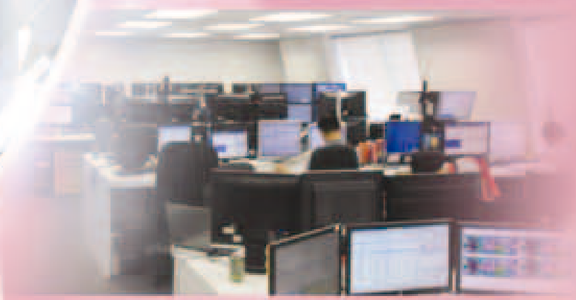
Annual Report

2011-12



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code:252

CONTENTS

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. Samuel Siy Yap
Mr. Tsai Han Yung
Ms. Vivian Chua

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

NOMINATION COMMITTEE

Mr. Chua Nai Tuen *(Chairman)*
Mr. Chan Siu Ting
Mr. James L. Kwok

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

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

COMPANY SECRETARY

Mr. Chan Chit Ming, Joeie
(resigned on 31 May 2011)
Mr. Ho Chi Keung
(appointed on 31 May 2011 and resigned
on 29 August 2011)
Mr. Chan Chi Chung
(appointed on 29 August 2011)

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

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Chua Nai Tuen, aged 60, was appointed as an Executive Director and Managing Director in 1973 and was further appointed Chairman of the Company in 2000. He was appointed as the Chairman of the Nomination Committee on 16 March 2012. 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 distribution of plastics packaging materials business.

Mr. Chua Nai King, aged 62, 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 33, 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 graduated from the Queen Mary & Westfield College in United Kingdom and obtained a Bachelor's degree in Molecular Biology.

Mr. Gilson Chua, aged 32, 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 55, 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 76, 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 59, 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 54, 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. Samuel Siy Yap, aged 53, was appointed as a Non-executive Director of the Company on 30 September 2008. Mr. Siy Yap is a businessman with over 30 years of experience in manufacturing and product distribution. He graduated from Ateneo De Manila University in the Philippines and obtained a Bachelor's degree of Science in Management Engineering.

Mr. Tsai Han Yung, aged 46, 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.

Ms. Vivian Chua, aged 32, was appointed as a Non-executive Director of the Company on 15 April 2008. Ms. 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Siu Ting, aged 60, was appointed as an Independent Non-executive Director of the Company and Chairman of the Audit Committee in 2006. He was also appointed as a member of the Nomination Committee on 16 March 2012. 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 60, 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. On 25 November 2010, Mr. Kwok resigned as the Chairman of the Remuneration Committee but remains as a member of the Remuneration Committee and the Audit Committee respectively. He was also appointed as a member of the Nomination Committee on 16 March 2012. 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.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS (Cont'd)

Mr. Wong Shek Keung, aged 69, was appointed as an Independent Non-executive Director of the Company and a member of the Audit Committee and Remuneration Committee in 2005. On 25 November 2010, Mr. Wong was appointed as Chairman of the Remuneration Committee. 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 Mainland China.

SENIOR MANAGEMENT

Mr. Choy Tin Woo, Johnnie, aged 57, is the Executive Director and Responsible Officer of Stockwell Securities Limited and Stockwell Commodities 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 54, 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 manufacturing, property investment and development business.

Mr. Luk Wai Ming, aged 50, 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 and holds a Bachelor degree in Management granted by Dongbei University of Finance and Economics, 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 Chi Chung, aged 38, is the Company Secretary of the Company. Mr. Chan is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Chan has over 13 years of solid financial, auditing and internal auditing experiences with several well-established multinationals and CPA firms. He joined the Company in May 2010.

Messrs. Chua Nai Tuen, Chua Nai King, Jimmy Siy Tiong, Luis Siy, Rene Siy Chua and Tsai Han Yung are brothers. Both Mr. Nelson Junior Chua and Mr. Gilson Chua are the sons of Mr. Chua Nai Tuen and Ms. Vivian Chua is the daughter of Mr. Chua Nai King. Mr. Samuel Siy Yap is the nephew of Messrs. Chua Nai Tuen, Chua Nai King, Jimmy Siy Tiong, Luis Siy, Rene Siy Chua and Tsai Han Yung and he is the cousin of Mr. Nelson Junior Chua, Mr. Gilson Chua and Ms. 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 2012.

