,942
Unrealised losses on derivative financial instruments	—	7,940
Net exchange losses	6,344	—
Outgoings related to investment properties	—	1,177
Crediting		
Net exchange gains	—	5,119
Realised and unrealised gains on derivative financial instruments	3,456	—
Provision for impairment on receivables written back	2,863	781

7 FINANCE COSTS

	Group	
	2009 HK$'000	2008 HK$'000
Interest on bank borrowings wholly repayable within 5 years	39,680	41,090
Interest on trade credit facilities	17,618	12,497
Less: amounts capitalised in property, plant and equipment and construction in progress	(8,817)	—
	48,481	53,587

The weighted average interest rate on such capitalised borrowings is approximately 3.2%.

8 TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	Group	
	2009 HK$'000	2008 HK$'000
Hong Kong profits tax	8,964	6,763
Overseas taxation	6,436	12,819
Under/(over) provision in previous years	330	(850)
Deferred taxation relating to origination and reversal of temporary differences (note 31)	1,050	2,387
	16,780	21,119

8 TAXATION (continued)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	2009 HK$'000	2008 HK$'000
Profit before taxation	36,154	93,482
Less: Share of profit of an associated company	(166)	(1,279)
	35,988	92,203
Calculated at a taxation rate of 16.5% (2008: 17.5%)	5,938	16,135
Effect of different taxation rates in other countries	839	1,723
Income not subject to taxation	(4,129)	(6,454)
Expenses not deductible for taxation purposes	10,611	10,123
Tax losses not recognised	2,461	—
Effect of change of tax rate	(41)	—
Under/(over) provision in previous years	330	(850)
Others	771	442
	16,780	21,119

According to the New Corporate Income Tax Law, the profits of the PRC subsidiaries of the Group derived since 1 January 2008 will be subject to withholding tax at a rate of 5% upon the distribution of such profits to foreign investors incorporated in Hong Kong, or at rate of 10% for other foreign investors. The Group determined that no deferred withholding tax liabilities shall be recognised in respect of the profits of the PRC subsidiaries for the year ended 31 March 2009 since the Group plans to reinvest such profits in the PRC and has no plan to distribute such profits in the foreseeable future.

9 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the accounts of the Company to the extent of HK$5,803,000 (2008: HK$21,501,000) (note 29).

10 DIVIDENDS

	Group	
	2009 HK$'000	2008 HK$'000
Interim — HK$0.01 (2008: HK$0.025) per ordinary share	4,292	10,731
Interim — HK$0.01 (2008: Nil) per preference share	1,431	—
Proposed final — Nil (2008: HK$0.025) per share	—	10,731
	5,723	21,462

At a meeting held on 20 July 2009, the Directors do not recommend the payment of a final dividend.

11 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group	
	2009 HK$'000	2008 HK$'000
Profit attributable to shareholders	19,433	71,564
Weighted average number of ordinary shares in issue	438,302	429,258
Basic earnings per share	4.4 cents	16.7 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: preference shares and warrants. The preference shares are assumed to be converted into ordinary shares. For the warrants, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's share) based on the monetary value of the subscription rights attached to outstanding warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants. The Company has a share option scheme but no share option (2008: nil) has been granted under the scheme. The exercise of warrants is anti-dilutive and therefore not included in the calculation of diluted earnings per share.

	Group	
	2009 HK$'000	2008 HK$'000
Profit attributable to shareholders	19,433	71,564
Weighted average number of ordinary shares in issue	438,302	429,258
Adjustments for:		
— Assumed conversion of preference shares	52,138	—
— Share options and warrants	—	—
Weighted average number of shares for diluted earnings per share	490,440	429,258
Diluted earnings per share	4.0 cents	16.7 cents

12 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' REMUNERATION)

	Group	
	2009 HK$'000	2008 HK$'000
Wages, salaries and bonus	103,499	134,051
Contributions to pension schemes	4,495	5,720
	107,994	139,771

13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of every Director for the year ended 31 March 2009 is set out below:

	2009					2008
	Fee HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000	Total HK$'000
Executive directors						
Sham Kit Ying	—	5,459	1,800	—	7,259	6,039
Lee Seng Jin	—	3,600	2,800	125	6,525	7,325
Sham Yee Lan, Peggy	—	960	700	51	1,711	1,809
Chow Wing Yuen	—	1,325	500	50	1,875	2,174
Lee Yue Kong, Albert	—	1,140	700	44	1,884	1,983
Non-executive directors						
Pang Wing Kin, Patrick	80	—	—	—	80	80
Lau Wang Yip, Eric	80	—	—	—	80	80
Tong Yat Chong	100	—	—	—	100	100
Ng Hung Sui, Kenneth	80	—	—	—	80	80

During the year, no directors agreed to waive future emoluments, and no amounts were paid to any of the directors as inducement to join the Group or as compensation for loss of office.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included five (2008: five) Directors whose emoluments are reflected in the analysis presented above.

