

ANNUAL REPORT 2009/2010



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code: 252



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chua Nai Tuen
(Chairman and Managing Director)
Mr. Chua Nai King
(Deputy Chairman)
Mr. Nelson Junior Chua*
Mr. Gilson Chua

Non-Executive Directors

Mr. Chan Man Hon, Eric
Mr. Jimmy Siy Tiong
Mr. Luis Siy
Mr. Rene Siy Chua
Mr. Tsai Han Yung
Mr. Siy Yap Samuel
Miss Vivian Chua
Mr. Se Ying Kin

Independent Non-Executive Directors

Mr. Chan Siu Ting
Mr. James L. Kwok
Mr. Wong Shek Keung

AUDIT COMMITTEE

Mr. Chan Siu Ting *(Chairman)*
Mr. Chan Man Hon, Eric
Mr. James L. Kwok
Mr. Tsai Han Yung
Mr. Wong Shek Keung

REMUNERATION COMMITTEE

Mr. James L. Kwok *(Chairman)*
Mr. Chan Man Hon, Eric
Mr. Wong Shek Keung

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of
China (Asia) Limited
Standard Chartered Bank (Hong Kong) Limited
Wing Hang Bank, Limited

SOLICITORS

Vincent T. K. Cheung, Yap & Co.

AUDITORS

K. L. Young & Co.

COMPANY SECRETARY

Mr. Chan Chit Ming, Joeie

REGISTERED OFFICE

Units 407-410, 4th Floor, Tower 2,
Silvercord, No. 30 Canton Road,
Tsimshatsui, Kowloon, Hong Kong.

SHARE REGISTRAR

General Secretarial Services Limited,
20th Floor, Capitol Centre,
5-19 Jardine's Bazaar,
Causeway Bay, Hong Kong.

STOCK CODE

252

INTERNET ADDRESS HOMEPAGE

<http://www.seapnf.com.hk>

* Redesignated from the post of Non-Executive Director to Executive Director on 16 July 2010.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Chua Nai Tuen, aged 58, was appointed as an Executive Director and Managing Director in 1973 and was further appointed Chairman of the Company in 2000. Mr. Chua is responsible for the formulation and execution of the Group's overall strategic planning, business development and seeking business opportunities for the Group. He is also a Director of other companies in the Group. He has over 35 years' experience in finance, property investment and development, hotel, manufacturing and trading of plastics packaging materials business.

Mr. Chua Nai King, aged 60, was appointed as an Executive Director in 1972 and was further appointed Deputy Chairman of the Company in 2000. He is also a Director of other companies in the Group. He has over 35 years' experience in finance, property investment, property development and hotel business.

Mr. Nelson Junior Chua, aged 31, was appointed as a Non-executive Director of the Company on 15 April 2008 and was redesignated as an Executive Director on 16 July 2010. Mr. Chua has about 10 years' experience in financial information analysis and research. He is also a director of Stockwell Securities Limited and Stockwell Commodities Limited respectively, direct wholly owned subsidiaries of the Company in Hong Kong. He graduated from the Queen Mary & Westfield College in United Kingdom and obtained a Bachelor's degree in Molecular Biology.

Mr. Gilson Chua, aged 30, was appointed as an Executive Director of the Company on 15 April 2008. He joined the Group in 2002. He is the Director and Deputy General Manager of Nan Sing Plastics Limited and he is also a Director of other companies in the Group. He graduated from the University of Warwick in United Kingdom and obtained a Bachelor's degree in Computer and Business Studies.

NON-EXECUTIVE DIRECTORS

Mr. Chan Man Hon, Eric, aged 53, was appointed as a Non-executive Director of the Company in 1994 and was further appointed as a member of the Audit Committee and Remuneration Committee in 2001 and 2005 respectively. Mr. Chan is a practising solicitor in Hong Kong. He obtained a Bachelor of Laws degree from the University of Hong Kong and was admitted as a solicitor in Hong Kong in 1981. He was further admitted as a solicitor in England and Australia in 1984 and 1985 respectively. He is the consultant of Vincent T. K. Cheung, Yap & Co. Currently, Mr. Chan is an independent non-executive director of Emperor International Holdings Limited and Global Bio-Chem Technology Group Company Limited, the shares of both companies are listed on the Stock Exchange of Hong Kong.

Mr. Jimmy Siy Tiong, aged 74, was appointed as a Non-executive Director of the Company in 1978. Mr. Siy was the former President of Sanyo Philippines Inc., a company incorporated in the Philippines.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

NON-EXECUTIVE DIRECTORS (Cont'd)

Mr. Luis Siy, aged 57, was appointed as a Non-executive Director of the Company in 1978. Mr. Siy is a Director of Standard Appliances Corporation, a company incorporated in the Philippines.

Mr. Rene Siy Chua, aged 52, was appointed as a Non-executive Director of the Company in 2000. Mr. Chua is the General Manager of Mindanao Textile Corporation, a company incorporated in the Philippines.

Mr. Tsai Han Yung, aged 44, was appointed as a Non-executive Director of the Company in 2000 and was further appointed as a member of the Audit Committee in 2001. Mr. Tsai holds management positions in certain companies in Taiwan.

Mr. Siy Yap Samuel, aged 51, was appointed as a Non-executive Director of the Company on 30 September 2008. Mr. Siy Yap is a businessman with over 25 years of experience in manufacturing and product distribution. He graduated from Ateneo De Manila University in Philippines and obtained a Bachelor's degree of Science in Management Engineering.

Miss Vivian Chua, aged 30, was appointed as a Non-executive Director of the Company on 15 April 2008. Miss Chua joined the Group in 2005. She is a Marketing and Planning Analyst of Nan Sing Plastics Limited and Deputy Manager responsible for the Group's property management. She graduated from The University of British Columbia in Canada and obtained a Bachelor's degree in Commerce.

Mr. Se Ying Kin, aged 68, was appointed as an Executive Director in 1973 and was redesignated as a Non-executive Director of the Company on 1 April 2008. He graduated from University College of London University in United Kingdom and obtained a Bachelor's degree (Honours) in Electrical and Electronic Engineering.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Siu Ting, aged 58, was appointed as an Independent Non-executive Director of the Company and Chairman of the Audit Committee in 2006. Mr. Chan has been practising as a Certified Public Accountant in Hong Kong for over 10 years. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and a member of The Institute of Chartered Accountants in England and Wales. He is currently a Director of Wong Chan Lau C.P.A. Company Limited, Certified Public Accountants (Practising).

Mr. James L. Kwok, aged 58, was appointed as an Independent Non-executive Director of the Company in 1994 and was further appointed as a member of the Audit Committee and Chairman of the Remuneration Committee in 2001 and 2005 respectively. Mr. Kwok obtained a MBA degree from the Wharton School, University of Pennsylvania. He started his career in banking and had held the position of manager of the Asian portfolios of a major American bank in Hong Kong. For the past two decades, he held a management position in a group of private companies in Hong Kong and North America which were involved in general trading, property investment and garment business.

Mr. Wong Shek Keung, aged 67, was appointed as an Independent Non-executive Director of the Company and a member of the Audit Committee and Remuneration Committee in 2005. Mr. Wong has over 30 years' extensive experience in banking, finance and administration. He had held a senior position of a reputable French bank's Hong Kong Branch and had been an advisor to the Chairman of a down manufacturing company in China.

SENIOR MANAGEMENT

Mr. Choy Tin Woo, Johnnie, aged 55, is the Executive Director and Responsible Officer of Stockwell Securities Limited. He is also a Director of other companies in the Group. Mr. Choy joined the Group in 1976 and is responsible for the Group's securities and commodities dealings.

Mr. Fu Ka Tsang, aged 52, is the General Manager of the Company and he is also a Director of other companies in the Group. Mr. Fu joined the Group in 1995 and is responsible for the Group's property investment and development business.

Miss Chan Sin Yee, Lomeria, aged 53, joined the Group in the 4th quarter of 2008 as the Personal Assistant to Group Chairman and Group Human Resources & Administration Director. Prior to joining the Group, Ms. Chan has undertaken different key management positions in multinational companies.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT (Cont'd)

Mr. Luk Wai Ming, aged 48, is the Group Financial Controller of the Company. Mr. Luk is a fellow member of The Association of Chartered Certified Accountants and associate member of the Hong Kong Institute of Certified Public Accountants, Mr. Luk has more than 25 years working experience in the finance and accounting field. Mr. Luk joined the Group in November 2009 and is responsible for all accounting and finance operations of the Group.

Mr. Chan Chit Ming, Joeie, aged 37, joined the Group as Company Secretary and Internal Audit Manager in November 2008. Mr. Chan is an associate of the Institute of Chartered Accountants in England and Wales, a fellow of the Association of Chartered Certified Accountants as well as a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, he had worked as a finance manager and company secretary of a company listed on the Main Board of The Hong Kong Stock Exchange. Mr. Chan has over 15 years of solid finance, accounting, auditing experience in various industries and extensive experience and knowledge in company secretarial field. Mr. Chan received his MBA from the University of Hull in United Kingdom.

Messrs. Chua Nai Tuen, Chua Nai King, Jimmy Siy Tiong, Luis Siy, Rene Siy Chua and Tsai Han Yung are brothers and they are brothers-in-law of Mr. Se Ying Kin. Both Mr. Nelson Junior Chua and Mr. Gilson Chua are the sons of Mr. Chua Nai Tuen and Miss Vivian Chua is the daughter of Mr. Chua Nai King. Mr. Siy Yap Samuel is the nephew of Messrs. Chua Nai Tuen, Chua Nai King, Jimmy Siy Tiong, Luis Siy, Rene Siy Chua, Tsai Han Yung and Se Ying Kin and he is the cousin of Mr. Nelson Junior Chua, Mr. Gilson Chua and Miss Vivian Chua. Save as disclosed, the directors and senior management do not have any relationships as set out in Rule 12 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to submit to the Shareholders the Annual Report of the Group for the year ended 31 March 2010.

RESULTS

During the year, the Group's profits attributable to Shareholders was HK\$82.6 million (2008/2009: HK\$17.6 million). Earnings per share was 37.9 cents (2008/2009: 8.1 cents). Turnover was HK\$308.0 million (2008/2009: HK\$368.0 million). The Group's operating profit before finance costs, share of profit of associates and profits tax amounted to HK\$104.2 million (2008/2009: HK\$29.3 million). If the fair value changes on investment properties net of deferred tax of HK\$70.4 million were to be excluded (2008/2009: HK\$11.5 million), the underlying profit for the year would have been HK\$12.3 million (2008/2009: HK\$6.0 million).

During the year, the Group's profit before tax was HK\$103.0 million (2008/2009: HK\$21.2 million). Given below is an analysis of the profit/(loss) from operations of the Group's principal activities:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Property investments and development/hotel	11,761	14,885
Manufacturing and trading of plastic packaging materials	(7,293)	(3,246)
Stock broking and finance	15,386	5,583
Revaluation surplus of investment properties	84,300	12,063
Profit from operations	104,154	29,285
Finance costs	(4,664)	(8,327)
Share of profit of associates	3,511	200
Profit before tax	103,001	21,158

DIVIDENDS

No interim dividend was paid during the year (2008/2009: Nil). The Directors now recommend for the adoption at the Annual General Meeting to be held on Friday, 27 August 2010 the payment on 3 September 2010 of a final dividend of 3.0 cents per share (2008/2009: 3.0 cents per share) in respect of the financial year ended 31 March 2010 to Shareholders on record as at 27 August 2010, absorbing a total amount of HK\$6.5 million (2008/2009: HK\$5.9 million).



CHAIRMAN'S STATEMENT

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

Business Review

Property Investments and Development

The global financial crisis that broke out on September 2008 has affected economies around the world. Affected by the financial turmoil, the local economy unavoidably suffered severe contraction at the beginning of 2009. Governments have swiftly responded with a series of economic stimulation policies to boost market demand and public confidence. As a result, property and financial markets stabilised in the second half of 2009 and started to recover gradually in the first quarter of 2010. The Group witnessed a V-shaped recovery in the property market which benefited from the low interest rates, relaxed monetary policies and scarce property supply in Hong Kong. Thus, the inflow of liquidity led to an increase of properties prices. During the year, the Group recorded an increase in the fair value changes of the Group's investment properties amounted to HK\$84.3 million (2008/2009: HK\$12.1 million).

The Group's investment properties, namely, the shops on the Ground Floor of Hotel Benito, the office unit in Silvercord at Tsimshatsui, the residential property at Essex Crescent, Kowloon Tong, the whole block of Nan Sing Industrial Building and the office/warehouse units in Kwai Tak Industrial Centre at Kwai Chung, together with the office units in Chao Shan Building and the residential property in Ming Yue Hua Yuan at Shenzhen, were all leased out and generated steady rental income for the Group during the year. The Group's rental income amounted to HK\$17.2 million (2008/2009: HK\$15.9 million), representing an increase of 8.1% over last year. The Group did not dispose any of its properties, no gain on disposal of properties was taken during the year (2008/2009: HK\$1.2 million).

Hotel

During the year, the operation of Hotel Benito in Tsimshatsui's tourist and shopping areas in Hong Kong was stable and continued to give a stable return to the Group. The income for the year under review from the hotel amounted to HK\$15.5 million (2008/2009: HK\$14.3 million), representing an increase of 8.4% from last year. At the beginning of the year, under the effect of the global financial turmoil and the Human Swine Flu Pandemic, occupancy still remained high because of the recognition of her guests. Room rates have fallen due to the increased participation and entry of a large number of hotels within the same class in this vicinity.



CHAIRMAN'S STATEMENT

Manufacturing and Distribution of Plastic Packaging Materials

2009/2010 remained to be a challenging year for this business sector. Uncertainty and turmoil in the European and American economies have adversely impacted our export demand while coupling with the general market belief that resin price will tumble as new supply would be originated from the Middle East, customers have remained conservative towards their procurement decision in the first half of the reporting year. Although export businesses started to regain momentum in the second half of the year, business operating environment remained difficult with a marked shortfall of migrant workers in Guangdong province as the PRC Government's economic stimulus package has provided monetary incentives for growth in rural areas and encourages people to stay and work in the provinces of their origins.

During the year, this business recorded a turnover of HK\$249.2 million (2008/2009: HK\$311.5 million) representing a decrease of 20.0% over last year. The decrease in turnover was mainly due to 8.2% drop in sales volume and a change in demand towards better-valued products. Gross profit and gross profit margin were HK\$28.8 million (2008/2009: HK\$31.1 million) and 11.6% (2008/2009: 10.0%) respectively. Operating loss before finance costs, share of loss of associates and profits tax was HK\$7.3 million (2008/2009: HK\$3.2 million).

Nevertheless, our Mainland China market has recorded another year of strong growth and it is now our third largest market by sales volume. Since the introduction of our Nan Sing branded disposable household goods in the first quarter of 2009, our products are being sold in over 400 retail outlets in China including Wal-Mart coupled with the establishment of sales offices in Southern and Eastern China to support our retail operations led to an increase in daily operating expenses. Sales expenses also increased mainly due to the entry fee payment for expansion of distribution channels and aggressive promotional campaign. We have continued our proactive efforts in promoting our brand through intensive customer education campaigns and expanding our product portfolio with new products that are specifically designed to local needs during the year.

Stock Broking and Finance

The global investment market was blooming as large amount of fund was injected to the market during the financial crisis. Hang Seng Index rose up to 21,239 as at 31 March 2010.