RESULTS

During the year, turnover was HK$400 million (2010/2011: HK$349.7 million), the profit attributable to owners of the Company was HK$80.3 million (2010/2011: HK$77.4 million) and earnings per share was HK36.9 cents (2010/2011: HK35.6 cents).

During the year, the Group's profit before tax was HK$85.6 million (2010/2011: HK$85.5 million). Given below is an analysis of the profit from operations of the Group's principal activities:

	2012 **HK$'000**	2011 HK$'000
Property investments and development/hotel	**19,538**	18,560
Manufacturing and distribution of plastics packaging materials	**(10,415)**	(11,155)
Stock broking and finance	**1,987**	10,529
Gain arising on change in the fair value of investment properties	**77,025**	71,706
Profit from operations	**88,135**	89,640
Bargain purchase gain recognised in a business combination	**463**	–
Finance costs	**(6,666)**	(6,103)
Share of profits of associates	**3,690**	1,987
Profit before tax	**85,622**	85,524

DIVIDENDS

No interim dividend was paid during the year (2010/2011: Nil). The Directors now recommend for the adoption at the Annual General Meeting ("AGM") to be held on Friday, 17 August 2012 the payment on 30 August 2012 of a final dividend of HK3 cents per share (2010/2011: HK3 cents per share) in respect of the financial year ended 31 March 2012 to Shareholders on record as at 24 August 2012, absorbing a total amount of HK$6.5 million (2010/2011: HK$6.5 million).

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

Business Review

- *Property Investments and Development*

  China's economy continued to grow in 2011. Thanks to individual Chinese visitors, domestic consumption displayed remarkable resiliency, thereby rendering a strong cushion to the overall economic performance. Given the low interest rate environment, the property market is booming and property prices reached new heights. During the year, the Group recorded a gain arising on change in fair value of investment properties amounted to HK$77 million (2010/2011: HK$71.7 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$18 million (2010/2011: HK$17.7 million), representing an increase of 1.7% over last year.

- *Hotel*

  Arrivals to Hong Kong in 2011 kept increasing, with a year-on-year cumulative growth of 16.4% driven largely by the growth of visitors from Mainland China, which accounted for 67% of total arrivals. Hotel Benito, though services mostly visitors from South-east Asia, benefited from this overall increase in visitors and experienced growth in both average room rate and occupancy rate. Total revenue of the hotel amounted to HK$22.4 million (2010/2011: HK$19 million), representing an increase of 17.9% from last year.

- *Manufacturing and Distribution of Plastic Packaging Materials*

  During the year, this business recorded a turnover of HK$337.8 million (2010/2011: HK$291.7 million) representing an increase of 15.8% over last year. The increase in turnover was mainly due to the increase in sales volume and the price of raw materials. Gross profit and gross profit margin increased to HK$30.6 million (2010/2011: HK$25.5 million) and 9.1% (2010/2011: 8.7%) respectively due to an improved operating performance. Operating loss before financing costs, share of loss of associates and profit tax was HK$10.4 million (2010/2011: loss HK$11.2 million).

CHAIRMAN'S STATEMENT

2011/2012 remained a challenging year for this business sector. Given that the Western countries are trying to recover from the effects of the financial tsunami, exports inevitably dropped and we had to rely on sales in the domestic market for growth. However, the increase in turnover is still insufficient to cover for the escalating labor related costs and the maintenance costs of the factory.

Since the introduction of our NAN SING brand disposable household goods in 2009, we have established ourselves in Carrefour in the Southern and Eastern Mainland China. Carrefour is one of the largest and most influential supermarket chains in Mainland China. It has the ability to dictate the shopping habit of the consumers and build awareness of our brand effectively. To seize this opportunity, we have invested in a team of promoters coupled with aggressive pricings to build market share and brand awareness. We have successfully increased our retail sales fourfold and built a strong platform for further expansion during the year.