14 PROPERTY, PLANT AND EQUIPMENT — GROUP

	Group								
	Buildings								
	Inside Hong Kong HK$'000	Outside Hong Kong HK$'000	Furniture and fixtures HK$'000	Machinery and equipment HK$'000	Motor vehicles and vessels HK$'000	Leasehold improvements HK$'000	Office and computer equipment HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 April 2007									
Cost or valuation	41,714	17,385	7,181	69,696	32,129	11,326	17,143	—	196,574
Accumulated depreciation	(970)	(927)	(5,539)	(29,842)	(15,966)	(10,616)	(14,303)	—	(78,163)
Net book amount	40,744	16,458	1,642	39,854	16,163	710	2,840	—	118,411
Year ended 31 March 2008									
Opening net book amount	40,744	16,458	1,642	39,854	16,163	710	2,840	—	118,411
Net exchange difference	—	1,372	33	3,963	833	(158)	(110)	2,766	8,699
Additions	—	7,986	354	14,164	10,208	403	1,693	98,463	133,271
Revaluation surplus (note 29)	17,526	—	—	—	—	—	—	—	17,526
Transfer to investment properties (note 16)	(33,086)	—	—	—	—	—	—	—	(33,086)
Disposals	—	—	—	—	(2,008)	—	(15)	—	(2,023)
Depreciation	(786)	(1,240)	(488)	(7,164)	(5,344)	(164)	(1,382)	—	(16,568)
Closing net book amount	24,398	24,576	1,541	50,817	19,852	791	3,026	101,229	226,230
Year ended 31 March 2008									
Cost or valuation	25,971	26,849	7,556	88,781	39,570	11,606	18,500	101,229	320,062
Accumulated depreciation	(1,573)	(2,273)	(6,015)	(37,964)	(19,718)	(10,815)	(15,474)	—	(93,832)
Net book amount	24,398	24,576	1,541	50,817	19,852	791	3,026	101,229	226,230
Year ended 31 March 2009									
Opening net book amount	24,398	24,576	1,541	50,817	19,852	791	3,026	101,229	226,230
Net exchange difference	—	(690)	3	(4,445)	(322)	206	3	969	(4,276)
Additions	—	—	503	233,054	4,458	835	2,638	233,567	475,055
Disposals	—	—	(712)	(103)	(1,194)	—	(524)	—	(2,533)
Depreciation	(603)	(1,394)	(391)	(10,748)	(6,041)	(253)	(1,291)	—	(20,721)
Closing net book amount	23,795	22,492	944	268,575	16,753	1,579	3,852	335,765	673,755
Year ended 31 March 2009									
Cost or valuation	25,971	26,140	6,959	315,727	40,791	12,672	20,253	335,765	784,278
Accumulated depreciation	(2,176)	(3,648)	(6,015)	(47,152)	(24,038)	(11,093)	(16,401)	—	(110,523)
Net book amount	23,795	22,492	944	268,575	16,753	1,579	3,852	335,765	673,755

Buildings situated in Hong Kong and major buildings situated outside Hong Kong were revalued at 31 March 2008 on the basis of open market value carried out by FPD Savills (Hong Kong) Limited, an independent firm of chartered surveyors. The remaining buildings situated outside Hong Kong were revalued at 31 March 2008 by the Directors. The buildings were stated at directors' revaluation as at 31 March 2009.

14 PROPERTY, PLANT AND EQUIPMENT — GROUP (continued)

If buildings were stated on the historical cost basis, the amounts would be as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Cost	33,858	33,858
Accumulated depreciation	(9,621)	(8,618)
Net book amount	24,237	25,240

The analysis of the cost or valuation at 31 March 2009 of the above assets is as follows:

	Group								
	Buildings Inside Hong Kong HK$'000	Buildings Outside Hong Kong HK$'000	Furniture and fixtures HK$'000	Machinery and equipment HK$'000	Motor vehicles and vessels HK$'000	Leasehold improvements HK$'000	Office and computer equipment HK$'000	Construction in progress HK$'000	Total HK$'000
At cost	—	—	6,959	315,727	40,791	12,672	20,253	335,765	732,167
At valuation	25,971	26,140	—	—	—	—	—	—	52,111
	25,971	26,140	6,959	315,727	40,791	12,672	20,253	335,765	784,278

The analysis of the cost or valuation at 31 March 2008 of the above assets is as follows:

	Buildings Inside Hong Kong HK$'000	Buildings Outside Hong Kong HK$'000	Furniture and fixtures HK$'000	Machinery and equipment HK$'000	Motor vehicles and vessels HK$'000	Leasehold improvements HK$'000	Office and computer equipment HK$'000	Construction in progress HK$'000	Total HK$'000
At cost	—	—	7,556	88,781	39,570	11,606	18,500	101,229	267,242
At valuation	25,971	26,849	—	—	—	—	—	—	52,820
	25,971	26,849	7,556	88,781	39,570	11,606	18,500	101,229	320,062

At 31 March 2009, construction in progress represented costs incurred for the buildings, machineries and equipment in Shandong and Nantong, the PRC for the construction of paper mills.

At 31 March 2009, buildings situated in Hong Kong and outside Hong Kong with carrying value amounted to approximately HK$23,795,000 (2008: HK$24,398,000) and HK$6,044,000 (2008: HK$7,091,000) respectively were pledged as securities for bank borrowings made available to the Group (note 35).