Although the United States economy has improved significantly in the 4th quarter, the unemployment rate is still at its historical high. Moreover, the extending financial crisis in Dubai and Greece forces Governments to take careful consideration in the timing of their exit strategies.



CHAIRMAN'S STATEMENT

For the year ended 31 March 2010, as compared with last year, the turnover volume decreased by 19.2%. However, the operating profit before finance costs recorded an increase of 175.6% to HK\$15.4 million (2008/2009: HK\$5.6 million) while net brokerage commission amounted to HK\$17.5 million (2008/2009: HK\$20.4 million) representing a decrease of 14.0%. Net interest earned from margin clients recorded a significant increase of 26.5% to HK\$5.0 million (2008/2009: HK\$3.9 million), as investors are more willing to hold stocks during the year. Moreover, the said operating profit included an increase in the fair value changes on trading securities of HK\$5.0 million compared to the decrease in the fair value changes on trading securities of HK\$6.8 million and the increase in the fair value changes on equity accumulator of HK\$1.9 million from last year, respectively.

Liquidity and Financial Resources

The Group takes a consistent capital management strategy, providing adequate liquidity to meet the requirement of the Group's developments and operations and monitors its capital on the basis of net debt to equity ratio.

As at 31 March 2010, cash and bank balances were HK\$24.3 million (31 March 2009: HK\$60.1 million) with trade and other receivables at HK\$141.8 million (31 March 2009: HK\$92.5 million). Trade and other payables were HK\$127.6 million (31 March 2009: HK\$92.8 million). The increases in trade receivables and trade payables were mainly attributed to the stock broking and finance business which benefited from a rebound of market total turnover at the year end.

At the year end date, the Group's bank borrowings increased from HK\$205.4 million of the last year end date to HK\$249.2 million of this year, in which the short term borrowings amounted to HK\$137.1 million (31 March 2009: HK\$128.8 million) and long term borrowings amounted to HK\$112.1 million (31 March 2009: HK\$76.6 million). The Group's current year net debt to equity ratio was 37.3% (31 March 2009: 27.8%), calculated on the basis of the Group's net borrowings (after bank balances and cash together with time deposit) over Shareholders' funds. The increases in bank borrowings and the net debt to equity ratio during the year were mainly due to increases in trade receivable and inventory.

To minimise exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars and United States dollars. Foreign currency risk exposure on other foreign currencies is normally covered by forward exchange contracts. The Group has no significant exposure to foreign exchange rate fluctuations.

Capital Structure

As at 31 March 2010, the Group's Shareholders' funds amounted to HK\$589.2 million (31 March 2009: HK\$497.6 million). The Group's consolidated net assets per share as at the year end date was HK\$2.71 (31 March 2009: HK\$2.52).



CHAIRMAN'S STATEMENT

Pledge of Assets

Details of pledge of assets are set out in note 38 to the financial statements on page 107.

Contingent Liabilities

Details of contingent liabilities are set out in note 39 to the financial statements on pages 108 to 109.

Employees

The Group had about 898 employees as at 31 March 2010. Employees were remunerated according to nature of the job and market trend.

Retirement Scheme

The Group had joined a Mandatory Provident Fund Scheme to conform with the requirements as stipulated in the Mandatory Provident Schemes Ordinance. Details of the scheme are set out in note 35 to the financial statements on page 106.

OUTLOOK

Looking ahead, although the global economy has been on the upward trend over the past several months, the recent financial market turbulence in the Euro-zone economies together with the rising fiscal deficits of several European Union member states jeopardise their sovereign credit ratings and cast doubts into the prospect of European economic recovery. Despite facing such great challenges, the Group persisted in carrying through internal consolidation and cost control. Besides, the Group will always be alert to take advantage of opportunities arising from the impending recovery.

Property Investments and Development

The Group believes that most of the favourable factors, such as low short-term supply of properties, low borrowing ratios and low interest rates, and the influx of Mainland buyers, which underpinned the property market in the last year, will continue to support the local property market this year. Therefore, the rental incomes of the Group's investment properties are expected to remain stable. Besides, the trends of the corruption prevention and the stable political regime in the Philippines have continued after the national election in May 2010 and which provided a good domestic backdrop for economic developments in the Philippines. One of the Group's associate companies shall actively explore a residential development project. The area where the project is located primarily hosts premium residential zones in the Philippines with approximately 7 hectares.



CHAIRMAN'S STATEMENT

Hotel

The World Expo currently held in Shanghai this year is expected to enhance the growth momentum of Mainland China's economy, and that will in turn benefit the hotel and tourism sectors in both the Mainland China and Hong Kong. The Group will not only need to maintain occupancy rates of last year, but also attract higher yield commercial travelers.

Manufacturing and Distribution of Plastic Packaging Materials

The Group anticipates that the global economy will only revive in the medium term and the appreciation of Yuan couple with the increase in production cost would inevitably affect the outlook of our export businesses and management hence take a conservative view in overseas markets' growth. Nevertheless, the PRC Government continues to pursue policies in expanding domestic demand to reduce its dependence on exports and to sustain economic growth. The Group is both optimistic and confident about the PRC Government's efforts to pursue growth, and believes that therein providing us with boundless opportunities for further business development in the domestic market. The Group will allocate more resources to conduct aggressive promotional activities, broaden its disposable household goods portfolio and expand its distribution network in the secondary and tertiary cities and towns in Southern China and Eastern China.

The increasing concerns among consumers over food packaging safety has further confirmed the Group's strategy in striving for larger and better production capacity for food packaging products and in acquiring further accreditations in the area of Food Packaging Safety Standards in order to strengthen our competitive edge in this sector. In addition, to better equip ourselves to face the challenges ahead, we will embark on a major capital investment project to enhance our manufacturing capabilities on our core range of products to enhance our efficiency substantially via the replacement of existing facilities.

Stock Broking and Finance

Investors are more prudent as they become aware of the risk of economic bubbles caused by the overwhelming inflow of money. Inflation forces Governments to increase interest rate and carry out exit strategies that would adverse the money flow.

The Chinese Securities Index 300 (CSI300) was introduced to Shanghai, China in April this year and will increase the volatility of the Hong Kong market.

The industry is not only facing competition from overseas securities companies but also from Chinese securities corporations. The top ten securities companies in China are entering the Hong Kong market, some of them by means of amalgamation, which would certainly create challenges to the local securities firms.



CHAIRMAN'S STATEMENT

APPRECIATION

Finally, I would like to thank the Board and all the staff for their diligence and dedication in the past year.

Chua Nai Tuen

Chairman

Hong Kong, 16 July 2010

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

During the financial year ended 31 March 2010, all those principles as set out in the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Code”) were applied by the Company, and the relevant Code provisions were met by the Company, with the exception of two deviations as set out under sections (D) and (E) below. The application of the relevant principles and the reasons for the abovementioned deviations from the Code provisions are stated in the following sections.

(B) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors of the Company, they have confirmed that they have complied with the Model Code during the year.

(C) BOARD OF DIRECTORS

(i) Composition of the Board, number of Board meetings and Directors' attendance

The Board comprises fifteen Directors as at the date of this report. Mr. Nelson Junior Chua was redesignated from the post of Non-executive Director to Executive Director of the Company on 16 July 2010. Biographical details of Directors, relationship among Directors are disclosed in “Directors and Senior Management Profile” of the Annual Report. The Company’s Board has a balance of skills and experience and a balanced composition of executive and non-executive directors. Four full board meetings were held during the year. Senior management executives may, from time to time, be invited to attend the board meetings for making presentation and/or answering any queries that may be raised by the Board. The composition of the Board and attendance of the Directors are set out below:

Directors	Attendance at Meetings
<i>Chairman and Managing Director</i>	
Mr. Chua Nai Tuen	4/4
<i>Deputy Chairman</i>	
Mr. Chua Nai King	4/4
<i>Executive Director</i>	
Mr. Nelson Junior Chua	4/4
Mr. Gilson Chua	4/4

CORPORATE GOVERNANCE REPORT

Directors	Attendance at Meetings
<i>Non-executive Directors</i>	
Mr. Chan Man Hon, Eric	4/4
Mr. Jimmy Siy Tiong	2/4
Mr. Luis Siy	2/4
Mr. Rene Siy Chua	3/4
Mr. Tsai Han Yung	3/4
Mr. Siy Yap Samuel	3/4
Miss Vivian Chua	3/4
Mr. Se Ying Kin	0/4
<i>Independent Non-executive Directors</i>	
Mr. Chan Siu Ting	4/4
Mr. James L. Kwok	3/4
Mr. Wong Shek Keung	3/4

Each Director of the Company has been appointed on the strength of his/her calibre, experience and his/her potential to contribute to the proper guidance of the Group and its businesses. Apart from formal meetings, matters requiring board approval were arranged by means of circulation of written resolutions.

(ii) Operation of the Board

The Company is headed by an effective Board which takes decisions objectively in the interests of the Company. The Company's management has closely monitored changes to regulations that affect its corporate affairs and businesses and changes to accounting standards, and adopted an appropriate reporting format in its interim report, annual report and other documents to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. Where these changes are pertinent to the Company or Directors' disclosure obligations, the Directors are briefed during Board Meetings to keep them abreast of their responsibilities and of the conduct, business activities and development of the Group. Newly appointed Directors receive information on their legal and other responsibilities as a Director and the role of the Board. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company. Decisions on important matters, including those affecting the Group's strategic policies, major investments and funding decisions are specifically reserved to the Board whereas decisions on the Group's general operations are delegated to the management.



CORPORATE GOVERNANCE REPORT

Moreover, the Company has maintained a procedure for its directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company.

(iii) Directors' and officers' Liability

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group.

(D) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Chua Nai Tuen serves as the Chairman and also the chief executive officer of the Company. This is a deviation from the Code Provision with respect to the roles of Chairman and chief executive officer to be performed by different individuals.

After reviewing the management structure, the Board is of the opinion that Board decisions are collective decisions of all Directors made by way of voting and not decisions of the Chairman of the Board alone. Further, there is a clear division of responsibilities with independent operations between the Board members and the management of the day-to-day business of the Company.

As such, the power of management of the Company is not concentrated in any one individual. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group.

(E) NON-EXECUTIVE DIRECTORS

Pursuant to the Code Provision, non-executive directors should be appointed for a specific term. Currently, non-executive directors are not appointed for a specific term but they are subject to retirement by rotation under the articles of association of the Company. The deviation is deemed appropriate as the retirement by rotation has given the Company's Shareholders the right to approve or disapprove the continuation of the service of non-executive directors.

CORPORATE GOVERNANCE REPORT

(F) REMUNERATION OF DIRECTORS

The Company has set up a Remuneration Committee consisting of two independent non-executive directors and one non-executive director.

One Remuneration Committee meeting was held during the year. Attendance of the members is set out below:

Members	Attendance at Meeting
Mr. James L. Kwok (<i>Chairman</i>)	1/1
Mr. Chan Man Hon, Eric	1/1
Mr. Wong Shek Keung	0/1

The terms of reference of the Remuneration Committee are aligned with the provisions set out in the Code. Given below are the main duties of the Remuneration Committee:

- (i) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management;
- (ii) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management;
- (iii) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (iv) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment;
- (v) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; and
- (vi) to ensure that no director or any of his associates is involved in deciding his own remuneration.



CORPORATE GOVERNANCE REPORT

The work performed by the Remuneration Committee during the year is summarised below:

- (i) review of the Company's policy and structure of all remuneration of Directors and senior management;
- (ii) consideration of the emoluments for all Directors and senior management; and
- (iii) review of the level of Directors' fees.

The basis of determining the emoluments payable to its Directors and senior management by the Company ties with their duties and responsibilities within the Group. The Directors' fees are from time to time approved by the Shareholders of the Company and they are regularly reviewed and compared with other listed companies in Hong Kong.

(G) NOMINATION OF DIRECTORS

The Company does not have a nomination committee as the role and the function of such committee are performed by the Board.

The Board is responsible for the formulation of nomination policies, making recommendations to Shareholders on Directors standing for re-election, providing sufficient biographical details of Directors to enable Shareholders to make an informed decision on the re-election, and where necessary, nominating Directors to fill casual vacancies. The Chairman, Deputy Chairman and the Executive Director from time to time review the composition of the Board with particular regard to ensuring that there is appropriate number of Directors on the Board independent of management. They also identify and nominate qualified individuals for appointment as new Directors of the Company. New Directors of the Company will be appointed by Board. Any and all new Directors are subject to retirement from the Board at the Annual General Meeting of the Company immediately following his or her appointment and may stand for re-election at the Annual General Meeting.

CORPORATE GOVERNANCE REPORT

(H) AUDITORS' REMUNERATION

The fees in relation to the audit and non-audit services provided by external auditors of the Company for the financial year ended 31 March 2010 amounted to HK\$704,964 and HK\$117,700 respectively.

(I) AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive directors and two non-executive directors.

All Members have sufficient experience in reviewing audited financial statements as aided by the auditor of the Group whenever required. In addition, Mr. Chan Siu Ting has the appropriate professional qualifications and experience in financial matters.

Three Audit Committee meetings were held during the year. Attendance of the Members is set out below:

Members	Attendance at Meetings
Mr. Chan Siu Ting (<i>Chairman</i>)	3/3
Mr. Chan Man Hon, Eric	3/3
Mr. James L. Kwok	2/3
Mr. Tsai Han Yung	2/3
Mr. Wong Shek Keung	2/3

The terms of reference of the Audit Committee are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. Given below are the main duties of the Audit Committee:

- (i) to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditors;
- (ii) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The audit committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;



CORPORATE GOVERNANCE REPORT

- (iii) to review the Company's annual report and accounts, half-year report and quarterly reports before submission to the Board, the committee should focus particularly on:
 - (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from audit;
 - (d) the going concern assumptions and any qualifications;
 - (e) compliance with accounting standards; and
 - (f) compliance with the Listing Rules and other legal requirements in relation to financial reporting;
- (iv) to discuss problems and reservations arising from the audits, and any matters the external auditor may wish to discuss; and
- (v) to review the audit programme, and ensure co-ordination with external auditors, of the internal audit function.

The work performed by the Audit Committee during the year is summarised below:

- (i) review of the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (ii) review of half-year and annual financial statements before submission to the Board, with particular consideration of the points mentioned in paragraph (iii) above regarding the duties of the Audit Committee;
- (iii) discussion with the external auditors, the nature and scope of the audit; and
- (iv) review of the group's internal control systems.



CORPORATE GOVERNANCE REPORT

(J) DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of accounts for the financial year ended 31 March 2010, which give a true and fair view of the affairs and results of the Company and of the Group and in compliance with requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

In preparing the accounts for the financial year ended 31 March 2010:

- (i) appropriate accounting policies are selected, applied consistently and in accordance with the Hong Kong Financial Reporting Standards;
- (ii) prudent and reasonable judgments and estimates are made; and
- (iii) the reasons for any significant departure from applicable accounting standards are stated, if applicable.

(K) REVIEW OF INTERNAL CONTROL

The Directors are ultimately responsible for the internal control system of the Group and, through the Audit Committee, have reviewed the effectiveness of the system.

A review of the effectiveness of the Group's internal control system and procedures covering all controls, including financial, operational and compliance and risk management, was conducted by the Audit Committee and subsequently reported to the Board during the year. Based on the result of the review, in respect of the year ended 31 March 2010, the Directors considered that the internal control system and procedures of the Group were effective and adequate.