- *Stock Broking and Finance*

During the financial year, Hang Seng Index fell from 23,801 as at 1 April 2011 to 20,556 as at 30 March 2012 with a drop of 3,245 points. The turnover dropped due to decrease in stock prices. Although the Hong Kong Exchanges and Clearing Limited (HKEx) has further prolonged the trading hours of the securities and derivatives markets by half an hour in March to a total of 5.5 hours each day, turnover remains low. This may be also caused by the decrease in money supply as a consequence of de-leveraging by the financial sector.

Furthermore, fiscal consolidations and tightening measures have caused China's exports to slow down substantially in the past two years, lowering its GDP growth to 8.1%. Stock prices of Chinese enterprises were weak and a lot of capital has moved to lower risk assets such as bonds which further affected market turnover.

Stockwell Commodities Limited, a wholly-owned subsidiary of the Group has recommenced business in January 2012, providing a platform for the trading of Hong Kong Futures Exchange products. We have successfully introduced this service to our existing securities clients and have received their recognition and support.

The Group's commission revenue remains stable during the year with net brokerage commission reaching HK$13.9 million (2010/2011: HK$12.6 million). Due to the weak market sentiment, clients are less inclined to hold stocks. Interest earned from margin clients was HK$7.3 million (2010/2011: HK$8.8 million), representing a drop of 17%. During the year, operating profit was HK$2 million (2010/2011: HK$10.5 million) as a result of increased operating expenses, loss arising on change in fair value of financial assets at fair value through profit or loss amounted to HK$3.3 million (2010/2011: gain HK$2.1 million) and provision of bad debt totaling HK$1.48 million.

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 2012, cash and bank balances were HK$60.9 million (31 March 2011: HK$21 million) with trade and other receivables at HK$141.4 million (31 March 2011: HK$185.9 million). Trade and other payables were HK$151.8 million (31 March 2011: HK$131 million). The increase in cash and bank balances and trade and other payables were mainly attributed to the increase in client trust account balances from futures and options business. The net current liabilities of HK$8.7 million as at 31 March 2012 became net current assets after the reporting date.

At the reporting date, the Group's bank borrowings slightly increased from HK$271.8 million of the last year end date to HK$278.7 million of this year, in which the short term borrowings amounted to HK$213.3 million (31 March 2011: HK$187.4 million) and long term borrowings amounted to HK$65.4 million (31 March 2011: HK$84.4 million). The Group's current year net debt to equity ratio was 27.6% (31 March 2011: 37.7%), calculated on the basis of the Group's net borrowings (after bank balances and cash together with time deposit) over total equity attributable to owners of the Company. The decrease was due to the gain arising on change in the fair value of investment properties, which increased the total equity attributable to owners of the Company.

Foreign Exchange Exposure

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 2012, the total equity attributable to owners of the Company amounted to HK$783.5 million (31 March 2011: HK$708.6 million). The Group's consolidated net assets per share as at the reporting date was HK$3.65 (31 March 2011: HK$3.30).

Pledge of Assets

Details of pledge of assets are set out in note 42 to the consolidated financial statements on page 119.

CHAIRMAN'S STATEMENT

Contingent Liabilities

Details of contingent liabilities are set out in note 43 to the consolidated financial statements on pages 120 and 121.

Employees and Remuneration Policies

The Group had about 885 employees as at 31 March 2012. 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 39 to the financial statements on page 117.

STRATEGIES AND PROSPECTS

Looking ahead, the sovereign debt crisis and sluggish economic conditions in Europe, and the slow recovery of the US economy will continue to affect China's economic growth and Hong Kong's economy. Hong Kong recorded a moderate GDP growth of 5% in 2011. The growth moderation was mainly caused by a slowdown in exports since the second quarter of 2011 amid a worsening global economic environment. Despite facing such great challenges, the Group remains cautiously optimistic and sees opportunities in the recent market. The Group intends to deploy more resources to expand its core businesses.