As at 31 March 2009, the aggregate net book amount of machinery and equipment held by the Group under finance leases was HK$11,945,000 (2008: HK$14,559,000). The net book amount of motor vehicles held by the Group under finance leases was HK$5,806,000 (2008: HK$6,170,000).

Depreciation expenses of HK$17,312,000 has been charged in selling and administrative expenses and HK$3,409,000 has been included in inventories and construction in progress.

15 PREPAID PREMIUM FOR LAND LEASES

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

	Group	
	2009 HK$'000	2008 HK$'000
In Hong Kong, held on:		
Leases of between 10 to 50 years	20,777	21,324
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	42,483	42,822
	63,260	64,146
At 1 April	64,146	48,785
Exchange differences	501	1,568
Additions	—	36,610
Transfer to investment properties (note 16)	—	(21,249)
Amortisation	(1,387)	(1,568)
At 31 March	63,260	64,146

At 31 March 2009, prepaid premium for land leases situated in Hong Kong with carrying value amounted to approximately HK$20,777,000 (2008: HK$21,324,000) were pledged as securities for bank borrowings made available to the Group (note 35).

Amortisation expenses of HK$781,000 has been charged in selling and administrative expenses and HK$606,000 has been included in inventories.

16 INVESTMENT PROPERTIES

	Group	
	2009 HK$'000	2008 HK$'000
At 1 April	117,000	51,679
Transfer from property, plant and equipment (note 14)	—	33,086
Transfer from prepaid premium for land leases (note 15)	—	21,249
Fair value (losses)/gains	(2,000)	10,986
At 31 March	115,000	117,000

The investment properties were revalued at 31 March 2009 by independent, professionally qualified valuers Centaline Surveyors Limited. Valuations were based on current prices in an active market for the properties.

16 INVESTMENT PROPERTIES (continued)

The Group's interest in investment properties at its book values is analysed as follows:

	Group	
	2009 HK$'000	2008 HK$'000
In Hong Kong, held on:		
Leases of between 10 to 50 years	115,000	117,000
	115,000	117,000

At 31 March 2009, the investment properties situated in Hong Kong with carrying value of HK$115,000,000 (2008: HK$117,000,000) were pledged as a security for bank borrowings made available to the Group (note 35).

17 INTANGIBLE ASSETS

	Group		
	Computer software HK$'000	Goodwill HK$'000	Total HK$'000
At 1 April 2007			
Cost	—	32,414	32,414
Net book amount	—	32,414	32,414
Year ended 31 March 2008			
Opening net book amount	—	32,414	32,414
Exchange differences	—	4,518	4,518
Closing net book amount	—	36,932	36,932
Year ended 31 March 2009			
Opening net book amount	—	36,932	36,932
Addition	5,354	—	5,354
Amortisation	(86)	—	(86)
Exchange differences	—	(3,569)	(3,569)
Closing net book amount	5,268	33,363	38,631
Year ended 31 March 2009			
Cost	5,354	33,363	38,717
Accumulated amortisation	(86)	—	(86)
Net book amount	5,268	33,363	38,631

17 INTANGIBLE ASSETS (continued)

The Group completed its annual impairment test for goodwill allocated to the Group's cash generating unit ("CGU") by comparing their recoverable amount to their carrying amount as at the balance sheet date. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The key assumptions used for value-in-use calculations are as follows:

Gross margin	35%
Growth rate	0%
Discount rate	10%

Goodwill is associated with the marine services in Singapore.

The Directors are of the opinion that there was no impairment of goodwill as at 31 March 2009.

18 INTERESTS IN SUBSIDIARIES

	Company	
	2009 HK$'000	2008 HK$'000
Unlisted shares, at cost (note (a))	249,897	249,897
Amounts due from subsidiaries (note (b))	290,990	142,578

Notes:

(a) Particulars of the Company's principal subsidiaries at 31 March 2009 are set out in note 38 to the accounts.

(b) Amounts due are unsecured, interest free and repayable on demand.

19 INTEREST IN AN ASSOCIATED COMPANY

	Group	
	2009 HK$'000	2008 HK$'000
Share of net assets	57,179	66,662
Goodwill	2,961	3,008
	60,140	69,670

Details of the Group's associated company are as follows:

Name	Particulars of issued shares held	Country of incorporation	Total assets HK$'000	Total liabilities HK$'000	Revenue HK$'000	Profit HK$'000	Interest held %	Principal activity
2009								
United Pulp & Paper Company Limited (note i) (Listed in Singapore)	34,456,000 shares of S$0.25 each	Singapore	581,497	154,944	345,095	2,767	14.44%	Manufacture and sale of paper and paper products
2008								
United Pulp & Paper Company Limited (note i) (Listed in Singapore)	34,456,000 shares of S$0.25 each	Singapore	777,880	288,847	487,663	11,703	14.67%	Manufacture and sale of paper and paper products

(i) United Pulp & Paper Company Limited has a financial accounting year end of 31 December which is not conterminous with the Group.

(ii) United Pulp & Paper Company Limited is regarded as an associated company of the Group. The Group has director representation in United Plup & Paper Company Limited in which the Group can exercise significant influence over its financial and operating policies.