Chua Nai Tuen

Chairman and Managing Director

Hong Kong, 16 July 2010



REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment and those of its subsidiaries are shown in note 42 to the financial statements on pages 111 to 112.

Further information on the segmental details is provided in note 5 to the financial statements on pages 73 to 74.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2010 are set out in note 42 to the financial statements on pages 111 to 112.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2010 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 31 to 113.

DIVIDENDS

No interim dividend was paid during the year. The Directors have recommended for adoption at the Annual General Meeting to be held on Friday, 27 August 2010 the payment of a final dividend of 3.0 cents per share in respect of the financial year ended 31 March 2010 on 3 September 2010 to Shareholders on record as at 27 August 2010. This recommendation has been disclosed in the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 116.



REPORT OF THE DIRECTORS

RESERVES

Movements in reserves during the year are set out in note 32 to the financial statements on pages 102 and 103.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 16 to the financial statements on pages 84 to 86.

BANK LOANS AND OVERDRAFTS

Particulars of all bank loans and overdrafts of the Group at 31 March 2010 repayable on demand or within a period not exceeding one year and those which fall due for repayment after a period of one year are set out in note 28 to the financial statements on page 97.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases and sales for the year attributable to the major suppliers and customers respectively were as follows:

Percentage of purchases attributable to the Group's largest supplier	27%
Percentage of purchases attributable to the Group's five largest suppliers	66%
Percentage of sales attributable to the Group's largest customer	17%
Percentage of sales attributable to the Group's five largest customers	28%

None of the Directors or their associates, nor does any Shareholder owning (to the knowledge of the Directors) more than 5% of the Company's issued share capital hold, any interests in the share capital of the suppliers and customers noted above.



REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors:

Mr. Chua Nai Tuen (*Chairman and Managing Director*)

Mr. Chua Nai King (*Deputy Chairman*)

Mr. Nelson Junior Chua*

Mr. Gilson Chua

Non-executive Directors:

Mr. Chan Man Hon, Eric

Mr. Jimmy Siy Tiong

Mr. Luis Siy

Mr. Rene Siy Chua

Mr. Tsai Han Yung

Mr. Siy Yap Samuel

Miss Vivian Chua

Mr. Se Ying Kin

Independent Non-executive Directors:

Mr. Chan Siu Ting

Mr. James L. Kwok

Mr. Wong Shek Keung

* Redesignated from the post of Non-Executive Director to Executive Director on 16 July 2010.

In accordance with Article 107(A) of the Company's Articles of Association, Messrs. Chua Nai King, Gilson Chua, Luis Siy, Vivian Chua, Se Ying Kin and Wong Shek Keung shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Company confirms that it has received written confirmation from each of the independent non-executive directors confirming their independence pursuant to Rule 3.13 of the Listing Rules, and the Company still considers the independent non-executive directors to be independent.

None of the Directors has a service contract with the Company or its subsidiaries, which is not determinable by the employer within one year without payment of compensation.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31 March 2010, Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company, the subsidiaries and associate companies of the Company:

	Personal Interests	Number of shares held			% of the Issued Share Capital
		Family Interests	Corporate Interests	Other Interests	
(a) The Company					
(Ordinary shares of HK\$1.00 per share)					
Chua Nai Tuen	2,389,722	-	84,446,445 <i>(Note 1)</i>	-	39.94
Chua Nai King	7,635,751	-	2,814,365 <i>(Note 1)</i>	16,910,355 <i>(Note 2)</i>	12.58
Nelson Junior Chua	181,800	-	-	-	0.08
Gilson Chua	1,239,031	-	-	-	0.57
Jimmy Siy Tiong	7,029,875	-	-	-	3.23
Luis Siy	9,566,429	-	-	-	4.40
Rene Siy Chua	9,566,429	2,200	-	-	4.40
Tsai Han Yung	4,964,029	-	-	-	2.28
Samuel Siy Yap	1,410,678	-	-	-	0.65
Se Ying Kin	6,280,986	-	-	-	2.89
(b) Nan Sing Plastics Limited					
(Ordinary shares of HK\$100.00 each)					
Chua Nai Tuen	-	6,965	-	-	4.64
(c) Titan Dragon Properties Corporation					
(Capital stock of Philippines Peso 1,000.00 each)					
Chua Nai Tuen	4,000	13,600	4,000 <i>(Note 1)</i>	-	27.00
Rene Siy Chua	3,200	-	-	-	4.00

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SHARE CAPITAL (Cont'd)

Note 1: The shares regarding 'Corporate interests' in which Messrs. Chua Nai Tuen and Chua Nai King were taken to be interested as stated above were the interests of corporations in general meetings of which they were either entitled to exercise (or were taken under Part XV of the Securities and Futures Ordinance (the "SFO") to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

Note 2: The shares regarding 'Other Interests' against the name of Mr. Chua Nai King represented an interest comprised in trust properties in which Mr. Chua was taken, under provisions in Part XV of the SFO which are applicable to a director or chief executive of a listed company, to be interested.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers:

- (a) there were no interests, both long and short positions, held as at 31 March 2010 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), and
- (b) there existed during the financial year no rights to subscribe for shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than persons who are Directors of the Company, which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 March 2010 as recorded in the register kept by the Company under section 336 of the SFO:

	No. of Ordinary Shares held	% of the Issued Share Capital
J & N International Limited ("J & N")	53,136,808	24.44
Sonliet Investment Company Limited ("Sonliet")	31,309,637	14.40
HSBC International Trustee Limited ("HSBC")	16,910,355	7.77

For the avoidance of doubts and double counting, it should be noted that J & N's and Sonliet's interests are entirely duplicated with Mr. Chua Nai Tuen's interests and HSBC's interests are entirely duplicated with Mr. Chua Nai King's interests as recorded in the preceding note.

All the interests stated above represented long positions and as at 31 March 2010, there were no short positions recorded in the said register.



REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

During the year, consultancy fees of HK\$1,709,295 were paid by the Group to Sonliet Investment Company Limited (“Sonliet”), and Tonwell Investment Company (Hong Kong) Limited (“Tonwell”) of which Mr. Chua Nai Tuen was the director of Sonliet and Mr. Chua Nai King was the director of Tonwell respectively. The consultancy fees are part of the aforesaid directors’ remuneration and have been disclosed in note 11 to the financial statements on pages 79 to 81.

A tenancy agreement was made on normal commercial terms during the year in connection with the leasing of a premises owned by a company controlled by Mr. Chua Nai Tuen to the Company’s subsidiary at an annual rent of HK\$782,065 for the operation of plastic bags business. Furthermore, an unsecured financial assistance was made by a company in which Mr. Chua Nai Tuen had controlling interest to the Company on normal commercial terms. Details of which are set out in note 27 to the financial statements on page 96.

Apart from the foregoing, no contracts of significance to which the Company, or any of 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.

MANAGEMENT CONTRACTS

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

CONNECTED TRANSACTION

On 25 March 2010, Nan Sing Plastics Limited (“Nan Sing”), an indirect subsidiary of the Company, together with Mitsubishi Shoji Plastics Corporation and Superbag Company Limited (“the Vendors”), two substantial shareholders of Nanryo Super Plastics (Hong Kong) Limited (“Nanryo”) (an indirect subsidiary of the Company), entered into an agreement, pursuant to which Nan Sing agreed to purchase and the Vendors agreed to sell 25% of the issued share capital in Nanryo for a total consideration of HK\$4,875,000. As the Vendors are substantial shareholders of Nanryo, the Vendors are connected persons of the Company under the Listing Rules and the acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the percentage ratio exceeded 0.1% but was less than 2.5%, the acquisition was exempt from the independent shareholders’ approval requirement but was subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.



REPORT OF THE DIRECTORS

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2010.

AUDITORS

The financial statements now presented have been audited by Messrs. K. L. Young & Company who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Chua Nai Tuen
Managing Director

Hong Kong, 16 July 2010



INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Southeast Asia Properties & Finance Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Southeast Asia Properties & Finance Limited (the “Company”) set out on pages 31 to 113, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and 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 financial statements 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 financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.



INDEPENDENT AUDITOR'S REPORT

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 financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 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 Hong Kong Companies Ordinance.

K.L. Young & Company

Certified Public Accountants

20th Floor, Capitol Centre
5-19 Jardine's Bazaar
Causeway Bay, Hong Kong

Hong Kong, 16 July 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	<i>Note</i>	2010 HK\$	2009 HK\$
Turnover	6	308,036,722	367,971,773
Cost of sales		(239,122,826)	(294,301,279)
Gross profit		68,913,896	73,670,494
Other revenue	7	15,164,864	8,787,826
Fair value changes on investment properties		84,299,535	12,063,450
Distribution expenses		(13,316,191)	(14,860,858)
Administrative expenses		(45,740,250)	(47,694,561)
Other operating expenses		(5,168,271)	(2,681,745)
Profit from operations	8	104,153,583	29,284,606
Finance costs	9	(4,663,915)	(8,327,027)
Share of profit of associates		3,511,267	200,385
Profit before tax		103,000,935	21,157,964
Tax	10	(20,266,707)	(3,696,167)
Profit for the year		82,734,228	17,461,797
Profit attributable to:			
Equity holders of the Company	12	82,600,715	17,634,549
Non-controlling interests		133,513	(172,752)
		82,734,228	17,461,797
Earnings per share	14	37.9 cents	8.1 cents

Details of dividends proposed after the reporting date are set out in note 13.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010 HK\$	2009 HK\$
Profit for the year	82,734,228	17,461,797
Other comprehensive income:		
Available-for-sale financial assets:		
Change in fair value recognised during the year	12,218,559	(17,998,592)
Reclassification adjustments for amount transferred to profit or loss:		
gains on disposal	–	(14,759)
net movement in the available-for-sale securities revaluation reserve during the year	12,218,559	(18,013,351)
Exchange difference arising on translation of foreign operations	2,986,407	(3,298,896)
Share of reserve of associates	7,515	65,266
Total comprehensive income for the year	97,946,709	(3,785,184)
Attributable to:		
Equity shareholders of the Company	97,820,305	(3,598,854)
Non-controlling interests	126,404	(186,330)
	97,946,709	(3,785,184)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	SHARE CAPITAL HK\$	PROPERTY REVALUATION RESERVE HK\$	EXCHANGE RESERVE HK\$	RETAINED PROFITS HK\$	NON- CONTROLLING INTERESTS HK\$	AVAILABLE- FOR-SALE SECURITIES REVALUATION RESERVE HK\$	TOTAL HK\$
AT 1 APRIL 2009	197,653,500	2,555,496	35,892,760	279,579,598	13,563,871	(18,056,597)	511,188,628
BONUS ISSUE	19,765,350	-	-	(19,765,350)	-	-	-
CONSIDERATION FOR ACQUISITION OF FURTHER INTEREST IN A SUBSIDIARY	-	-	-	-	(4,859,248)	-	(4,859,248)
DIVIDEND PAID TO NON-CONTROLLING INTERESTS	-	-	-	-	(1,277,100)	-	(1,277,100)
TRANSFER ARISING FROM ACQUISITION OF FURTHER INTEREST IN A SUBSIDIARY	-	-	-	(305,239)	305,239	-	-
2009 FINAL DIVIDEND PAYMENT	-	-	-	(5,929,605)	-	-	(5,929,605)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	2,998,340	82,600,715	129,095	12,218,559	97,946,709
AT 31 MARCH 2010	217,418,850	2,555,496	38,891,100	336,180,119	7,861,857	(5,838,038)	597,069,384
AT 1 APRIL 2008	197,653,500	2,555,496	39,094,368	268,862,922	13,998,181	(43,246)	522,121,221
2008 FINAL DIVIDEND PAYMENT	-	-	-	(6,917,873)	-	-	(6,917,873)
DISPOSAL OF A SUBSIDIARY	-	-	-	-	(229,536)	-	(229,536)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	(3,201,608)	17,634,549	(204,774)	(18,013,351)	(3,785,184)
AT 31 MARCH 2009	197,653,500	2,555,496	35,892,760	279,579,598	13,563,871	(18,056,597)	511,188,628

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	<i>Note</i>	2010 HK\$	2009 HK\$
NON-CURRENT ASSETS			
Investment properties	15	393,118,494	308,818,959
Property, plant and equipment	16	172,792,209	180,316,346
Leasehold land and land use right	17	42,897,219	43,902,912
Interests in associates	19	69,079,411	64,359,669
Available-for-sale financial assets	20	31,441,840	19,131,267
Intangible assets	21	3,702,706	3,702,706
Deferred tax assets	30	1,087	170,699
Other assets		2,700,000	1,200,000
		715,732,966	621,602,558
CURRENT ASSETS			
Inventories	22	58,733,930	41,233,957
Trade and other receivables	23	141,815,779	92,469,137
Financial assets at fair value through profit or loss	24	9,469,423	4,908,687
Deposits and prepayments		15,104,973	4,759,318
Tax prepaid		1,864,070	1,090,017
Time deposits	25	5,100,000	7,100,000
Trust accounts of shares dealing clients		61,809,267	20,288,690
Cash and bank balances		24,265,251	60,123,714
		318,162,693	231,973,520
CURRENT LIABILITIES			
Trade and other payables	26	127,578,594	92,788,255
Amount due to a related company	27	12,747,786	12,748,515
Bank loans and overdrafts	28	137,065,121	128,827,039
Amount due to an associate		1,367,487	955,109
Financial liabilities at fair value through profit or loss	29	–	263,007
Taxation		3,009,330	1,002,245
		281,768,318	236,584,170
NET CURRENT ASSETS (LIABILITIES)		36,394,375	(4,610,650)
TOTAL ASSETS LESS CURRENT LIABILITIES		752,127,341	616,991,908

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	<i>Note</i>	2010 HK\$	2009 HK\$
NON-CURRENT LIABILITIES			
Long-term borrowings	28	112,093,878	76,547,167
Deferred tax liabilities	30	42,964,079	29,256,113
		155,057,957	105,803,280
		597,069,384	511,188,628
CAPITAL AND RESERVES			
Share capital	31	217,418,850	197,653,500
Reserves	32	371,788,677	299,971,257
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
		589,207,527	497,624,757
Non-controlling interests		7,861,857	13,563,871
TOTAL EQUITY		597,069,384	511,188,628

CHUA NAI TUEN
DIRECTOR

CHUA NAI KING
DIRECTOR

The accompanying note on pages 40 to 113 form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	<i>Note</i>	2010 HK\$	2009 HK\$
NON-CURRENT ASSETS			
Investment properties	15	1,706,096	1,270,129
Property, plant and equipment	16	950,977	1,047,785
Interest in subsidiaries	18	246,414,638	244,186,159
Interests in associates	19	24,076,954	22,231,554
Available-for-sale financial assets	20	3,664,649	5,070,269
		276,813,314	273,805,896
CURRENT ASSETS			
Trade and other receivables		143,357	510,188
Deposits and prepayments		852,204	779,957
Cash and bank balances		673,203	874,598
		1,668,764	2,164,743
CURRENT LIABILITIES			
Trade and other payables		5,573,965	5,209,575
Amount due to a related company	27	12,747,786	12,748,515
Bank loans and overdrafts	28	3,991,536	9,038,782
Amount due to an associate		1,367,487	955,109
Amounts due to subsidiaries		29,769,410	23,597,881
		53,450,184	51,549,862
NET CURRENT LIABILITIES		(51,781,420)	(49,385,119)
TOTAL ASSETS LESS CURRENT LIABILITIES		225,031,894	224,420,777
NON-CURRENT LIABILITIES			
Long-term borrowings	28	–	–
		–	–
		225,031,894	224,420,777