- *Property Investments and Development*

  The uncertain global economic environment will inevitably affect Hong Kong's economy. However, we believe Hong Kong's economic foundation will remain sound. In view of the low interest rate environment and long term tenancy agreements, we expect the Group's investment properties to continue to generate stable rental income in coming year.

- *Hotel*

  As the population of the middle- to high-income individual in Mainland China grows, so does their interest in travel. This will further gear up the demand in local leisure, retails and hotel accommodation for the coming year. Situate at Tsimshatsui's tourist and shopping areas, we expect revenue of Hotel Benito to rise further this year as a result of increase in both occupancy and average room rate.

- *Manufacturing and Distribution of Plastic Packaging Materials*

  It is expected that the global economy in coming year will be even more volatile given that it is the reelection year for many countries coupled with the possibility of a Euro zone breakup, thereby, putting immense political and economical pressure on China with the likes of trade barriers and economic sanctions. Furthermore, the slowdown of the Chinese economy and the fast-inflating labor costs would inevitably affect the outlook of our business.

  In addition, we will need to become more service- and technology-driven to stay competitive in China and adhere to the reforms ordered by Guangdong party chief Wang Yang under his promise to "empty the cage and change the birds".

  The Group strongly believes that the spending power in China will increase rapidly as the PRC Government continues to place strong emphasis on internal markets and domestic demand. The Group will continue to seize this opportunity to develop our own NAN SING brand, expand our presence and broaden our disposable household goods portfolio in the secondary and tertiary cities and towns in Mainland China.

- *Stock Broking and Finance*

  The market will remain volatile in the short term as investors awaits further development of the European sovereign debt crisis. The operation twist conducted by the US will end in June this year, bringing more uncertainties to the market.

  The Group is exploring the feasibility to extend our services to the global futures markets in order to diversify and internationalize our commodities business.

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, 22 June 2012

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

During the financial year ended 31 March 2012, 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 Mode Code during the year.

(C) BOARD OF DIRECTORS

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

The Board comprises fourteen Directors as at the date of this report. 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**
Chairman and Managing Director	
Mr. Chua Nai Tuen	4/4
Deputy Chairman	
Mr. Chua Nai King	4/4
Executive Directors	
Mr. Nelson Junior Chua	4/4
Mr. Gilson Chua	3/4

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

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.

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.

(F) REMUNERATION OF DIRECTORS

The Company has set up a Remuneration Committee consisting of two independent non-executive directors and one non-executive director. On 25 November 2010, Mr. Wong Shek Keung was appointed as the Chairman of the Remuneration Committee.

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

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

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 the 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.

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 has established the Nomination Committee on 16 March 2012 in compliance with the Listing Rules. The Nomination Committee currently comprises one executive Director, Mr. Chua Nai Tuen, and two independent non-executive Directors, Mr. Chan Siu Ting and Mr. James L. Kwok. Mr. Chua Nai Tuen was appointed Chairman of the Nomination Committee.

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge as well as the requirements under the Listing Rules.

During the year ended 31 March 2012, no meeting was held by the Nomination Committee but members of the Nomination Committee have reviewed the composition of the Board which is determined by directors' skills and experience appropriate to the Company's business.

(H) AUDITORS' REMUNERATION

The fees in relation to the audit services provided by external auditors of the Company for the financial year ended 31 March 2012 amounted to HK$741,307.

(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 consolidated financial statements as aided by the external 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 *(Chairman)*	2/3
Mr. Chan Man Hon, Eric	3/3
Mr. James L. Kwok	3/3
Mr. Tsai Han Yung	2/3
Mr. Wong Shek Keung	3/3

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 those auditors;

(ii) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;

(iii) to review the Company's annual report and accounts, half-year report and quarterly reports before submission to the Board, the Audit 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 auditors 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 consolidated 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.