(iii) United Pulp & Paper Company Limited is listed on Singapore Exchange. The market value of the securities held by the Group as at 31 March 2009 is approximately HK$11,411,000 (2008: HK$54,413,000).

20 INVENTORIES

	Group	
	2009 HK$'000	2008 HK$'000
Merchandise and finished goods	396,201	521,139
Raw materials	39,549	1,905
	435,750	523,044

The cost of inventories recognised as expenses and included in cost of sales amounted to HK$3,280,592,000 (2008: HK$3,323,242,000).

As at 31 March 2009, inventories of the Group are stated at the lower of cost and net realisable value. The inventories for the Group are stated after a provision for inventories of approximately HK$17,995,000 (2008: HK$14,352,000).

21 ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	Group	
	2009 HK$'000	2008 HK$'000
Trade receivables — net of provision	715,510	1,169,897
Other receivable, deposits and prepayments	261,344	206,563
Finance lease receivables	—	1,658
	976,854	1,378,118
Finance lease receivables — non-current portion	—	(45)
	976,854	1,378,073

The carrying values of the Group's trade and other receivables approximate their fair values.

The Group normally grants credit to customers ranging from 30 to 90 days.

The ageing analysis of trade receivables is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Current to 60 days	505,951	855,745
61 to 90 days	101,404	164,803
Over 90 days	108,155	149,349
	715,510	1,169,897

There was no concentration of credit risk with respect to trade receivables as the Group had a large number of customers, which were widely dispersed within Hong Kong, the PRC and other countries.

Trade receivables that are less than 90 days past due are not considered impaired. As of 31 March 2009, trade receivables of HK$50,678,000 (2008: HK$44,035,000) were past due 90 days but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
91 — 120 days	3,151	13,866
Over 120 days	47,527	30,169
	50,678	44,035

As of 31 March 2009, trade receivables of HK$96,916,000 (2008: HK$89,515,000) were considered impaired. The individually impaired receivables mainly related to customers which are in unexpected difficult economic situations.

21 ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS (continued)

The movement of the provision for impairment of trade receivables is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
At 1 April	89,515	72,484
Exchange difference	(3,278)	1,536
Net provision	10,679	15,495
At 31 March	96,916	89,515

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Finance lease receivables

	Group	
	2009 HK$'000	2008 HK$'000
Non-current		
Finance leases — gross receivables	—	48
Unearned finance income	—	(3)
	—	45
Current		
Finance leases — gross receivables	—	1,679
Unearned finance income	—	(66)
	—	1,613

	Group	
	2009 HK$'000	2008 HK$'000
Gross receivables from finance leases:		
Not later than 1 year	—	1,679
Later than 1 year and not later than 5 years	—	48
	—	1,727
Unearned future finance income on finance leases	—	(69)
Net investment in finance leases	—	1,658
The net investment in finance leases may be analysed as follows:		
Not later than 1 year	—	1,613
Later than 1 year and not later than 5 years	—	45
	—	1,658

22 NON-CURRENT DEPOSIT

The balance as at 31 March 2008 mainly represents payments to vendors for the purchase of paper manufacturing assets. Following a public auction held by the auctioneer in Shandong province, the PRC on 10 January 2008, the Group entered into an Assets Transfer Contract (the "Contract") with the receivers of Shandong Huacai Paper Co. Ltd. ("Huacai") and Shandong Huazhong Paper Co. Ltd. ("Huazhong") to acquire production assets of both Huacai and Huazhong at a consideration of RMB385 million (approximately HK$414.9 million) on 20 February 2008. As at 31 March 2008, a security deposit of RMB100 million (approximately HK$107 million) was paid to the auctioneer pursuant to the Contract. The remaining consideration shall be settled upon the transfer of titles of all production assets.

23 FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2009 HK$'000	2008 HK$'000
Financial assets/(liabilities) at fair value through profit or loss		
Listed/quoted securities outside Hong Kong, at fair value	11,152	13,853
Unlisted securities outside Hong Kong, at fair value	—	2,779
	11,152	16,632
Derivative financial assets	282	1,185
	11,434	17,817
Derivative financial liabilities	(356)	(4,715)
	11,078	13,102

The fair value of listed/quoted equity securities is based on their current bid prices in an active market. Derivative financial instruments represent foreign exchange contracts entered into by the Group.

The notional principal amounts of the outstanding foreign exchange contracts at 31 March 2009 were HK$239,790,000 (2008: HK$312,037,000).

The notional principal amount of the outstanding interest rate swap contracts at 31 March 2009 were nil (2008: HK$50,000,000).

24 RESTRICTED BANK DEPOSITS

	Group	
	2009 HK$'000	2008 HK$'000
Pledged as securities for banking facilities	70,046	60,235

Restricted bank deposits earn interest at a fixed rate of 1.36% per annum (2008: 3.78% per annum).

The restricted bank deposits were denominated in Renminbi.

25 BANK BALANCES AND CASH

	Group		Company	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Cash at bank and in hand	460,597	249,201	89	69
Short–term bank deposits	134,107	31,867	—	—
	594,704	281,068	89	69

The effective interest rate on short-term bank deposits was 0.21% per annum (2008: 2.63% per annum). These deposits had an average maturity of 14 days (2008: 14 days).