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	<i>Note</i>	2010 HK\$	2009 HK\$
CAPITAL AND RESERVES			
Share capital	31	217,418,850	197,653,500
Reserve	32	7,613,044	26,767,277
Equity holders fund		225,031,894	224,420,777

CHUA NAI TUEN
DIRECTOR

CHUA NAI KING
DIRECTOR

The accompanying note on pages 40 to 113 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	<i>Note</i>	2010 HK\$	2009 HK\$
CASH (OUTFLOW) INFLOW			
FROM OPERATIONS	34	(59,742,950)	113,634,484
Interest received		5,297,282	5,374,487
Interest paid		(4,098,425)	(7,606,886)
Dividend paid		(5,311,223)	(6,793,294)
Profits tax paid		(5,155,439)	(5,899,861)
NET CASH (OUTFLOW) INFLOW		(69,010,755)	98,708,930
INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(5,681,524)	(4,596,991)
Additions in investment properties		(103,000)	–
Proceeds from disposal of property, plant & equipment		344,055	1,703,449
Dividends received from financial assets at fair value through profit or loss		1,027,338	1,620,541
Repayment to associates		(1,780,970)	(1,589,279)
Payment for acquisition of further interest in a subsidiary		(4,875,097)	–
Purchase of available-for-sale financial assets		(3,097,634)	(25,713,568)
Purchase of other assets		(1,500,000)	–
Proceeds from disposal of available-for-sale financial assets		1,600,000	10,499,071
Purchase of financial assets at fair value through profit or loss		(3,299,520)	(15,705,584)
Proceeds from disposal of financial assets at fair value through profit or loss		3,252,451	15,677,384
NET CASH OUTFLOW FROM		(14,113,901)	(18,104,977)
INVESTING ACTIVITIES		(14,113,901)	(18,104,977)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

<i>Note</i>	2010 HK\$	2009 HK\$
FINANCING		
New bank loans	1,197,244,648	406,091,564
Repayment of bank loans	(1,163,536,438)	(440,157,761)
Dividend paid to non-controlling interests	(1,277,100)	–
Other finance cost paid	(565,490)	(769,284)
Advance from associates	412,378	504,063
NET CASH INFLOW (OUTFLOW) FROM FINANCING	32,277,998	(34,331,418)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(50,846,658)	46,272,535
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	60,084,932	9,083,719
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	4,911,612	4,728,678
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14,149,886	60,084,932
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
CASH AND BANK BALANCE	24,265,251	60,123,714
BANK OVERDRAFTS	(10,115,365)	(38,782)
	14,149,886	60,084,932



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

I. GENERAL INFORMATION

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

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in investment holding, property investment and development, hotel ownership and management, manufacturing and trading of plastic packaging materials, stock broking and finance during the year.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Ints”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on the HKEx (the “Listing Rules”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.2 Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning April 1, 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HKFRSs (Amendments)	Improvements to HKFRS issued in 2008
HKFRS 7 (Amendments)	Financial instruments: Disclosures – improving disclosures about financial instruments

The adoption of such new and amended standards does not have material impact on the consolidated accounts and does not result in substantial changes to the Group’s accounting policies except certain changes on the presentation of the consolidated accounts.

- HKAS 1 (revised), “Presentation of financial statements”. The revised standard prohibits the presentation of items of income and expenses (that is “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity. All “non-owner changes in equity” are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the consolidated income statement and consolidated statement of comprehensive income).

The Group has elected to present two statements: a consolidated income statement and a consolidated statement of comprehensive income. The consolidated accounts have been prepared under the revised disclosure requirements.



NOTES TO THE FINANCIAL STATEMENTS

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

2.2 Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Cont'd)

- HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 “Segment Reporting”, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.
- HKFRS 7 “Financial Instruments – Disclosures” (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

2.3 New and revised HKFRSs in issue but not yet effective

The Group has early adopted, the following revised standards:

HKFRS 3 (Revised) “Business Combinations”

HKAS 27 (Revised) “Consolidated and Separate Financial Statements”

The revised standards clarify that any transaction with a non-controlling interest that does not result in a change of control is recorded directly in equity; the difference between the amount paid or received and the non-controlling interest is a debit or credit to equity. An entity will not record any additional goodwill upon purchase of a non-controlling interest nor recognise a gain or loss upon disposal of a non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 New and revised HKFRSs in issue but not yet effective (Cont'd)

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKFRSs (Amendments)	Improvements to HKFRSs 2010 ³
HKAS 24 (Revised)	Related party disclosures ⁷
HKAS 32 (Amendment)	Classification of right issues ⁵
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters ⁴
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters ⁶
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions ⁴
HKFRS 9	Financial instruments ⁸
HK(IFRIC)-Int 14	Prepayments of a minimum funding (Amendment) requirement ⁷
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners ¹
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments ⁶

¹ Effective for annual periods beginning on or after July 1, 2009.

² Amendments that are effective for annual periods beginning on or after July 1, 2009 and January 1, 2010, as appropriate.

³ Effective for annual periods beginning on or after July 1, 2010 and January 1, 2011, as appropriate.

⁴ Effective for annual periods beginning on or after January 1, 2010.

⁵ Effective for annual periods beginning on or after February 1, 2010.

⁶ Effective for annual periods beginning on or after July 1, 2010.

⁷ Effective for annual periods beginning on or after January 1, 2011.

⁸ Effective for annual periods beginning on or after January 1, 2013.

The Group is in the process of making an assessment of the impact of these new HKFRSs and anticipates that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group and the Company.



NOTES TO THE FINANCIAL STATEMENTS

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

2.4 Consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2010.

(a) *Subsidiaries*

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling 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 (Note 2.9(a)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Adjustments are made to bring into line any dissimilar accounting policies that may exist in the Group. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

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

Non-controlling interests represent the interests of outside shareholders not held by the Group in the results and net assets of a subsidiary of the Company.



NOTES TO THE FINANCIAL STATEMENTS

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

2.4 Consolidation (Cont'd)

(b) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 2.9(a)).

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

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

2.5 Segment reporting

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

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

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

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

2.6 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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



NOTES TO THE FINANCIAL STATEMENTS

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

2.6 Foreign currency translation (Cont'd)

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

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

2.7 Property, plant and equipment and depreciation

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

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.



NOTES TO THE FINANCIAL STATEMENTS

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

2.7 Property, plant and equipment and depreciation (Cont'd)

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

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

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

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

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

The assets' residual values, useful lives and the depreciation method are reviewed and adjusted if appropriate, at least at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.13).



NOTES TO THE FINANCIAL STATEMENTS

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

2.8 Leasehold land and land use rights

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

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

2.9 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associates at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in interests in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. 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 on acquisitions that occurred prior to 31 March 2001 was eliminated against reserves. Upon disposal of subsidiaries or associates that were acquired prior to the said date, the relevant portion of attributable goodwill previously written off to retained profits is released and charged to the income statement in arriving at the gain or loss on sale of the investments.

Goodwill is allocated to cash generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose.

(b) *Trading rights*

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



NOTES TO THE FINANCIAL STATEMENTS

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

2.9 Intangible assets (Cont'd)

(c) *Membership*

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

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

2.10 Investment properties

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

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

2.11 Financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, in the case of financial assets not at fair value through profit or loss, they are measured at fair value plus directly attributable transaction costs.

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Realised gains or losses on investments held for trading are recognised in the income statement. At each reporting date the fair value will be re-measured, with any resulting gains or losses are recognised in the income statement.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as “other revenue”

When the fair value of unlisted equity securities cannot be reliably measured, such securities are stated at cost less any impairment losses.



NOTES TO THE FINANCIAL STATEMENTS

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

2.12 Financial liabilities

(i) *Financial liabilities at amortised cost*

Financial liabilities at amortised cost include trade and other payables and interest-bearing loans and borrowings are initially stated at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

The related interest expense is recognised within “finance costs” in the income statement.

(ii) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on liabilities held for trading are recognised in the income statement.

(iii) *Financial guarantee contracts*

Financial guarantee contracts in the scope of HKAS 39 are accounted for as financial liabilities.

Financial guarantee contracts are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in income statement on initial recognition of any deferred income.



NOTES TO THE FINANCIAL STATEMENTS

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

2.12 Financial liabilities (Cont'd)

(iii) *Financial guarantee contracts (Cont'd)*

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 2.18 if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2.13 Impairment of assets

(i) *Impairment of investments in equity securities and other receivables*

Investment in equity securities (other than investments in subsidiaries, associates and jointly controlled entities) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses arising on equity securities are not reversed (including those provided during the interim financial reporting).
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets) where the effect of discounting is material.



NOTES TO THE FINANCIAL STATEMENTS

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

2.13 Impairment of assets (Cont'd)

(i) *Impairment of investments in equity securities and other receivables (Cont'd)*

- If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.
- For available-for-sale financial assets, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in the income statement. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the income statement.

Impairment losses recognised in the income statement in respect of available-for-sale equity investments are not reversed through the income statement. Any subsequent increase in the fair value of such assets is recognised directly in available-for-sale securities revaluation reserves in equity.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off are directly recognised in the income statement.



NOTES TO THE FINANCIAL STATEMENTS

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

2.13 Impairment of assets (Cont'd)

(ii) *Impairment of other assets*

The carrying amounts of non-current assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated.

– Recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash generating unit).

– Recognition of impairment losses

An impairment loss is recognised as an expense in the income statement whenever the carrying amount exceeds the recoverable amount. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill located to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on pro-rata basis except that the carrying value of an asset will be reduced below its individual fair value less costs sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed (including those provided during the interim financial reporting).



NOTES TO THE FINANCIAL STATEMENTS

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

2.13 Impairment of assets (Cont'd)

(ii) *Impairment of other assets (Cont'd)*

– Reversals of impairment losses (Cont'd)

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average cost method. The cost of finished goods comprises direct materials, direct labour and related proportion of production overheads. Net realisable value is based on estimated selling prices less further costs expected to completion and costs to be incurred in selling and distribution.

2.15 Income tax

- (a) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the consolidated income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.
- (b) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
- (c) Deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.



NOTES TO THE FINANCIAL STATEMENTS

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

2.15 Income tax (Cont'd)

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may be capable to support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences. However, the taxable temporary differences to be reversed should be related to the same taxing authority and the same taxing entity from which the deductible temporary differences arise.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit provided that they are not part of a business combination.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

- (d) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Group has the legally enforceable right to set off current tax assets against current tax liabilities.



NOTES TO THE FINANCIAL STATEMENTS

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

2.16 Employee benefits

(i) *Discretionary bonus*

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

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

(ii) *Retirement benefit costs*

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

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

2.17 Provisions

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



NOTES TO THE FINANCIAL STATEMENTS

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

2.18 Contingent liabilities

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

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

2.19 Revenue recognition

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.

- (i) Rental income under operating leases is recognised, on a straight-line basis over the lease terms.
- (ii) Hotel income is recognised when hotel services are provided.
- (iii) Income from sale of goods is recognised when goods are delivered and title has passed to customers.
- (iv) Income from sale of trading properties is recognised when the relevant contract is made and properly executed.
- (v) Brokerage income is recognised when the relevant contract note is made and properly executed.
- (vi) Dividend income from financial assets is recognised when the shareholders' right to receive payment has been established. Dividend income from subsidiaries is recognised in the period to which the dividend relates.
- (vii) Interest income is recognised as it accrues using the effective interest method.



NOTES TO THE FINANCIAL STATEMENTS

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

2.20 Capitalisation of borrowing costs

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

2.21 Operating leases

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

2.22 Dividends

Final dividends proposed by the directors are disclosed in note until they have been approved by the shareholders in a general meeting. When these dividends are approved by the shareholders and declared, they are recognised as a liability.

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

2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.



NOTES TO THE FINANCIAL STATEMENTS

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

2.24 Forward exchange contracts

Forward exchange contracts are recognised initially at fair value. When the forward exchange contracts are exercised, relevant gain or loss is immediately charged to income statement in the period in which they arise. At each reporting date the fair value is re-measured. Forward exchange contracts are carried as financial assets at fair value through profit or loss when the fair value is positive and as financial liabilities at fair value through profit or loss when the fair value is negative.

Any gain or loss from change in fair value is recognised directly to income statement.

2.25 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or vice versa, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individuals, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party or the Group.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial assets are classified in the following categories:

Group	Loans and receivables HK\$	Available-for- sale financial assets HK\$	Fair value	Total HK\$
			through profit or loss (held for trading) HK\$	
2010				
Available-for-sale financial assets	–	31,441,840	–	31,441,840
Other assets	2,700,000	–	–	2,700,000
Trade and other receivables	141,815,779	–	–	141,815,779
Financial assets at fair value through profit or loss	–	–	9,469,423	9,469,423
Deposits and prepayments	15,104,973	–	–	15,104,973
Time deposits	5,100,000	–	–	5,100,000
Trust accounts of shares dealing clients	61,809,267	–	–	61,809,267
Cash and bank balances	24,265,251	–	–	24,265,251
	250,795,270	31,441,840	9,469,423	291,706,533
2009				
Available-for-sale financial assets	–	19,131,267	–	19,131,267
Other assets	1,200,000	–	–	1,200,000
Trade and other receivables	92,469,137	–	–	92,469,137
Financial assets at fair value through profit or loss	–	–	4,908,687	4,908,687
Deposits and prepayments	4,759,318	–	–	4,759,318
Time deposits	7,100,000	–	–	7,100,000
Trust accounts of shares dealing clients	20,288,690	–	–	20,288,690
Cash and bank balances	60,123,714	–	–	60,123,714
	185,940,859	19,131,267	4,908,687	209,980,813

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

The Company's financial assets are classified in the following categories:

Company	Loans and receivables HK\$	Available-for- sale financial assets HK\$	Total HK\$
2010			
Available-for-sale financial assets	–	3,664,649	3,664,649
Trade and other receivables	143,357	–	143,357
Deposits and prepayments	852,204	–	852,204
Cash and bank balances	673,203	–	673,203
	<u>1,668,764</u>	<u>3,664,649</u>	<u>5,333,413</u>
2009			
Available-for-sale financial assets	–	5,070,269	5,070,269
Trade and other receivables	510,188	–	510,188
Deposits and prepayments	779,957	–	779,957
Cash and bank balances	874,598	–	874,598
	<u>2,164,743</u>	<u>5,070,269</u>	<u>7,235,012</u>

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

The Group's financial liabilities are classified in the following categories:

Group	Financial liabilities at amortised cost HK\$	Fair value through profit or loss (held for trading) HK\$	Total HK\$
2010			
Trade and other payables	127,578,594	–	127,578,594
Amount due to a related company	12,747,786	–	12,747,786
Amount due to an associate	1,367,487	–	1,367,487
Bank borrowings	249,158,999	–	249,158,999
Financial liabilities at fair value through profit or loss	–	–	–
	<u>390,852,866</u>	<u>–</u>	<u>390,852,866</u>
2009			
Trade and other payables	92,788,255	–	92,788,255
Amount due to a related company	12,748,515	–	12,748,515
Amount due to an associate	955,109	–	955,109
Bank borrowings	205,374,206	–	205,374,206
Financial liabilities at fair value through profit or loss	–	263,007	263,007
	<u>311,866,085</u>	<u>263,007</u>	<u>312,129,092</u>

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

The Company's financial liabilities are classified in the following categories:

Company	Financial liabilities at amortised cost HK\$
2010	
Trade and other payables	5,573,965
Amount due to a related company	12,747,786
Amount due to an associate	1,367,487
Amounts due to subsidiaries	29,769,410
Bank borrowings	3,991,536
	<u>53,450,184</u>
2009	
Trade and other payables	5,209,575
Amount due to a related company	12,748,515
Amount due to an associate	955,109
Amounts due to subsidiaries	23,597,881
Bank borrowings	9,038,782
	<u>51,549,862</u>

The risks associated with these financial instruments and policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

Market risk

(i) Currency risk

The Group is exposed to currency risk mainly arising from sales and purchases, trade receivables and trade payables denominated in currencies other than the Group's functional currency.