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

(J) DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of accounts for the financial year ended 31 March 2012, 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 2012:

(i) appropriate accounting policies are selected, applied consistently and in accordance with the Hong Kong Financial Reporting Standards;

(ii) prudent and reasonable judgements 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 2012, the Directors considered that the internal control system and procedures of the Group were effective and adequate.

(L) SHAREHOLDERS' RIGHTS

Under the Articles of Association of the Company and Hong Kong Companies Ordinance, shareholders holding not less than 5% of the paid up capital of the Company ("5% Shareholder") may convene an extraordinary general meeting by requisition stating the objects of the meeting, and deposit the signed requisition at the Company's registered office (Units 407-10, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong. Attention: The Company Secretary). Any 5% Shareholder may also requisition for the circulation of resolutions to be moved at a general meeting; and circulation of statements regarding resolution proposed. The special documents should be deposited at the Company's registered address as detailed above.

(M) SHAREHOLDERS COMMUNICATION POLICY

To enhance transparency, the Company endeavours to maintain an on-going dialogue with shareholders through a variety of communication channels.

The annual general meeting is used as an opportunity to communicate with all shareholders. The Company is also committed to providing clear and full performance information in its annual report, interim report and press releases. The Company also maintains a website at http://www.seapnf.com.hk, where detailed information of the Company's business developments, operations, financial and other information are posted.

Chua Nai Tuen
Chairman and Managing Director

Hong Kong, 22 June 2012

REPORT OF THE DIRECTORS

The Directors submit their report and the audited consolidated financial statements for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment and those of its subsidiaries are shown in note 47 the consolidated financial statements on pages 125 and 126.

Further information on the segmental details is provided in note 6 to the consolidated financial statements on pages 82 to 87.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2012 are set out in note 47 to the consolidated financial statements on pages 125 and 126.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2012 and the state of affairs of the Company and the Group as at that date are set out in the consolidated financial statements on pages 30 to 127.

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, 17 August 2012 the payment of a final dividend of HK3 cents per share in respect of the financial year ended 31 March 2012 on 30 August 2012 to Shareholders on record as at 24 August 2012. This recommendation has been disclosed in the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 130.

SHARE CAPITAL

There were no movements in either the Company's authorised or issued share capital during the year. Details of the Company's share capital is set out in note 35 to the consolidated financial statements on page 114.

RESERVES

Movements in reserves during the year are set out in note 36 to the consolidated financial statements on page 114.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Movements in property, plant and equipment during the year are set out in note 17 to the consolidated financial statements on pages 97 and 98. Further details of the investment properties are set out in note 16 to the consolidated financial statements on pages 95 and 96.

LEASEHOLD LAND AND LAND USE RIGHT

Movements in leasehold land and land use right during the year are set out in note 18 to the consolidated financial statements on page 99.

BANK LOANS AND OVERDRAFTS

Particulars of all bank loans and overdrafts of the Group at 31 March 2012 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 32 to the consolidated financial statements on pages 111 and 112.

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	33%
Percentage of purchases attributable to the Group's five largest suppliers	55%
Percentage of sales attributable to the Group's largest customer	18%
Percentage of sales attributable to the Group's five largest customers	41%

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. Samuel Siy Yap
Mr. Tsai Han Yung
Ms. Vivian Chua

Independent Non-executive Directors:

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

In accordance with Article 107(A) of the Company's Articles of Association, Messrs. Luis Siy, Rene Siy Chua, Samuel Siy Yap, Tsai Han Yung and James L. Kwok 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 2012, the Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company, the subsidiaries and associates of the Company:

		Number of shares held				
		Personal Interests	Family Interests	Corporate Interests	Other Interests	% of the Issued Share Capital
(a)	**The Company**					
	(Ordinary shares of HK$1.00 per share)					
	Chua Nai Tuen	2,389,722	–	84,840,445 *(Note 1)*	–	40.12
	Chua Nai King	7,635,751	–	2,814,365 *(Note 1)*	16,910,355 *(Note 2)*	12.58
	Nelson Junior Chua	1,173,800	–	–	–	0.54
	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
	Samuel Siy Yap	1,410,678	–	–	–	0.65
	Tsai Han Yung	4,976,029	–	–	–	2.29
	Vivian Chua	1,000,000	–	–	–	0.46
(b)	**Nan Sing Plastics Limited**					
	(Ordinary shares of HK$100.00 per share)					
	Chua Nai Tuen	–	6,965	–	–	4.64
(c)	**Titan Dragon Properties Corporation**					
	(Capital stock of Peso 1,000.00 per share)					
	Chua Nai Tuen	7,200	13,600	4,000 *(Note 1)*	–	31.00
	Jimmy Siy Tiong	1,600	–	–	–	2.00
	Rene Siy Chua	6,400	–	–	–	8.00

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 2012 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 2012 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")	31,703,637	14.58
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 2012, there were no short positions recorded in the said register.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. These mainly relate to transactions entered into by the Group in the ordinary course of business, negotiated on normal commercial terms and on an arm's length basis. Details are set out in note 45 to the consolidated financial statements on page 122.

DIRECTORS' INTERESTS IN CONTRACTS

During the year, consultancy fees of HK$1,740,000 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 12 to the consolidated financial statements on pages 92 to 94.

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 for the operation of plastic bags business and the total amount of rental paid by the Group during the year was HK$842,160. Furthermore, there were unsecured financial assistances made by a company in which Mr. Chua Nai Tuen had controlling interest to this company on normal commercial terms. Details of which are set out in note 31 to the consolidated financial statements on page 110.

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. The above transactions also fall within the continuing connected transactions under the Rule 14A.33 of the Listing Rules and were exempted from the reporting, announcement and independent shareholders' approval requirements.

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.

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 2012.

AUDITORS

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board
Chua Nai Tuen
Managing Director

Hong Kong, 22 June 2012

INDEPENDENT AUDITORS' REPORT

國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

INDEPENDENT AUDITORS' 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") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 127, which comprise the consolidated and company statements of financial position as at 31 March 2012, 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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 about whether the consolidated financial statements are free from material misstatement.

AUDITORS' RESPONSIBILITY (Cont'd)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

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 2012 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.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 3.1 to the consolidation financial statements which indicates that the Group's current liabilities exceeded its current assets by HK$8,655,855 as at 31 March 2012. This condition, along with other matters set forth in note 3.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 22 June 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012 (in HK Dollars)

	Notes	**2012**	2011
Turnover	7	**399,992,754**	349,696,043
Cost of sales		**(322,216,543)**	(284,166,304)
Gross profit		**77,776,211**	65,529,739
Other revenue and other income	8	**11,727,643**	13,607,472
Gain arising on change in fair value of investment properties		**77,025,438**	71,706,026
Gain on disposal of unlisted available-for-sale financial assets		**–**	1,211,589
(Loss) gain arising on change in fair value of financial assets at fair value through profit or loss		**(3,325,142)**	2,099,808
Impairment losses on amounts due from associates		**–**	(4,334,682)
Distribution expenses		**(16,862,946)**	(12,458,617)
Administration expenses		**(58,122,273)**	(47,075,385)
Other operating income (expenses)		**379,514**	(645,761)
Profit from operations	9	**88,598,445**	89,640,189
Finance costs	10	**(6,666,464)**	(6,103,754)
Share of profits of associates		**3,690,206**	1,987,200
Profit before tax		**85,622,187**	85,523,635
Income tax expense	11	**(4,523,411)**	(7,296,348)
Profit for the year		**81,098,776**	78,227,287
Profit attributable to:			
Owners of the Company		**80,264,886**	77,370,847
Non-controlling interests		**833,890**	856,440
		81,098,776	78,227,287
Earnings per share			
Basic and diluted	15	**36.9 cents**	35.6 cents

The accompanying notes on pages 39 to 127 form an integral part of the consolidated financial statements. Details of dividends proposed after the reporting period are set out in note 14.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012 (in HK Dollars)