Cash and cash equivalents include the following for the purpose of the consolidated cash flow statement:

	Group	
	2009 HK$'000	2008 HK$'000
Bank balances and cash	594,704	281,068
	594,704	281,068

26 ACCOUNTS PAYABLE AND ACCRUED CHARGES

	Group	
	2009 HK$'000	2008 HK$'000
Trade and bills payables	703,948	903,381
Accrued expenses and other payables	232,472	94,153
Loan from a minority shareholder	999	1,563
Amounts due to an associated company	9,373	15,439
	946,792	1,014,536

The carrying values of the gross accounts payable and accrued charges approximated their fair values.

The loan from a minority shareholder and the amounts due to associated companies were unsecured, interest free and repayable on demand.

26 ACCOUNTS PAYABLE AND ACCRUED CHARGES (continued)

The ageing analysis of trade and bills payables is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Current to 60 days	513,811	766,492
61 to 90 days	157,187	48,915
Over 90 days	32,950	87,974
	703,948	903,381

27 BORROWINGS

	Group	
	2009 HK$'000	2008 HK$'000
Non-current		
Bank loans — unsecured	341,640	131,515
Bank loans — secured (note 35)	46,222	71,055
Finance lease liabilities	5,901	10,724
Total non-current borrowings	393,763	213,294
Current		
Trust receipt loans — unsecured	362,255	215,659
Trust receipt loans — secured (note 35)	160,805	227,164
	523,060	442,823
Bank loans — unsecured	123,698	339,007
Bank loans — secured (note 35)	23,959	21,375
Finance lease liabilities	5,305	7,303
	152,962	367,685
Total current borrowings	676,022	810,508
Total borrowings	1,069,785	1,023,802

27 BORROWINGS (continued)

At 31 March 2009, the Group's bank loans and trust receipt loans were repayable as follows:

	Group			
	Bank loans		Trust receipt loans	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Within one year	147,657	360,382	523,060	442,823
In the second year	153,073	159,945	—	—
In the third to fifth years inclusive	234,789	42,625	—	—
	535,519	562,952	523,060	442,823

The effective interest rate at the balance sheet date on bank loans and trust receipt loans was 2.3% per annum (2008: 3.0% per annum).

The carrying amounts of bank loans and trust receipt loans approximated their fair values.

The Group had undrawn borrowing facilities of HK$992,759,000 (2008: HK$452,938,000). All of the Group's facilities were at floating rates.

The carrying amounts of total bank borrowings and trust receipt loans are denominated in the following currencies:

	Group	
	2009 HK$'000	2008 HK$'000
Hong Kong dollar	1,001,421	888,535
Renminbi	42,975	100,343
Singapore dollar	14,183	16,897
	1,058,579	1,005,775

Finance lease liabilities

	Group	
	2009 HK$'000	2008 HK$'000
Gross finance lease liabilities — minimum lease payments:		
Not later than 1 year	5,676	7,978
Later than 1 year but not later than 5 years	6,379	11,831
	12,055	19,809
Future finance charges on finance leases	(849)	(1,782)
Present value of finance lease liabilities	11,206	18,027

27 BORROWINGS (continued)

Finance lease liabilities (continued)

	Group 2009 HK$'000	Group 2008 HK$'000
The present value of finance lease liabilities is as follows:		
Not later than 1 year	5,305	7,303
Later than 1 year and no later than 5 years	5,901	10,724
	11,206	18,027

At the balance sheet date, the carrying amounts of finance lease liabilities approximated their fair values.

The effective interest rates at the balance sheet date ranged from 3.2% to 8.6% per annum (2008: 3.3% to 7.2% per annum).

28 SHARE CAPITAL

	Number of shares of HK$0.10 each 2009	2008	Share capital 2009 HK$'000	2008 HK$'000
Authorised:				
Ordinary shares				
At the beginning of year	800,000,000	800,000,000	80,000	80,000
Increase in authorised share capital (note (a))	656,913,987	—	65,691	—
At the end of year	1,456,913,987	800,000,000	145,691	80,000
Convertible non-voting preference shares				
At the beginning of year	—	—	—	—
Increase in authorised share capital (note (a))	143,086,013	—	14,309	—
At the end of year	143,086,013	—	14,309	—
Total	1,600,000,000	—	160,000	—
Issued and fully paid:				
Ordinary shares				
At the beginning of year	429,258,039	429,258,039	42,926	42,926
Exercise of bonus warrants (note (b))	62,500,000	—	6,250	—
At the end of year	491,758,039	429,258,039	49,176	42,926
Convertible non-voting preference shares				
At the beginning of year	—	—	—	—
Issuance of preference shares (note (c))	143,086,013	—	14,309	—
At the end of year	143,086,013	—	14,309	—
Total	634,844,052	429,258,039	63,485	42,926

28 SHARE CAPITAL (continued)

Notes:

(a) Pursuant to a special resolution passed at the Special General Meeting on 24 October 2008, the authorised share capital of the Company was increased to HK$160,000,000 divided into 1,456,913,987 ordinary shares of HK$0.10 each and 143,086,013 convertible non-voting preference shares ("CP shares") of HK$0.10 each by the creation of additional 656,913,987 ordinary shares of HK$0.10 each and 143,086,013 CP shares of HK$0.10 each.