The currencies giving rise to this risk are mainly United State Dollars ("USD") and Renminbi ("RMB").

Since HK dollars is pegged to US dollars, there is no significant exposure expected on US dollars transactions and balances.

The Group uses forward exchange contracts to hedge its currency risk in RMB.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	2010		2009	
	USD	RMB	USD	RMB
<i>Assets</i>				
Trade and other receivables	3,366,276	14,318,783	3,007,586	13,992,682
Cash and bank balances	738,393	4,426,398	301,913	5,511,656
<i>Liabilities</i>				
Trade and other payables	(261,179)	(19,476,513)	(250,421)	(9,537,671)
Overall net exposure	3,843,490	(731,332)	3,059,078	9,966,667

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(i) Currency risk (Cont'd)

Sensitivity analysis

The sensitivity analysis below has been determined assuming a 10% increase/decrease in RMB against HKD had occurred at the reporting date with all other variables held constant and had been applied to the exposure to currency risk for the relevant financial instruments in existence at that date. The change in foreign exchange rate represents management's assessment of a reasonably possible change in foreign exchange rate at that date over the period until the next annual reporting date.

	2010 HK\$'000
(Decrease)/Increase in equity	(83)/83
	2009 HK\$'000
Increase/(decrease) in equity	1,130/(1,130)

Results of the analysis as presented above represent the effect on the Group's equity with RMB translated into HKD at closing rate at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Interest rate risk

The Group has exposure on cash flow interest rate risk, which is mainly arising from its variable-rate borrowings. The Group currently does not have an interest rate hedging policy. However, management manages its interest cost by obtaining adequate banking facilities, diversifying the funding sources and repaying the corresponding borrowings when it has surplus funds.

The carrying amounts of the Group's variable-rate borrowings at the reporting date are as follows:

	2010 HK\$'000	2009 HK\$'000
Bank loans and overdrafts	137,065	128,827
Long term borrowings	112,094	76,547
Variable-rate borrowings	249,159	205,374

Sensitivity analysis

The sensitivity analysis below presents the effects on the Group's post-tax profit for the year as a result of change in interest expense on variable-rate borrowings. The analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. The change in interest rate represents management's assessment of a reasonably possible change in interest rates at the date over the period until the next annual reporting date.

	2010 HK\$'000	2009 HK\$'000
Decrease in post-tax profit if interest rate is 0.25% higher	(461)	(377)
Increase in post-tax profit if interest rate is 0.25% lower	461	377

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(iii) Equity price risk

The Group is exposed to equity price risk arising from equity investments classified as available-for-sale financial assets and financial assets at fair value through profit or loss. Management manages the exposure by maintaining a portfolio of securities with different risk class and monitors the performance regularly.

Sensitivity analysis

The sensitivity analysis below presents the effects on the Group's post-tax profit for the year end and on equity as a result of a change in equity price, assuming the change had occurred at the reporting date and had been applied to the exposure to the equity price for the relevant financial instruments in existence at that date. The changes in equity price represent management's assessment of a reasonably possible change in equity price at that date over the period until the next annual reporting date.

	2010 Effect on post-tax profit for the year HK\$'000	2009 Effect on post-tax profit for the year HK\$'000	2010 Effect on equity HK\$'000	2009 Effect on equity HK\$'000
10% increase/(decrease) in market price of listed equity securities	791/(791)	372/(372)	2,731/(2,731)	1,058/(1,058)



NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit Risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

Certain subsidiaries of the Group suffer concentration of credit risk on trade receivables, clearing house and cash clients and secured margin clients arising from the ten largest customers or clients for respective receivables.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination and review of credit limit and payment term on each individual customer and client. Based on different credit risk exposure of different businesses under the Group, cash deposit, collateral and payment by letter of credit are required from relevant customers and clients to ensure the recoverability of trade debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Liquidity Risk

The Group is exposed to liquidity risk on financial liabilities. The management of the Group adopts a prudent policy to maintain a sufficient level of cash and cash equivalent and financial assets to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any liquidity requirements in the short term.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

Liquidity Risk (Cont'd)

The remaining contractual maturities at the reporting date of the Group's non- derivative financial liabilities are as follows:

Group	Carrying amount at year end HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Over 5 years HK\$'000
2010						
Trade and other payables	127,579	127,579	127,579	-	-	-
Amount due to a related company	12,748	12,748	12,748	-	-	-
Amount due to an associate	1,367	1,367	1,367	-	-	-
Bank borrowings	249,159	259,069	139,659	29,283	44,800	45,327
	<u>390,853</u>	<u>400,763</u>	<u>281,353</u>	<u>29,283</u>	<u>44,800</u>	<u>45,327</u>
2009						
Trade and other payables	92,788	92,788	92,788	-	-	-
Amount due to a related company	12,749	12,749	12,749	-	-	-
Amount due to an associate	955	955	955	-	-	-
Bank borrowings	205,374	216,353	131,735	18,828	36,246	29,544
	<u>311,866</u>	<u>322,845</u>	<u>238,227</u>	<u>18,828</u>	<u>36,246</u>	<u>29,544</u>

Fair Value

(i) Fair Value Estimation

The fair values of financial assets and financial liabilities are determined as follows:

a) Listed equity securities

Fair value is measured using quoted price (unadjusted) in active market for identical financial instruments.

b) Forward exchange contracts

The fair value of the forward exchange contract is based on mark-to-market value at the reporting date provided by the counterparty institutions.

(ii) Other financial instruments are carried at amounts not materially different from their fair values as at 31 March 2010 and 2009.



NOTES TO THE FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgements that have significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Allowance on bad and doubtful debts

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

Profits taxes

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

Useful lives of property, plant and equipment

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

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience and selling goods of similar nature. It could change significantly as a result of change in market condition. Management will reassess the estimations at the reporting date.

Valuation of investment properties

Investment properties are included in the statement of financial position at their open market value, which is assessed annually by independent qualified valuers, after taking into consideration the net income allowing for reversionary potential.

The assumptions adopted in the property valuations are based on the market conditions existing at the reporting date, with reference to current market sales prices and the appropriate capitalisation rate.

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT INFORMATION

1) Business Segment

	Property development and investment/hotel		Manufacturing and trading of plastic packaging material		Stock broking and finance		Eliminations		Consolidated	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Turnover										
External sales	32,661,461	30,142,846	249,193,195	311,519,320	26,182,066	26,309,607	-	-	308,036,722	367,971,773
Inter-segment sales	2,507,208	2,475,572	-	-	-	-	(2,507,208)	(2,475,572)	-	-
Total turnover	35,168,669	32,618,418	249,193,195	311,519,320	26,182,066	26,309,607	(2,507,208)	(2,475,572)	308,036,722	367,971,773
Operation result	11,760,538	14,884,586	(7,293,210)	(3,245,846)	15,386,720	5,582,416	-	-	19,854,048	17,221,156
Fair value changes on investment properties	84,299,535	12,063,450	-	-	-	-	-	-	84,299,535	12,063,450
Segment result	96,060,073	26,948,036	(7,293,210)	(3,245,846)	15,386,720	5,582,416	-	-	104,153,583	29,284,606
Finance costs									(4,663,915)	(8,327,027)
Share of profit (loss) of associates	3,719,977	3,448,277	(208,710)	(3,247,892)	-	-	-	-	3,511,267	200,385
Profit before tax									103,000,935	21,157,964
Tax	(16,430,168)	(2,039,308)	(1,684,823)	(759,459)	(2,151,716)	(897,400)			(20,266,707)	(3,696,167)
Profit after tax									82,734,228	17,461,797
Non-controlling interests	(13,898)	(17,478)	(119,615)	190,230	-	-			(133,513)	172,752
Profit attributable to equity holders of the Company									82,600,715	17,634,549
Segment assets	369,676,997	311,230,798	371,968,107	320,525,122	191,729,304	138,329,222			933,374,408	770,085,142
Interest in associates	60,843,913	53,085,405	8,235,498	11,274,264	-	-			69,079,411	64,359,669
Unallocated corporate assets									31,441,840	19,131,267
Total assets	430,520,910	364,316,203	380,203,605	331,799,386	191,729,304	138,329,222			1,033,895,659	853,576,078
Segment liabilities	51,461,683	37,041,648	41,933,192	33,443,017	94,272,401	66,528,579			187,667,276	137,013,244
Unallocated liabilities									249,158,999	205,374,206
Consolidated total liabilities									436,826,275	342,387,450
Non-controlling interests	325,162	311,264	7,536,695	13,252,607	-	-			7,861,857	13,563,871
Depreciation for the year	4,188,244	4,359,352	9,044,253	9,347,655	376,887	425,203			13,609,384	14,132,210
Amortisation of leasehold land and land use rights	722,425	722,425	329,964	328,658	-	-			1,052,389	1,051,083
Capital expenditure incurred during the year	772,914	1,418,757	4,650,055	2,999,798	258,555	178,436			5,681,524	4,596,991

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (Cont'd)

II) Geographical Segment

	Turnover	
	2010 HK\$	2009 HK\$
Other Asian countries	86,554,074	118,937,983
Hong Kong	84,523,582	84,548,695
North America	40,483,059	58,558,253
Oceania	36,976,651	39,426,442
Europe	28,537,489	40,697,206
Mainland China	30,424,945	24,674,498
Other	536,922	1,128,696
	308,036,722	367,971,773

	Carrying amount of segment assets		Additions to Property, plant and equipment	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Other Asian countries	3,951,500	4,671,780	–	–
Hong Kong	795,859,542	622,948,708	1,185,444	1,737,783
North America	7,013,795	7,791,036	–	–
Oceania	6,443,458	7,391,654	–	–
Europe	2,876,804	4,430,625	–	–
Mainland China	217,750,560	206,290,642	4,496,080	2,859,208
Others	–	51,633	–	–
	1,033,895,659	853,576,078	5,681,524	4,596,991

NOTES TO THE FINANCIAL STATEMENTS

6. TURNOVER

Turnover comprises the aggregate of gross invoiced values of goods sold less discounts and returns, gross rental income, brokerage commission, hotel income and dividend income.

	2010 HK\$	2009 HK\$
Sale of goods	249,193,195	311,519,320
Gross rental income	17,181,813	15,865,539
Brokerage commission	25,154,728	24,689,066
Hotel income	15,479,648	14,277,307
Dividend income		
– Unlisted equity securities	–	65,600
– Listed equity securities	1,027,338	1,554,941
	308,036,722	367,971,773

7. OTHER REVENUE

	2010 HK\$	2009 HK\$
Interest income	5,297,282	5,350,388
Other income	4,790,814	3,564,181
Net (loss) gain on disposal of property, plant and equipment	(269,853)	829,345
Consultancy & management fee	–	280,800
Impairment loss on trade and other receivables written back	–	3,254,706
Bad debts recovered	334,447	38,434
Change in fair value of equity accumulators	–	1,881,448
Net loss on disposal of trading securities	(22,695)	(38,869)
Net gain on disposal of available-for-sale financial assets	–	426,030
Change in fair value of trading securities	5,034,869	(6,798,637)
	15,164,864	8,787,826

NOTES TO THE FINANCIAL STATEMENTS

8. PROFIT FROM OPERATIONS

	2010 HK\$	2009 HK\$
Profit from operations is arrived at after charging:		
Auditors' remuneration	704,964	732,312
Cost of inventories sold	178,338,561	243,473,275
Impairment loss of trade and other receivables	623,577	4,312,918
Impairment loss on amount due from an associate	3,000,000	–
Impairment loss on available-for-sale financial assets	1,405,620	1,405,620
Staff costs (including directors' remuneration)	44,055,241	41,436,089
Salaries, wages and allowance	38,386,581	37,214,541
Benefits	2,977,070	2,982,057
Defined contribution plans	691,590	729,607
Provision for PRC economic compensation	2,000,000	–
Severance payment	–	509,884
Operating lease rental in respect of land and buildings	1,819,241	1,833,097
Depreciation	13,609,384	14,132,210
Amortisation of leasehold land and land use right	1,052,389	1,051,083
Realised loss on forward exchange contract	–	145,486
Exchange loss	114,822	495,062
and after crediting:		
Change in fair value of forward exchange contracts	–	194,720
Realised gain on forward exchange contracts	170,468	–
Net rental income	16,592,727	15,413,898
Gross rental income from investment properties	17,181,813	15,865,539
Less: outgoings	(589,086)	(451,641)

9. FINANCE COSTS

	2010 HK\$	2009 HK\$
Interest on:		
Bank loans and overdrafts wholly repayable:		
within five years	2,912,077	6,525,396
over five years	710,858	450,991
Other borrowings	475,490	581,357
Bank charges	565,490	769,283
	4,663,915	8,327,027

NOTES TO THE FINANCIAL STATEMENTS

10. TAX

	2010	2009
	HK\$	HK\$
The amount of tax in the consolidated income statement represents:		
Current tax-Hong Kong profits tax		
Tax for the year	6,391,895	5,572,102
Benefit of previously unrecognised tax losses	(327,503)	(1,932,660)
Over-provision in prior year	324,738	(116,834)
	6,389,130	3,522,608
Current tax-Overseas tax		
Tax for the year	-	-
	-	-
Deferred tax		
Origination and reversal of temporary differences	309,506	(978,429)
Change in fair value of investment properties	13,866,692	562,003
Benefit of tax losses recognised	(727,205)	(23,358)
Reversal of tax losses previously recognised	428,584	613,343
	13,877,577	173,559
Total charge for tax	20,266,707	3,696,167
Effective tax rate	19.7%	17.5%
Reconciliation between tax charge and accounting profit at applicable tax rates:		
Profit before tax	103,000,935	21,157,964

NOTES TO THE FINANCIAL STATEMENTS

10. TAX (Cont'd)

	2010 HK\$	2009 HK\$
Notional tax on profit before tax, calculated at Hong Kong profits tax rate of 16.5% (2009: 16.5%)	16,995,154	3,491,064
Tax effect of:		
Different tax rates in other tax jurisdiction	(1,486,925)	(1,346,756)
Non-deductible expenses	11,069,098	6,676,995
Non-taxable revenue	(6,994,274)	(423,951)
Current year's tax loss not recognised	978,887	891,247
Previous tax losses utilised in current year	(327,503)	(1,932,660)
Reversal of tax losses previously recognised	428,584	613,343
Recognition of previously unrecognised tax losses	(396,314)	(301,734)
Decrease in tax rate on opening deferred tax balance	–	(4,244,793)
Net overprovision in priors years	–	(119,782)
Origination and reversal of unrecognised temporary differences	–	428,794
Write-back of temporary difference previously recognised	–	(35,600)
Actual charge for taxation	20,266,707	3,696,167

The provision for Hong Kong profits tax is based on the profit before tax as adjusted for tax purposes at the rate of 16.5% (2009: 16.5%). Tax on overseas profits has been calculated on the estimated assessable profits for the year at the rates of tax prevailing in the countries in which the businesses operate.