	2012	2011
Profit for the year	**81,098,776**	78,227,287
Other comprehensive income		
Available-for-sale financial assets:		
(Loss) gain arising on change in fair value	**(4,430,523)**	918,355
Exchange differences arising on translation of financial statements of overseas subsidiaries	**5,463,835**	5,772,650
Share of exchange reserve of associates	**65,057**	86,593
Total comprehensive income for the year	**82,197,145**	85,004,885
Attributable to:		
Owners of the Company	**80,911,060**	84,076,073
Non-controlling interests	**1,286,085**	928,812
	82,197,145	85,004,885

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012 (in HK Dollars)

	Notes	**2012**	2011
Non-current assets			
Investment properties	16	**544,474,958**	467,449,520
Property, plant and equipment	17	**214,728,338**	202,791,662
Leasehold land and land use right	18	**13,538,989**	13,400,616
Interests in associates	20	**68,582,558**	67,470,734
Available-for-sale financial assets	21	**26,323,909**	30,189,169
Intangible assets	22	**3,702,706**	3,702,706
Deferred tax assets	34	**–**	303,967
Other assets	23	**3,052,178**	2,700,000
		874,403,636	788,008,374
Current assets			
Inventories	24	**85,737,359**	75,041,386
Trade and other receivables	25	**141,405,213**	185,907,978
Financial assets at fair value through profit or loss	26	**8,244,088**	11,569,230
Deposits and prepayments		**5,158,067**	4,198,228
Tax prepaid		**2,852,511**	3,155,022
Time deposits	27	**4,100,000**	5,100,000
Trust accounts of shares dealing clients	28	**54,326,889**	56,315,997
Cash and bank balances	29	**60,940,600**	21,042,484
		362,764,727	362,330,325
Current liabilities			
Trade and other payables	30	**151,845,873**	130,975,939
Amounts due to related companies	31	**2,489,954**	21,775,406
Amount due to an associate	20	**1,366,096**	1,406,012
Bank loans and overdrafts	32	**213,283,485**	187,432,235
Taxation		**2,435,174**	1,750,135
		371,420,582	343,339,727
Net current (liabilities) assets		**(8,655,855)**	18,990,598
Total assets less current liabilities		**865,747,781**	806,998,972

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012 (in HK Dollars)

	Notes	**2012**	2011
Non-current liabilities			
Bank loans	32	**65,377,583**	84,389,829
Amount due to a non-controlling interest	33	**2,664,500**	–
Deferred tax liabilities	34	**3,682,008**	5,402,625
		71,724,091	89,792,454
Net assets		**794,023,690**	717,206,518
Capital and reserves			
Share capital	35	**217,418,850**	217,418,850
Reserves		**566,064,295**	491,222,369
Total Equity attributable to owners of the Company		**783,483,145**	708,641,219
Non-controlling interests		**10,540,545**	8,565,299
Total equity		**794,023,690**	717,206,518

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 22 June 2012 and are signed on its behalf by:

Chua Nai Tuen	**Chua Nai King**
Director	*Director*

The accompanying notes on pages 39 to 127 form an integral part of the consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 March 2012 (in HK Dollars)

	Notes	**2012**	2011
Non-current assets			
Investment properties	16	**1,872,756**	1,780,800
Property, plant and equipment	17	**725,255**	896,670
Interests in subsidiaries	19	**196,164,252**	133,439,398
Interests in associates	20	**26,632,410**	26,827,110
Available-for-sale financial assets	21	**810,000**	810,000
		226,204,673	163,753,978
Current assets			
Other receivables		**44,266**	4,114,008
Deposits and prepayments		**501,644**	526,692
Amount due from a subsidiary	19	**116,534,115**	137,580,594
Cash and bank balances	29	**1,036,704**	904,366
		118,116,729	143,125,660
Current liabilities			
Other payables		**2,257,475**	1,990,425
Amounts due to subsidiaries	19	**71,843,169**	39,107,408
Amount due to an associate	20	**1,366,096**	1,406,012
Amounts due to related companies	31	**2,489,954**	21,775,406
Bank loans	32	**10,000,000**	6,000,000
		87,956,694	70,279,251
Net current assets		**30,160,035**	72,846,409
Total assets less current liabilities		**256,364,708**	236,600,387