(b) On 5 December 2008, the Company issued 95,390,675 warrants on the basis of one warrant for every six existing ordinary shares and CP shares of the Company held by the shareholders ("bonus warrants"). The holders of bonus warrants are entitled to subscribe any time during 5 December 2008 to 4 June 2010 for ordinary shares at a subscription price of HK$0.80 per share. During the year, 62,500,000 ordinary shares of HK$0.10 each were issued upon the exercise of 62,500,000 units of bonus warrants. As at 31 March 2009, 32,890,675 units of bonus warrants remained outstanding.

(c) On 27 October 2008, 143,086,013 CP shares of HK$0.10 each were issued at HK$0.70 each and a total consideration of HK$100,160,000 was received. The rights, privileges and restrictions of the CP shares are set out below:

Dividend
The holders of CP shares shall have the same right to dividend payment as to the holders of ordinary shares.

Conversion
Each holder of CP share shall be entitled to convert its shares into fully paid ordinary shares of HK$0.10 each in the capital of the Company on the basis of one ordinary share for every CP share. Unless previously redeemed, cancelled or converted, each holder of CP shares will be entitled to convert in respect of the whole or any part of its CP shares into fully paid ordinary shares on the basis of one ordinary share for every CP share at any time after the date of issue of the CP Shares upon the giving of a Conversion Notice. If the Continuing Notice is served before 31 March 2009, the relevant CP shares will not be subject to mandatory conversion.

At the end of business on 31 March 2009, unless previously redeemed, purchased and cancelled, converted or that a Continuing Notice has been served and delivered to the Company, all CP shares will be mandatorily converted into ordinary shares by the Company. The dividend entitlement attaching to any CP shares will cease to apply with effect from the date of conversion. Ordinary shares arising on conversion shall rank pari passu in all respects with ordinary shares, including the rights to receive any dividends and other distributions declared. So long as the Company remains listed in Hong Kong, those holders of the CP shares will not exercise their right to convert the CP shares into ordinary shares of the Company unless at least 25% of the Company's total issued share capital that are listed on the Hong Kong Stock Exchange will at all times be held by the public.

Voting rights
The holders of CP shares will be entitled to receive notice of every general meeting of the Company but will not be entitled (i) to vote upon any resolution unless it is a resolution for winding-up the Company or reducing its share capital in any manner or a resolution modifying, varying or abrogating any of the special rights attached to the CP shares or (ii) to attend or speak at any general meeting of the Company unless the business of the meeting includes the consideration of a resolution upon which the holders of CP shares are entitled to vote.

Transferability
None of the CP shares will be assignable or transferable without the prior written approval of the board of Directors of the Company. The Company will not apply for a listing of any of the CP shares on any stock exchange anywhere in the world.

Redemption
Subject to the provisions of the Companies Act, the Company shall be entitled, at any time after the fifth anniversary of the date of issue of the CP shares by resolution of the directors of the Company to redeem all or any of the CP shares. These shall be paid on each CP share redeemed a sum equal to (i) the subscription price thereof and (ii) all arrears (if any) of the Dividend thereon. As from the Redemption Date such Dividend shall cease to apply.

(d) The shareholders of the Company adopted a share option scheme to comply with the requirements of Chapter 17 of the Listing Rules. As at 31 March 2009 and 2008, no share option was granted or outstanding.

29 RESERVES

Group

	Share premium HK'000	Assets revaluation reserve HK'000	Capital reserve (note a) HK'000	Exchange fluctuation reserve HK'000	Retained earnings HK'000	Total HK'000
At 1 April 2007	96,293	38,528	33,311	15,424	473,509	657,065
2006-2007 final dividend paid	—	—	—	—	(10,731)	(10,731)
Profit for the year	—	—	—	—	71,564	71,564
Surplus on properties revaluation (note 14)	—	17,526	—	—	—	17,526
Deferred tax on property revaluation	—	(5,047)	—	—	—	(5,047)
Currency translation differences	—	—	—	51,314	—	51,314
Share of reserves of an associated company	—	—	—	72	—	72
2007-2008 interim dividend paid	—	—	—	—	(10,731)	(10,731)
Reserves	96,293	51,007	33,311	66,810	512,880	760,301
Proposed 2007-2008 final dividend	—	—	—	—	10,731	10,731
At 31 March 2008	96,293	51,007	33,311	66,810	523,611	771,032
At 1 April 2008, as per above	96,293	51,007	33,311	66,810	523,611	771,032
2007-2008 final dividend paid	—	—	—	—	(10,731)	(10,731)
Profit for the year	—	—	—	—	19,433	19,433
Issuance of preference shares, net of issuance expenses	83,668	—	—	—	—	83,668
Issuance of ordinary shares	43,750	—	—	—	—	43,750
Deferred tax charged to equity	—	(2,910)	—	—	—	(2,910)
Currency translation differences	—	—	—	(746)	—	(746)
Share of reserves of an associated company	—	—	—	(2,119)	—	(2,119)
2008-2009 interim dividend paid	—	—	—	—	(5,723)	(5,723)
At 31 March 2009	223,711	48,097	33,311	63,945	526,590	895,654