NOTES TO THE FINANCIAL STATEMENTS

II. DIRECTORS' AND EMPLOYEES' REMUNERATION

The remuneration of every Director for the year ended 31 March 2010 is set out below:

Name of Directors	Salary and other benefits HK\$ <i>Note</i>	Director fee HK\$	MPF contribution HK\$	Total HK\$
<i>Executive Directors</i>				
Chua Nai Tuen	2,546,000	40,000	13,000	2,599,000
Chua Nai King	953,295	30,000	–	983,295
Nelson Junior Chua	–	30,000	–	30,000
Gilson Chua	580,000	30,000	12,000	622,000
<i>Non-executive Directors</i>				
Chan Man Hon, Eric	–	30,000	–	30,000
Jimmy Siy Tiong	–	30,000	–	30,000
Luis Siy	–	30,000	–	30,000
Rene Siy Chua	–	30,000	–	30,000
Tsai Han Yung	–	30,000	–	30,000
Siy Yap Samuel	–	30,000	–	30,000
Vivian Chua	–	30,000	–	30,000
Se Ying Kin	–	30,000	–	30,000
<i>Independent Non-executive Directors</i>				
Chan Siu Ting	–	30,000	–	30,000
James L. Kwok	–	30,000	–	30,000
Wong Shek Keung	–	30,000	–	30,000
	<u>4,079,295</u>	<u>460,000</u>	<u>25,000</u>	<u>4,564,295</u>

Note: Including consultancy fees paid to Sonliet Investment Company Limited (“Sonliet”), Tonwell Investment Co. (HK) Limited (“Tonwell”) of which Messrs. Chua Nai Tuen was the director of Sonliet, Mr. Chua Nai King was the director of Tonwell.

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

Name of Directors	Salary and other benefits HK\$ <i>Note</i>	Director fee HK\$	MPF contribution HK\$	Total HK\$
<i>Executive Directors</i>				
Chua Nai Tuen	2,521,200	40,000	13,000	2,574,200
Chua Nai King	953,295	30,000	–	983,295
Gilson Chua	537,293	30,000	12,000	579,293
<i>Non-executive Directors</i>				
Chan Man Hon, Eric	–	30,000	–	30,000
Jimmy Siy Tiong	–	30,000	–	30,000
Luis Siy	–	30,000	–	30,000
Rene Siy Chua	–	30,000	–	30,000
Tsai Han Yung	–	30,000	–	30,000
Siy Yap Samuel	–	30,000	–	30,000
Nelson Junior Chua	–	30,000	–	30,000
Vivian Chua	–	30,000	–	30,000
Se Ying Kin	–	30,000	–	30,000
Siy Yap	–	30,000	–	30,000
<i>Independent Non-executive Directors</i>				
Chan Siu Ting	–	30,000	–	30,000
James L. Kwok	–	30,000	–	30,000
Wong Shek Keung	–	30,000	–	30,000
	<u>4,011,788</u>	<u>490,000</u>	<u>25,000</u>	<u>4,526,788</u>

Note: Including consultancy fees paid to Sonliet Investment Company Limited (“Sonliet”) and Tonwell Investment Co. (HK) Limited (“Tonwell”) of which Messrs. Chua Nai Tuen was the director of Sonliet and Mr. Chua Nai King was the director of Tonwell.

NOTES TO THE FINANCIAL STATEMENTS

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

Five highest paid employees

The five highest paid employees of the Group during the year included three (2009: two) directors, details of whose remuneration are disclosed above. The remuneration of the other two (2009: three) employees disclosed were as follows:

	2010 HK\$	2009 HK\$
Salaries and other allowances	1,346,900	1,564,119
MPF contribution	40,145	55,602
Bonus	100,000	–
Severance payment	–	390,000
Commission	–	536,991
	1,487,045	2,546,712

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

	2010 Number of employees	2009 Number of employees
Nil – HK\$1,000,000	2	2
HK\$1,000,001 – HK\$1,500,000	–	1
	2	3

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

	2010 HK\$	2009 HK\$
Dealt with in the financial statements of the Company	6,540,722	(25,212,823)
Retained by subsidiaries	72,548,726	42,646,986
Retained by associates	3,511,267	200,386
	82,600,715	17,634,549

NOTES TO THE FINANCIAL STATEMENTS

13. DIVIDENDS

	2010 HK\$	2009 HK\$
Final dividend proposed after the reporting date of HK\$3.0 cents (2009: HK\$3.0 cents)	6,522,565	5,929,605

The 2010 final cash dividend of HK3.0 cents (2009: HK3.0 cents) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting (“AGM”).

The dividend proposed after the reporting date has not been recognised as a liability at the balance date.

14. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to the equity holders of the Company HK\$82,600,715 (2009: HK\$17,634,549) and the outstanding number ordinary shares in issue during the year 217,418,850 (2009: 217,418,850).

15. INVESTMENT PROPERTIES

Group

	Medium term lease in Hong Kong HK\$	Medium term lease in Mainland China HK\$	Total HK\$
Valuation			
At 1 April 2008	295,073,000	1,241,744	296,314,744
Transfer from trading property	–	440,765	440,765
Fair value gain	11,682,000	381,450	12,063,450
At 31 March 2009	<u>306,755,000</u>	<u>2,063,959</u>	<u>308,818,959</u>
At 1 April 2009	306,755,000	2,063,959	308,818,959
Fair value gain	83,520,000	779,535	84,299,535
At 31 March 2010	<u>390,275,000</u>	<u>2,843,494</u>	<u>393,118,494</u>

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT PROPERTIES (Cont'd)

Company

	Medium term lease in Mainland China HK\$	Total HK\$
Valuation		
At 1 April 2008	1,241,744	1,241,744
Fair value gain	28,385	28,385
	<u>1,270,129</u>	<u>1,270,129</u>
At 31 March 2009	1,270,129	1,270,129
	<u>1,270,129</u>	<u>1,270,129</u>
At 1 April 2009	1,270,129	1,270,129
Fair value gain	435,967	435,967
	<u>1,706,096</u>	<u>1,706,096</u>
At 31 March 2010	<u>1,706,096</u>	<u>1,706,096</u>

Investment properties were revalued at their open market value at 31 March 2010. The revaluation was carried out by K.T. Liu Surveyors Limited, an independent valuer.

NOTES TO THE FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings		Construction in progress HK\$	Plant and Machinery HK\$	Furniture, fixtures & equipment HK\$	Motor vehicles HK\$	Total HK\$
	Medium term lease in Hong Kong HK\$	Medium term lease in the Mainland China HK\$					
Cost							
At 1 April 2009	53,308,068	85,081,694	2,021,058	128,292,641	29,778,910	7,297,543	305,779,914
Additions	103,000	–	487,416	3,227,415	1,515,853	347,840	5,681,524
Transfer	–	480,308	(502,146)	21,838	–	–	–
Disposals	–	–	–	–	(2,715,664)	(446,727)	(3,162,391)
Exchange realignments	–	251,607	5,976	1,023,312	19,317	12,775	1,312,987
At 31 March 2010	53,411,068	85,813,609	2,012,304	132,565,206	28,598,416	7,211,431	309,612,034
Accumulated depreciation							
At 1 April 2009	8,752,140	24,231,202	–	71,547,517	16,076,181	4,856,528	125,463,568
Charge for the year	2,546,928	2,054,850	–	6,008,812	2,514,813	483,981	13,609,384
Written back on disposals	–	–	–	–	(2,424,516)	(123,967)	(2,548,483)
Exchange realignments	–	74,697	–	197,820	12,277	10,562	295,356
At 31 March 2010	11,299,068	26,360,749	–	77,754,149	16,178,755	5,227,104	136,819,825
Net book value as at 31 March 2010	42,112,000	59,452,860	2,012,304	54,811,057	12,419,661	1,984,327	172,792,209
Net book value as at 31 March 2009	44,555,928	60,850,492	2,021,058	56,745,124	13,702,729	2,441,015	180,316,346

NOTES TO THE FINANCIAL STATEMENTS

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

Group

	Buildings		Construction in progress HK\$	Plant and Machinery HK\$	Furniture, fixtures & equipment HK\$	Motor vehicles HK\$	Total HK\$
	Medium term lease in Hong Kong HK\$	Medium term lease in the Mainland China HK\$					
Cost							
At 1 April 2008	52,513,433	81,363,541	8,122,834	131,938,357	28,500,074	7,799,140	310,237,379
Additions	821,865	513,636	1,346,958	933,529	981,003	-	4,596,991
Transfer	-	1,349,893	(1,963,668)	453,704	160,071	-	-
Cost over provided	-	-	(5,670,220)	-	-	-	(5,670,220)
Disposals	(27,230)	-	-	(7,630,904)	-	(611,197)	(8,269,331)
Exchange realignments	-	1,854,624	185,154	2,597,955	137,762	109,600	4,885,095
At 31 March 2009	53,308,068	85,081,694	2,021,058	128,292,641	29,778,910	7,297,543	305,779,914
Accumulated depreciation							
At 1 April 2008	6,363,547	21,711,082	-	70,611,725	13,199,298	4,691,886	116,577,538
Charge for the year	2,408,199	2,020,192	-	6,300,082	2,799,231	604,506	14,132,210
Written back on disposals	(19,606)	-	-	(6,855,712)	-	(522,775)	(7,398,093)
Exchange realignments	-	499,928	-	1,491,422	77,652	82,911	2,151,913
At 31 March 2009	8,752,140	24,231,202	-	71,547,517	16,076,181	4,856,528	125,463,568
Net book value as at 31 March 2009	44,555,928	60,850,492	2,021,058	56,745,124	13,702,729	2,441,015	180,316,346
Net book value as at 31 March 2008	46,149,886	59,652,459	8,122,834	61,326,632	15,300,776	3,107,254	193,659,841

NOTES TO THE FINANCIAL STATEMENTS

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

Company

	Furniture, fixtures & equipment HK\$	Motor vehicles HK\$	Total HK\$
Cost			
At 1 April 2009	3,089,346	1,325,166	4,414,512
Additions	11,449	322,760	334,209
Disposals	(2,546,581)	–	(2,546,581)
	<u>554,214</u>	<u>1,647,926</u>	<u>2,202,140</u>
At 31 March 2010	554,214	1,647,926	2,202,140
Accumulated depreciation			
At 1 April 2009	2,715,923	650,804	3,366,727
Charge for the year	32,621	149,569	182,190
Written back on disposals	(2,297,754)	–	(2,297,754)
	<u>450,790</u>	<u>800,373</u>	<u>1,251,163</u>
At 31 March 2010	450,790	800,373	1,251,163
Net book value as at			
31 March 2010	<u>103,424</u>	<u>847,553</u>	<u>950,977</u>
Cost			
At 1 April 2008	3,059,712	1,337,202	4,396,914
Additions	29,634	–	29,634
Disposals	–	(12,036)	(12,036)
	<u>3,089,346</u>	<u>1,325,166</u>	<u>4,414,512</u>
At 31 March 2009	3,089,346	1,325,166	4,414,512
Accumulated depreciation			
At 1 April 2008	2,622,606	541,047	3,163,653
Charge for the year	93,317	119,005	212,322
Written back on disposals	–	(9,248)	(9,248)
	<u>2,715,923</u>	<u>650,804</u>	<u>3,366,727</u>
At 31 March 2009	2,715,923	650,804	3,366,727
Net book value as at			
31 March 2009	<u>373,423</u>	<u>674,362</u>	<u>1,047,785</u>

NOTES TO THE FINANCIAL STATEMENTS

17. LEASEHOLD LAND AND LAND USE RIGHT

Group

	HK\$
Cost	
At 1 April 2009	55,578,585
Exchange alignment	57,409
At 31 March 2010	<u>55,635,994</u>
At 1 April 2008	55,237,264
Disposals	(18,479)
Exchange alignment	359,800
At 31 March 2009	<u>55,578,585</u>
Amortisation	
At 1 April 2009	11,675,673
Charge for the year	1,052,389
Exchange alignment	10,713
At 31 March 2010	<u>12,738,775</u>
At 1 April 2008	10,559,130
Charge for the year	1,051,083
Written back on disposal	(8,753)
Exchange alignment	74,213
At 31 March 2009	<u>11,675,673</u>
Net book value at	
31 March 2010	<u>42,897,219</u>
31 March 2009	<u>43,902,912</u>

NOTES TO THE FINANCIAL STATEMENTS

18. INTERESTS IN SUBSIDIARIES

Company

	2010 HK\$	2009 HK\$
Unlisted shares, at cost	46,314,774	47,064,774
Addition	2,000,001	–
Less: disposal	–	750,000
	48,314,775	46,314,774
Amounts due from subsidiaries	267,762,572	267,439,551
	316,077,347	313,754,325
Impairment loss		
At the beginning of the year	69,568,166	52,673,695
Provided for the year	94,543	16,894,471
	69,662,709	69,568,166
At the end of the year	246,414,638	244,186,159

Details of the Company's principal subsidiaries at 31 March 2010 are set out in note 42 to the financial statements.

The amounts due from subsidiaries are unsecured and have no fixed repayment terms. At 31 March 2010, an amount of HK\$180,554,454 (2009: HK\$172,158,856) bears interest at Hong Kong dollar prime rate, quoted by Standard Chartered Bank (Hong Kong) Limited, minus 2% to 3.25% and the remaining balance is interest free.

NOTES TO THE FINANCIAL STATEMENTS

19. INTERESTS IN ASSOCIATES

	2010 HK\$	2009 HK\$
Group		
Share of net assets at 1 April	31,044,695	37,590,154
Share of associates' results		
– profit before taxation	3,511,267	200,386
Other equity movements	7,515	65,266
Exchange gain (loss) arising from consolidation	2,419,990	(6,811,111)
	<u>36,983,467</u>	<u>31,044,695</u>
Share of net assets at 31 March	36,983,467	31,044,695
Amounts due from associates, net	32,095,944	33,314,974
	<u>69,079,411</u>	<u>64,359,669</u>
Investment at cost	<u>18,562,601</u>	<u>18,562,601</u>
	<u>24,076,954</u>	<u>22,231,554</u>
Company		
Investment at cost	13,921,154	13,921,154
Amounts due from associates	10,155,800	8,310,400
	<u>24,076,954</u>	<u>22,231,554</u>

Details of the Group's associates at 31 March 2010 are set out in note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

19. INTERESTS IN ASSOCIATES (Cont'd)

Summary financial information on associates

	At 31 March 2010				
	Assets HK\$	Liabilities HK\$	Equity HK\$	Revenue HK\$	Profit HK\$
100 per cent	200,348,635	(123,807,268)	76,541,367	17,832,575	12,429,477
Group's effective interest	<u>84,465,563</u>	<u>(47,482,096)</u>	<u>36,983,467</u>	<u>5,888,730</u>	<u>3,511,267</u>
	At 31 March 2009				
	Assets HK\$	Liabilities HK\$	Equity HK\$	Revenue HK\$	Profit HK\$
100 per cent	175,671,081	(116,513,700)	59,157,381	3,614,554	3,345,285
Group's effective interest	<u>75,043,992</u>	<u>(43,999,297)</u>	<u>31,044,695</u>	<u>1,271,427</u>	<u>200,386</u>

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Equity securities at cost				
Unlisted in Hong Kong	3,800,649	5,400,649	3,664,649	3,664,649
Unlisted outside Hong Kong	1,740,720	3,146,340	1,405,620	2,811,240
	5,541,369	8,546,989	5,070,269	6,475,889
Equity securities at fair value				
Listed in Hong Kong	27,306,091	11,989,898	–	–
	32,847,460	20,536,887	5,070,269	6,475,889
Impairment loss on unlisted equity securities outside Hong Kong	(1,405,620)	(1,405,620)	(1,405,620)	(1,405,620)
	31,441,840	19,131,267	3,664,649	5,070,269

NOTES TO THE FINANCIAL STATEMENTS

21. INTANGIBLE ASSETS

Group

	Stock Exchange trading rights HK\$	Futures Exchange trading right HK\$	Membership of The Chinese Gold & Silver Exchange Society HK\$	Club Membership HK\$	Total HK\$
At 1 April 2009	2,220,001	201,205	300,000	981,500	3,702,706
Addition	-	-	-	-	-
At 31 March 2010	2,220,001	201,205	300,000	981,500	3,702,706
At 1 April 2008	2,220,001	201,205	300,000	981,500	3,702,706
Addition	-	-	-	-	-
At 31 March 2009	2,220,001	201,205	300,000	981,500	3,702,706

22. INVENTORIES

Group

	2010 HK\$	2009 HK\$
Raw materials	32,579,982	21,714,524
Work in progress	4,551,881	2,966,214
Finished goods	21,602,067	16,553,219
	58,733,930	41,233,957

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER RECEIVABLES

The Group's trade receivables arose from stockbroking and finance, manufacturing and trading of plastic packing materials and property development and hotel services for the year.