29 RESERVES (continued)

Company

	Share premium HK$'000	Contributed surplus (note b) HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2007	96,293	249,697	14,330	360,320
2006-2007 final dividend paid	—	—	(10,731)	(10,731)
2007-2008 interim dividend paid	—	—	(10,731)	(10,731)
Profit for the year (note 9)	—	—	21,501	21,501
Reserves	96,293	249,697	3,638	349,628
Proposed 2007-2008 final dividend	—	—	10,731	10,731
At 31 March 2008	96,293	249,697	14,369	360,359
At 1 April 2008 as per above	96,293	249,697	14,369	360,359
2007-2008 final dividend paid	—	—	(10,731)	(10,731)
Issuance of preference shares, net of issuance expenses	83,668	—	—	83,668
Issuance of ordinary shares	43,750	—	—	43,750
2008-2009 interim dividend paid	—	—	(5,723)	(5,723)
Profit for the year (note 9)	—	—	5,803	5,803
At 31 March 2009	223,711	249,697	3,718	477,126

(a) The capital reserve of the Group represents the difference between the nominal value of the shares issued by Samson Paper (BVI) Limited and the nominal value of the share capital of those companies forming the Group pursuant to a group reorganisation in 1995.

(b) The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired, and represents the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act of 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders. At Group level, the contributed surplus is reclassified into its component of reserves of the underlying subsidiaries.

30 OTHER PAYABLE

	Group	
	2009 HK$'000	2008 HK$'000
Purchases financed by a supplier	33,975	—

The amount represents funding provided by a supplier for purchase of machinery parts for the mill in Shandong province, the PRC of the Group.

The effective interest rate at the balance sheet date was 3.0% and repayable in the financial year ending 31 March 2010 and 31 March 2011.

The carrying value of other payable approximated its fair values.

31 DEFERRED TAXATION

Deferred taxation are calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2008: 17.5%).

The movement on the net deferred tax liabilities account is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
At 1 April	9,383	1,949
Charged to profit and loss account (note 8)	1,050	2,387
Charged directly to equity (note 29)	2,910	5,047
At 31 March	13,343	9,383

Deferred income tax assets are recognised for tax loss carried forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has not recognised deferred tax assets of HK$2,461,000 (2008: Nil) in respect of losses that can be carried forward against future taxable income. Losses do not have any expiry date.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax assets

	Group	
	Tax losses	
	2009 HK$'000	2008 HK$'000
At 1 April	5,023	4,055
Credited to profit and loss account	356	968
At 31 March	5,379	5,023

Deferred tax liabilities

	Group					
	Accelerated tax depreciation		Fair value gains		Total	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
At 1 April	6,468	5,036	7,938	968	14,406	6,004
Charged directly to equity (note 29)	—	—	2,910	5,047	2,910	5,047
Charged/(credited) to profit and loss account	1,846	1,432	(440)	1,923	1,406	3,355
At 31 March	8,314	6,468	10,408	7,938	18,722	14,406

31 DEFERRED TAXATION (continued)

The amounts shown in the balance sheet include the following:

	Group	
	2009 HK$'000	2008 HK$'000
Deferred tax assets to be recovered after more than 12 months	5,379	5,023
Deferred tax liabilities to be settled after more than 12 months	(18,722)	(14,406)
	(13,343)	(9,383)

32 CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	Group	
	2009 HK$'000	2008 HK$'000
Operating profit	84,469	145,790
Depreciation of property, plant and equipment	17,312	16,568
Amortisation of prepaid premium for land leases	781	1,568
Amortisation of intangible assets	86	—
Fair value losses/(gains) on investment properties	2,000	(10,986)
Losses/(gains) on disposal of property, plant and equipment	1,102	(315)
Dilution loss on interest in an associated company	948	—
Gain on sales of rights issue of an associated company	—	(3,596)
Net losses on investments in financial assets	5,399	4,976
Realised and unrealised (gains)/losses on derivative financial instruments	(3,456)	7,940
Dividend income	(912)	(1,389)
Interest income	(6,845)	(10,098)
Operating profit before working capital changes	100,884	150,458
Decrease/(increase) in inventories	89,320	(170,819)
Decrease/(increase) in accounts receivable, deposits and prepayments	399,146	(257,289)
(Decrease)/increase in accounts payable and accrued charges	(145,691)	364,897
Effect of changes in exchange rates	12,918	18,863
Net cash inflow generated from operations	456,577	106,110

32 CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

	Group	
	Bank loans	
	2009 HK$'000	2008 HK$'000
At 1 April	562,952	406,547
Bank loans raised	410,563	273,027
Repayment of bank loans	(440,275)	(117,642)
Exchange difference	2,279	1,020
At 31 March	535,519	562,952

33 BANK GUARANTEES

At 31 March 2009, the Company continued to provide corporate guarantees on the banking facilities granted to the Group's subsidiaries. The amount of facilities utilised by the subsidiaries as at 31 March 2009 amounted to HK$1,059,000,000 (2008: HK$1,006,000,000).