Group

	2010 HK\$	2009 HK\$
Trade receivables	51,032,711	38,116,930
Clearing house and cash clients	29,313,162	12,281,207
Secured margin clients	62,679,598	39,362,372
Less: Allowance on bad and doubtful debts	(8,659,397)	(8,276,871)
	134,366,074	81,483,638
Others	7,449,705	10,985,499
	141,815,779	92,469,137

The Group allows a credit period up to the respective settlement dates for securities transactions. (normally two business days after the respective trade date for cash clients) Each secured margin client has a credit limit.

Trade receivables of manufacturing business falls into the general credit term ranged from 0-90 days except for a credit period mutually agreed between the Company and the customers.

The group maintains straight control over its outstanding receivables. Overdue balances are reviewed regularly by managers and senior management. In view of the abovementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, in the opinion of the directors of the Company there is no significant concentration of credit risk as at 31 March 2010.

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

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Ageing analysis

The age analysis of the trade receivables (net of allowance on bad and doubtful debts) at the reporting date, presented based on the invoice date.

	2010 HK\$	2009 HK\$
Repayable on demand margin clients receivables	61,413,946	37,795,652
0 – 30 days	56,964,242	28,103,781
31 – 60 days	14,030,338	13,805,315
Over 60 days	1,957,548	1,778,890
	134,366,074	81,483,638
Other receivables	7,449,705	10,985,499
	141,815,779	92,469,137

Included in trade receivables, HK\$61,413,946 (net of allowance on bad and doubtful debts) (2009: HK\$37,795,652) are advances to margin clients, which are secured by client's listed securities held by the Group as collateral and are interest bearing. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. As at 31 March 2010, the total market value of securities pledged as collateral by the customers in respect of the advances to customers is HK\$161,173,919 (2009: HK\$92,027,413). No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis is not meaningful in view of the revolving nature of the business of securities margin financing.

(b) Impairment of trade receivables

The movement in the allowance for bad and doubtful debts during the year is as follows:

	2010 HK\$	2009 HK\$
At 1 April	8,276,871	7,223,621
Impairment loss recognised	732,956	4,410,217
Impairment loss reversed	(350,430)	(3,484,689)
Exchange loss	–	127,722
At 31 March	8,659,397	8,276,871

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER RECEIVABLES (Cont'd)

(c) Trade receivables that are not impaired

An aged analysis of the trade receivables at the reporting date, based on the settlement due date that are neither individually nor collectively considered to be impaired is as follows:

	2010 HK\$	2009 HK\$
Neither past due nor impaired	59,568,191	33,747,558
Less than 1 month past due	9,938,992	4,974,039
2-3 months past due	2,621,983	2,987,627
More than 3 months past due	822,962	1,978,762
	<u>72,952,128</u>	<u>43,687,986</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	2010 HK\$	2009 HK\$
Trading securities listed in Hong Kong	9,469,423	4,451,614
Forward exchange contracts	–	457,073
	<u>9,469,423</u>	<u>4,908,687</u>

NOTES TO THE FINANCIAL STATEMENTS

25. TIME DEPOSITS

Group

	2010 HK\$	2009 HK\$
Short term bank deposits		
– secured time deposits	4,100,000	6,100,000
– secured certificate of deposits	1,000,000	1,000,000
	5,100,000	7,100,000

The certificate of deposits bear interest at a fixed rate of 0.05% p.a. with maturity in April 2010. The amounts represent deposits pledged to banks to secure short term banking facilities granted to the Group and are therefore classified as current assets.

The effective interest rates on time deposits ranged from 0.02% to 0.25% (2009: 0.02% to 3.1%) and these deposits have maturity ranged from 21 days to 49 days.

26. TRADE AND OTHER PAYABLES

The Group's trade payables arose from stockbroking and finance, manufacturing and trading of plastic packing materials and property development and hotel services for the year.

Group

	2010 HK\$	2009 HK\$
Trade payables	18,734,635	10,458,793
Clearing house and cash clients	72,248,739	49,302,762
Secured margin clients	18,060,596	12,531,863
Others	18,534,624	20,494,837
	127,578,594	92,788,255

The carrying amounts of the Group's trade and other payables approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS

26. TRADE AND OTHER PAYABLES (Cont'd)

The ageing analysis of the Group's trade payables at the reporting date, based on the invoice billing date is as follows:

	2010	2009
	HK\$	HK\$
0 – 30 days	98,512,246	67,952,310
31 – 60 days	3,121,985	4,339,308
Over 60 days	7,409,739	1,800
	109,043,970	72,293,418
Other payables	18,534,624	20,494,837
	127,578,594	92,788,255

Included in March 2010 trade payables, HK\$72,248,739 (31 March 2009: HK\$49,302,762) are amounts payable to cash clients and clearing house which would be due within 30 days.

27. AMOUNT DUE TO A RELATED COMPANY

The amounts due was unsecured and had no fixed repayment terms. At 31 March 2010 an amount of HK\$14,500,000 (2009: HK\$14,500,000) was charged interest at Hong Kong dollar prime rate, quoted by Standard Chartered Bank (Hong Kong) Limited, minus 2% and the amount of HK\$1,752,214 (2009: HK\$1,751,485) due from related company was interest free.

NOTES TO THE FINANCIAL STATEMENTS

28. BORROWINGS

	Group		Company	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Secured bank overdrafts	10,115,365	38,782	3,991,536	–
Secured bank loans	235,545,470	200,740,254	–	9,038,782
Unsecured bank loans	3,498,164	4,595,170	–	–
	249,158,999	205,374,206	3,991,536	9,038,782
Bank loans and overdrafts repayable:				
Within one year	137,065,121	128,827,039	3,991,536	9,038,782
More than one year but not exceeding two years	27,777,289	37,949,742	–	–
More than two years but not exceeding five years	42,206,323	13,529,055	–	–
Over five years	42,110,266	25,068,370	–	–
	249,158,999	205,374,206	3,991,536	9,038,782
Portion due within one year included under current liabilities	(137,065,121)	(128,827,039)	(3,991,536)	(9,038,782)
Portion due after one year	112,093,878	76,547,167	–	–

The effective interest rate at 31 March 2010 ranged from 1.04% to 5.25% (2009: 1.17% to 5.25%).

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	2010 HK\$	2009 HK\$
Forward exchange contracts	–	263,007
	<u>–</u>	<u>263,007</u>

30. DEFERRED TAXATION

Group

a. *Deferred tax assets and liabilities recognised*

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowance in excess of related depreciation HK\$	Revaluation of investment properties HK\$	Future benefit of tax losses HK\$	Others HK\$	Total HK\$
At 1 April 2009	4,484,377	26,003,398	(1,068,872)	(333,489)	29,085,414
Charged (Credited) to consolidated income statement	<u>(297,771)</u>	<u>13,866,692</u>	<u>(298,620)</u>	<u>607,277</u>	<u>13,877,578</u>
At 31 March 2010	<u>4,186,606</u>	<u>39,870,090</u>	<u>(1,367,492)</u>	<u>273,788</u>	<u>42,962,992</u>
At 1 April 2008	4,529,653	25,441,395	(1,658,857)	599,664	28,911,855
Charged (Credited) to consolidated income statement	<u>(45,276)</u>	<u>562,003</u>	<u>589,985</u>	<u>(933,153)</u>	<u>173,559</u>
At 31 March 2009	<u>4,484,377</u>	<u>26,003,398</u>	<u>(1,068,872)</u>	<u>(333,489)</u>	<u>29,085,414</u>

NOTES TO THE FINANCIAL STATEMENTS

30. DEFERRED TAXATION (Cont'd)

	2010 HK\$	2009 HK\$
Net deferred tax liabilities recognised on the statement of financial position	42,964,079	29,256,113
Net deferred tax assets recognised on the statement of financial position	(1,087)	(170,699)

b. Deferred tax asset unrecognised

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

	2010 HK\$	2009 HK\$
Tax losses	2,295,668	1,751,362

The tax losses do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

30. DEFERRED TAXATION (Cont'd)

Company

a. *Deferred tax assets and liabilities recognised*

The components of deferred tax assets and liabilities recognised in the company statement of financial position and the movements during the year are as follows:

	Depreciation allowance in excess of related depreciation	Future benefit of tax losses	Total
	HK\$	HK\$	HK\$
At 1 April 2009	140,212	(140,212)	–
Charged (Credited) to income statement	(15,875)	15,875	–
At 31 March 2010	<u>124,337</u>	<u>(124,337)</u>	<u>–</u>
At 1 April 2008	165,106	(165,106)	–
Charged (Credited) to income statement	(24,894)	24,894	–
At 31 March 2009	<u>140,212</u>	<u>(140,212)</u>	<u>–</u>
		2010 HK\$	2009 HK\$
Net deferred tax liabilities recognised on the statement of financial position		<u>–</u>	<u>–</u>
Net deferred tax assets recognised on the statement of financial position		<u>–</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

30. DEFERRED TAXATION (Cont'd)

b. Deferred tax asset unrecognised

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

	2010 HK\$	2009 HK\$
Tax losses	<u>2,295,668</u>	<u>1,386,631</u>

The tax losses do not expire under current tax legislation.

31. SHARE CAPITAL

	2010 HK\$	2009 HK\$
<i>Authorised:</i>		
500,000,000 (2009: 200,000,000) shares of HK\$1.00 each	<u>500,000,000</u>	<u>200,000,000</u>
<i>Issued and fully paid:</i>		
217,418,850 (2009: 197,653,500) shares of HK\$1.00 each	<u>217,418,850</u>	<u>197,653,500</u>

Pursuant to ordinary resolutions passed at the extraordinary general meeting held on 28 August, 2009, the authorised share capital of the Company was increased from HK\$200,000,000 to HK\$500,000,000 by the creation of an additional 300,000,000 shares of HK\$1.00 each and the issued share capital was increased to HK\$217,418,850 by applying HK\$19,765,350 from retained profits in payment in full at par of ordinary shares of HK\$1.00 each in the proportion of one new share for every ten existing shares held by shareholders whose names appear on the register of members on 28 August, 2009. The issued shares rank pari passu with the existing shares in all respects except that they did not rank for the final dividend paid on 4 September 2009.

NOTES TO THE FINANCIAL STATEMENTS

32. RESERVES

Group	Available- for-sale securities revaluation reserve HK\$	Property revaluation reserve HK\$	Exchange reserve HK\$	Retained profits HK\$	Total HK\$
AT 1 APRIL 2009	(18,056,597)	2,555,496	35,892,760	273,649,993	294,041,652
BONU ISSUE	-	-	-	(19,765,350)	(19,765,350)
EXCHANGE DIFFERENCE ARISING FROM CONSOLIDATION	-	-	2,782,078	-	2,782,078
CHANGE IN FAIR VALUE	12,218,559	-	-	-	12,218,559
SHARE OF RESERVES IN ASSOCIATES	-	-	216,262	-	216,262
TRANSFER ARISING FROM ACQUISITION OF FURTHER INTEREST IN A SUBSIDIARY	-	-	-	(305,239)	(305,239)
PROFIT FOR THE YEAR	-	-	-	82,600,715	82,600,715
AT 31 MARCH 2010	(5,838,038)	2,555,496	38,891,100	336,180,119	371,788,677
Attributable to:					
Company and subsidiaries	(5,838,038)	2,555,496	38,674,838	306,966,068	342,358,364
Associates	-	-	216,262	29,214,051	29,430,313
	(5,838,038)	2,555,496	38,891,100	336,180,119	371,788,677
AT 1 APRIL 2008	(43,246)	2,555,496	39,094,368	261,945,049	303,551,667
EXCHANGE DIFFERENCE ARISING FROM CONSOLIDATION	-	-	(3,417,870)	-	(3,417,870)
REALISED UPON DISPOSAL OF AVAILABLE-FOR-SALE SECURITIES	(14,759)	-	-	-	(14,759)
CHANGE IN FAIR VALUE	(17,998,592)	-	-	-	(17,998,592)
SHARE OF RESERVES IN ASSOCIATES	-	-	216,262	-	216,262
PROFIT FOR THE YEAR	-	-	-	17,634,549	17,634,549
AT 31 MARCH 2009	(18,056,597)	2,555,496	35,892,760	279,579,598	299,971,257
Attributable to:					
Company and subsidiaries	(18,056,597)	2,555,496	35,676,498	257,316,872	277,492,269
Associates	-	-	216,262	22,262,726	22,478,988
	(18,056,597)	2,555,496	35,892,760	279,579,598	299,971,257

NOTES TO THE FINANCIAL STATEMENTS

32. RESERVES (Cont'd)

Company	Retained profits HK\$
AT 1 APRIL 2009	20,837,672
PROFIT FOR THE YEAR	6,540,722
BONUS ISSUE	(19,765,350)
	<hr/>
AT 31 MARCH 2010	7,613,044
	<hr/> <hr/>
AT 1 APRIL 2008	51,980,100
LOSS FOR THE YEAR	(25,212,823)
	<hr/>
AT 31 MARCH 2009	26,767,277
	<hr/> <hr/>

Reserves of the Company attributable to shareholders amount to HK\$7,613,044 (2009: HK\$26,767,277).

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain the Group's ability to continue operating as a going concern and to preserve healthy capital structure ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares and raise or repay debts. No changes were made in the objectives, policies or processes during the years ended 31 March 2010 and 31 March 2009 respectively.

Consistently, the Group monitors capital on the basis of net debt to equity ratio calculated on the basis of the Group's net bank borrowings (after cash and bank balances together with time deposit) over shareholders' funds. The Group's policy is to keep the net debt to equity ratio at a reasonable level.

NOTES TO THE FINANCIAL STATEMENTS

33. CAPITAL MANAGEMENT (Cont'd)

The net debt to equity ratio at 31 March 2010 and 2009 was as follows:

Group

	2010 HK\$'000	2009 HK\$'000
Total bank borrowings	249,158	205,374
Less:		
Time deposits	5,100	7,100
Cash and bank balances	24,265	60,123
Net debt	219,793	138,151
Shareholders' fund	589,207	497,624
Net debt to equity ratio	37.3%	27.8%

The increase in the net debt to equity ratio during the year was mainly due to increase in trade receivable and inventory.

The Group is subject to some bank loans covenants and certain subsidiaries of the Group are regulated entities under Securities and Futures Commission ("SFC") of Hong Kong or The Chinese Gold & Silver Exchange Society, thus subject to the respective minimum capital requirements.

The Group has complied with all externally imposed capital requirements for the year.

NOTES TO THE FINANCIAL STATEMENTS

34. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH (OUTFLOW) INFLOW FROM OPERATIONS

Group

	2010 HK\$	2009 HK\$
Profit before tax	103,000,935	21,157,964
Fair value changes on investment properties	(84,299,535)	(12,063,450)
Change in fair value of trading securities	(5,034,869)	6,798,637
Change in fair value of equity accumulator	–	(1,881,448)
Change in fair value of forward exchange contracts	–	(194,720)
Share of profit of associates	(3,511,267)	(200,385)
Dividend income	(1,027,338)	(1,620,541)
Interest income	(5,297,282)	(5,350,388)
Foreign exchange loss	114,822	495,062
Finance costs	4,663,915	8,327,027
Impairment loss on trade & other receivables written back	–	(3,254,706)
Impairment loss on trade & other receivables	623,577	4,312,918
Impairment loss on amount due to an associate	3,000,000	–
Depreciation	13,609,384	14,132,210
Amortisation of leasehold land and land use right	1,052,389	1,051,083
Impairment loss on available-for-sale financial assets	1,405,620	1,405,620
Loss (gain) on disposal of property, plant & equipment	269,853	(829,345)
Net loss on disposal of trading securities	22,695	38,869
Net gain on disposal of available-for-sale financial assets	–	(426,030)
Operating profit before working capital changes	28,592,899	31,898,377
(Increase) decrease in inventories	(17,377,192)	40,301,251
Decrease in time deposits	2,000,000	780,000
(Increase) decrease in clients' trust money	(41,520,577)	77,560,984
(Increase) decrease in trade and other receivables	(49,944,013)	101,169,271
(Increase) decrease in deposits and prepayments	(10,345,655)	759,915
Decrease in amount due to related company	(729)	(27,725)
Increase (decrease) in trade and other payable	28,852,317	(138,807,589)
NET CASH (OUTFLOW) INFLOW FROM OPERATIONS	(59,742,950)	113,634,484

NOTES TO THE FINANCIAL STATEMENTS

35. RETIREMENT BENEFIT COSTS

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

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

Group	2010 HK\$	2009 HK\$
Gross employer's contributions	691,590	729,607
Less: Forfeited contributions utilised to offset employer's contribution for the year	–	(1,483)
Net employer's contribution charged to consolidated income statement	691,590	728,124

36. COMMITMENTS

As at 31 March 2010, the Group had commitments under non-cancelable operating leases in respect of land and buildings to make payment in the following periods as follows:

Group	2010 HK\$	2009 HK\$
Within one year	1,624,848	967,713
More than one year but not exceeding five years	3,080,190	3,062,400
Over five years	–	584,490
Total	4,705,038	4,614,603

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

NOTES TO THE FINANCIAL STATEMENTS

37. FUTURE MINIMUM LEASE PAYMENTS RECEIVABLE

As at 31 March 2010, the total future rental incomes receivable under non-cancellable operating leases are analysed as follows:

	Group		Company	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
Within one year	16,723,869	15,027,091	85,305	333,409
More than one year but not exceeding five years	12,088,069	14,181,896	–	85,053
Total	28,811,938	29,208,987	85,305	418,462

38. PLEDGE OF ASSETS

At 31 March 2010, the Group had the following assets pledged to banks to secure general banking facilities granted to the Group:

- (i) the Group's investment properties and leasehold land with a total carrying value of approximately HK\$216,755,000 (2009: HK\$217,081,602) together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from the relevant properties;
- (ii) the Group's hotel buildings and leasehold land with a total carrying value of approximately HK\$34,981,449 (2009: HK\$34,804,337);
- (iii) the Group's owner occupied properties and leasehold land with a total carrying value of approximately HK\$38,644,292 (2009: HK\$39,681,261);
- (iv) Time deposits of HK\$5,100,000 (2009: HK\$7,100,000);
- (v) Financial assets at fair value through income statement of HK\$9,405,950 (2009: HK\$4,407,700);
- (vi) Available-for-sale financial assets of HK\$26,324,480 (2009: HK\$3,104,920).

NOTES TO THE FINANCIAL STATEMENTS

39. CONTINGENT LIABILITIES

	Group		Company	
	2010 HK\$	2009 HK\$	2010 HK\$	2009 HK\$
a. Financial guarantees issued to banks in favour of – subsidiaries	–	–	233,295,832	196,335,425
Guarantees issued by bank in favour of – subsidiaries	1,121,000	1,121,000	1,121,000	1,121,000
– associates	450,000	450,000	450,000	450,000
Guarantees issued to trade creditors in respect of outstanding balances due by subsidiaries	–	–	1,066,104	1,327,014

The Company has not recognised any deferred income for the financial guarantees given for subsidiaries as their fair value cannot be reliably measured and their transaction price was HK\$Nil.

As at the reporting date, the directors do not consider it is probable that a claim will be made against the Company under any of the guarantees.

- b. A subsidiary had unsettled tax issue regarding the deductibility of accounting fee incurred in the years from 2002/03 to 2008/09.
- c. In past year, the constructor for the hotel renovation works claimed against the Company and SAP Realty Company Limited (“SAR”), a wholly owned subsidiary of the Group for an overdue balance of approximately HK\$5,009,115. However, SAR has made a counter claim to that constructor for the amount overpaid to him of about HK\$5,459,314, having taken into account the cost and the expenses incurred by SAR to rectify the defect in the works and the loss and damage caused by the constructor’s failure to complete the works on time.

Up to the date of this report, the outcome of the proceedings is still uncertain. As the directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group’s financial position, no provision was made as of 31 March 2010.

NOTES TO THE FINANCIAL STATEMENTS

39. CONTINGENT LIABILITIES (Cont'd)

- d. After the year-end date, a constructor of the renovation works of a director's quarters owned by a subsidiary, "K.W.& Associates Company Limited", has demanded settlement from the subsidiary of an overdue balance of HK\$1,567,380, of which HK\$724,600 has been recognised as a liability in the accounts of that subsidiary. However, the subsidiary has counter-claimed for the rectification cost of about HK\$820,000 caused by the defects in the constructor's works.

Up to the date of this report, the outcome of the claims is still uncertain. As the directors considered it is premature and not practical to draw a conclusion of the outcome of the claims and that the ultimate liability, if any, will not have a material adverse impact on the Group's financial position, no provision was made as of 31 March 2010.

40. CAPITAL COMMITMENTS

Group	2010 HK\$	2009 HK\$
Contracted for but not provided in the financial statements in respect of factory renovation and purchase of machines	-	2,131,060
	-	2,131,060

NOTES TO THE FINANCIAL STATEMENTS

41. RELATED PARTY TRANSACTIONS

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

	2010	2009
	HK\$	HK\$
(a) Income received from associates of the Group:		
– consultancy and management fee	–	280,800
– interest income	–	1,081,207
– sales of finished goods	–	745,145
– sales of raw materials	318,240	–
– sharing of production overheads	4,088	409,119
(b) Payment to an associate of the Group:		
– purchase of raw materials & production material	–	94,078
– sub-contracting charge	177,857	162,982
(c) Payment to a company in which the Chairman of the Group has controlling interest		
– rental expenses	782,065	696,000
(d) Interest payment to related companies in which the Chairman of the Group has controlling interest	471,250	492,367
(e) In addition to the directors' remuneration as disclosed in note 11, remuneration of the other key management personnel was disclosed as follows:		
short-term employee benefits	3,173,470	2,528,623
MPF contribution	89,765	83,313
(f) Remuneration paid to close family members of key management personnel	631,547	775,827

NOTES TO THE FINANCIAL STATEMENTS

42. PRINCIPAL SUBSIDIARIES

Name of Company	Place of incorporation/operation	Nominal value of issued ordinary share capital/registered capital	Percentage of equity interest held by		Principal activities
			Company	Group	
Always Best Company Limited	British Virgin Islands/ Mainland China	US\$1	-	95	Investment holding
Hotel Benito Management Limited	Hong Kong	HK\$1,000	100	100	Hotel operation
Dongguan Nan Sing Plastics Limited ^(c)	Mainland China	HK\$160,000,000 ^(a)	-	95	Manufacture of plastics products
Dongguan Nanryo Super Plastics Limited ^(c)	Mainland China	HK\$20,000,000 ^(b)	-	95	Manufacture of plastics products
Fortune State Investments Limited	Hong Kong	HK\$2	100	100	Investment holding
Happy Dragon Investment Limited	Hong Kong	HK\$2	100	100	Investment holding
K.W.& Associates Company Limited	Hong Kong	HK\$2,000,000	100	100	Property investment
Nan Sing Holdings Limited	Hong Kong	HK\$10,000	100	100	Investment holding
Nan Sing Plastics Limited	Hong Kong	HK\$15,000,000	-	95	Trading of Plastics products
Nanryo Super Plastics (Hong Kong) Limited	Hong Kong	HK\$19,500,000	-	95	Trading of Plastics products
Southeast Asia Properties & Finance (China) Limited	Hong Kong/Mainland China	HK\$2	100	100	Property investment and development
Southeast Asia Properties & Finance (Nominees) Limited	Hong Kong	HK\$10,000	100	100	Nominees

(a) Paid up capital up to 31 March 2010 amounted to HK\$152,175,718

(b) Paid up capital up to 31 March 2010 amounted to HK\$14,151,600

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

NOTES TO THE FINANCIAL STATEMENTS

42. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of Company	Place of incorporation/operation	Nominal value of issued ordinary share capital/registered capital	Percentage of equity interest held by		Principal activities
			Company	Group	
SAP Realty Company Limited	Hong Kong	HK\$100	100	100	Property investment
Stockwell Securities Limited	Hong Kong	HK\$30,000,000	100	100	Stock broking
Tanpar Company Limited	Hong Kong	HK\$3	-	95	Trading and nominee
Top Epoch Limited	Hong Kong	HK\$1	100	100	Property investment
Tsen Hsin Industrial Company Limited	Hong Kong	HK\$400,000	-	95	Property investment

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

NOTES TO THE FINANCIAL STATEMENTS

43. ASSOCIATES

Name of Company	Place of incorporation/operation	Particulars of issued ordinary share capital/registered capital	Business Structure	Percentage of equity interest held by		Principal activities
				Company	Group	
Wisestar Holdings Limited	Hong Kong	2 ordinary shares of HK\$1 each	Company	-	47.7	Trading of Plastics products
Donguan Wisestar Plastics Limited	Mainland China	HK\$8,000,000*	Company	-	47.7	Manufacturing of plastics products
Ongoing Investments Limited	British Virgin Islands/ Mainland China	100 ordinary shares of US\$1 each	Company	-	20	Property investment
Sequin Development Limited	British Virgin Islands/ Mainland China	100 ordinary shares of US\$1 each	Company	-	20	Property investment
Titan Dragon Properties Corporation	Philippines	80,000 ordinary shares of Peso 1,000 each	Company	30	49	Property investment

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

44. COMPARATIVE FIGURES

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

45. APPROVAL AND AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 16 July 2010.



LIST OF PROPERTIES

As at 31 March 2010

I. PROPERTIES HELD FOR INVESTMENT

	Location	Use	Category of lease	Group's Interest
(1)	Shops, G/F, 7-7B Cameron Road Tsimshatsui Kowloon	Commercial	Medium term lease	100%
(2)	Room 406, 4/F, Tower 2, Silvercord 30 Canton Road Tsimshatsui Kowloon.	Commercial	Medium term lease	100%
(3)	Nan Sing Industrial Building 57-59, Kwok Shui Road Kwai Chung New Territories	Industrial	Medium term lease	95%
(4)	9/F, Chao Shan Building, Dong Men Nan Road, Shenzhen, PRC.	Commercial	Medium term lease	100%
(5)	Flats C & D, 2/F, Block 2, Kwai Tak Industrial Centre, Kwai Chung, New Territories	Industrial	Medium term lease	95%
(6)	Flat 15E Tower 1, Ming Yue Hua Yuan Yitian Road, Futian Shenzhen, PRC	Residential	Medium term lease	100%

LIST OF PROPERTIES

As at 31 March 2010

2. PROPERTIES UNDER DEVELOPMENT

	Location	Approximate Site Area (sq.m.)	Use	Group's interest
(1)	Nan Shan Development Zone Zhangmutou Dongguan PRC	104,788	Industrial	95%
(2)	Nan Sing Building Town centre Zhangmutou Dongguan PRC (<i>see note</i>)	1,350	Residential/ Commercial	100%

Note: Development plans are pending for approval by relevant authority.

3. PROPERTIES HELD FOR SELF USE

	Location	Use	Category of lease
(1)	Residential Block, 7-7B Cameron Road, Tsimshatsui, Kowloon.	Hotel operation	Medium term lease
(2)	Room 407-410, 4/F, Tower 2, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon.	Commercial	Medium term lease
(3)	24, Essex Crescent, Kowloon Tong, Kowloon.	Residential	Medium term lease
(4)	Nan Sing Industrial Estate, Nan Shan Development Zone Zhangmutou, Dongguan, PRC	Industrial	Medium term lease
(5)	Car Park Space No. 20 on G/F., Kwai Tak Industrial Centre, Kwai Chung, N. T.	Carpark	Medium term lease

FIVE YEARS FINANCIAL SUMMARY

The consolidation results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements are as follows:

	2010 HK\$	2009 HK\$	2008 HK\$	2007 HK\$	2006 HK\$
RESULTS					
Turnover	308,036,722	367,971,773	402,458,138	340,807,836	338,046,877
Profit attributable to shareholders	82,600,715	17,634,549	36,012,929	37,506,722	51,688,909
ASSETS AND LIABILITIES					
Investment properties	393,118,494	308,818,959	296,314,744	269,289,183	241,592,385
Property, plant and equipment	172,792,209	180,316,346	193,659,841	178,099,502	147,659,505
Leasehold land and land use rights	42,897,219	43,902,912	44,678,134	47,476,510	49,262,498
Interests in associates	69,079,411	64,359,669	74,052,607	57,867,208	52,438,963
Available-for-sales financial assets	31,441,840	19,131,267	22,909,711	8,546,989	6,475,889
Other non-current assets	6,403,793	5,073,405	4,902,706	3,502,706	2,932,706
Current assets	318,162,693	231,973,520	415,977,578	573,022,222	285,469,297
Liabilities	(281,768,318)	(236,584,170)	(441,637,445)	(672,324,741)	(362,926,494)
Non-controlling interests	(7,861,857)	(13,563,871)	(13,998,181)	(15,567,920)	(14,727,113)
Shareholders' equity	744,265,484	603,428,037	596,859,695	449,911,659	408,177,636
EARNINGS PER SHARE	37.9 cents	8.1 cents	16.6 cents	17.3 cents	23.8 cents
DIVIDENDS PER SHARE	3.0 cents	3.0 cents	3.5 cents	3.0 cents	3.0 cents

Note: Earnings per share has been calculated as adjusted to reflect the bonus issue made in previous years.