34 COMMITMENTS

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Property, plant and equipment and land leases		
Contracted but not provided for	371,799	492,438
Intangible assets,		
Contracted but not provided for	—	1,150
	371,799	493,588

(b) As at 31 March 2009, the Company had commitment in respect of the injection of capital into wholly-owned subsidiaries in the PRC amounted to approximately HK$148,506,000 (2008: HK$156,696,000).

34 COMMITMENTS (continued)

(c) Operating lease commitments

At 31 March 2009, the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Not later than one year	22,254	34,147
Later than one year and not later than five years	11,219	24,907
	33,473	59,054

(d) Operating lease receivable

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Not later than one year	6,159	11,557
Later than one year and not later than five years	3,189	13,862
	9,348	25,419

35 CHARGE OF ASSETS

At 31 March 2009, trust receipt loans of HK$160,805,000 (2008: HK$227,164,000) and bank loans of HK$70,181,000 (2008: HK$92,430,000) were secured by legal charges on the Group's properties with net book amount of approximately HK$165,616,000 (2008: approximately HK$169,813,000) (notes 14, 15 and 16).

36 RELATED PARTY TRANSACTIONS

Significant related party transactions, which were carried out in the normal course of the Group's business at prices and terms no less than those charged and contracted with other third party suppliers of the Group are as follows:

	Group	
	2009 HK$'000	2008 HK$'000
(a) Sale to and purchase from related parties		
(i) Purchase from an associated company	21,210	51,223
(ii) Rental income from an associated company	87	159

All the above transactions were carried out on the basis of the price lists in force with non-related parties.

36 RELATED PARTY TRANSACTIONS (continued)

	Group 2009 HK$'000	Group 2008 HK$'000
(b) Year-ended balances arising from sales/purchases of goods		
Payables to an associated company	9,373	15,439
Receivables from an associated company	—	660

Amounts due were unsecured, interest free and repayable on demand.

(c) Key management compensation
Details of key management compensation are set out in note 13 to the accounts.

37 ULTIMATE HOLDING COMPANY

The Directors regard Quinselle Holdings Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company.

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place of incorporation	Particulars of issued and fully paid up share capital/registered capital	Percentage holding 2009 & 2008	Nature of business
Shares held directly:				
[1] Samson Paper (BVI) Limited	British Virgin Islands	110,000 ordinary shares of HK$1 each	100	Investment holding
Shares held indirectly:				
Boardton Consultants Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100	Property investment
Burotech Limited	Hong Kong	4,000,000 ordinary shares of HK$1 each	100	Printing and sales of computer forms and trading of commercial paper products
[1] Foshan NanHai JiaLing Paper Company Limited[2]	The People's Republic of China	Registered capital HK$81,380,000	100	Processing and trading or paper products in the PRC
Foundation Paper Company Limited	Hong Kong	10,000 ordinary shares of HK$100 each	100	Export trading of paper products to the PRC
[1] Global Century Investments Limited	British Virgin Islands	1 ordinary share of US$1	100	Property holding
High Flyer Logistics (Hong Kong) Limited	Hong Kong	1,000,000 ordinary shares of HK$1 each	100	Logistics services

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation	Particulars of issued and fully paid up share capital/registered capital	Percentage holding 2009 & 2008	Nature of business
[1] Shenzhen High Flyer International Transportation Co. Ltd.[2]	The People's Republic of China	Registered capital RMB10,000,000	80.4	Container transport services
[1] Hypex Holdings Limited[2]	Singapore	2 ordinary shares of US$1 each	100	Marine services to shipyards
Samson Paper Company Limited	Hong Kong	100 ordinary shares of HK$10 each	100	Trading of paper products
		2,850,000 non-voting shares of HK$10 each	100	
[1] Samson Paper (Beijing) Company Limited[2]	The People's Republic of China	Registered capital HK$16,380,000	100	Trading of paper products
Samson Paper (China) Company Limited[2]	Hong Kong	1,000 ordinary shares of HK$10 each	100	Investment holding
[1] Samson Paper (M) Sdn. Bhd.[2]	Malaysia	2,250,000 ordinary shares of RM1 each	74.4	Manufacturing & trading of paper products
[1] Samson Paper (Shanghai) Company Limited[2]	The People's Republic of China	Registered capital RMB61,650,000	100	Trading of paper products
[1] Samson Paper (Shenzhen) Company Limited[2]	The People's Republic of China	Registered capital HK$17,000,000	100	Trading of paper products
Shun Hing Paper Company	Hong Kong	7,600 ordinary shares of HK$100 each	100	Trading of paper products
		2,400 non-voting shares of HK$100 each	100	
United Aviation (Singapore) Pte. Ltd.[2]	Singapore	2 ordinary shares of US$1 each	100	Trading of aeronautical parts
[1] Universal Pulp and Paper (Shandong) Co. Ltd.[2]	The People's Republic of China	Registered capital US$30,000,000	100	Manufacturing & trading of paper products

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

[1] The statutory accounts of these subsidiaries were not audited by PricewaterhouseCoopers.

[2] Foreign investment enterprises.

All subsidiaries operate in Hong Kong except otherwise stated.

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

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