STATEMENT OF FINANCIAL POSITION

At 31 March 2012 (in HK Dollars)

	Notes	**2012**	2011
Non-current liability			
Deferred tax liability	34	**–**	–
Net assets		**256,364,708**	236,600,387
Capital and reserves			
Share capital	35	**217,418,850**	217,418,850
Reserves	36	**38,945,858**	19,181,537
Total equity		**256,364,708**	236,600,387

The financial statements were approved and authorised for issue by the Board of Directors on 22 June 2012 and are signed on its behalf by:

Chua Nai Tuen
Director

Chua Nai King
Director

The accompanying notes on pages 39 to 127 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012 (in HK Dollars)

	Attributable to owners of the Company							
	Share capital	Property revaluation reserve	Exchange reserve	Available-for-sale securities revaluation reserve	Retained profits	Subtotal	Non-controlling interests	Total
At 1 April 2010	217,418,850	3,178,526	38,891,100	(5,838,038)	377,437,273	631,087,711	8,054,447	639,142,158
Profit for the year	–	–	–	–	77,370,847	77,370,847	856,440	78,227,287
Other comprehensive income for the year	–	–	5,786,871	918,355	–	6,705,226	72,372	6,777,598
Total comprehensive income for the year	–	–	5,786,871	918,355	77,370,847	84,076,073	928,812	85,004,885
Dividend paid to non-controlling interests	–	–	–	–	–	–	(417,960)	(417,960)
2010 final dividend paid	–	–	–	–	(6,522,565)	(6,522,565)	–	(6,522,565)
At 31 March 2011 and at 1 April 2011	217,418,850	3,178,526	44,677,971	(4,919,683)	448,285,555	708,641,219	8,565,299	717,206,518
Profit for the year	–	–	–	–	80,264,886	80,264,886	833,890	81,098,776
Other comprehensive income for the year	–	–	5,076,697	(4,430,523)	–	646,174	452,195	1,098,369
Total comprehensive income for the year	–	–	5,076,697	(4,430,523)	80,264,886	80,911,060	1,286,085	82,197,145
Acquisition of additional interest in a subsidiary	–	–	–	–	453,431	453,431	(453,431)	–
Non-controlling interests arising on acquisition	–	–	–	–	–	–	1,156,592	1,156,592
Dividend paid to non-controlling interests	–	–	–	–	–	–	(14,000)	(14,000)
2011 final dividend paid	–	–	–	–	(6,522,565)	(6,522,565)	–	(6,522,565)
At 31 March 2012	217,418,850	3,178,526	49,754,668	(9,350,206)	522,481,307	783,483,145	10,540,545	794,023,690

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012 (in HK Dollars)

	Notes	**2012**	2011
Cash generated from (used in) operations	38	**53,096,910**	(7,290,154)
Profit tax paid		**(4,952,511)**	(8,014,897)
Net cash generated from (used in) operating activities		**48,144,399**	(15,305,051)
Cash flows from investing activities			
Interest received		**7,290,378**	8,889,596
Purchases of property, plant and equipment		**(8,859,147)**	(11,413,868)
Proceeds from disposal of property, plant and equipment		**7,001**	–
Dividends received		**2,902,898**	1,012,669
Additional to other assets		**(352,178)**	–
Advance to (repayment from) associates		**1,949,484**	(4,421,305)
Purchase of available-for-sale financial assets		**(565,263)**	–
Acquisition of subsidiary (net cash and cash equivalent)	46	**86,012**	–
Net proceeds from disposal of available-for-sale financial assets		**–**	4,066,238
Net cash generated from (used in) investing activities		**2,459,185**	(1,866,670)
Cash flows from financing activities			
Dividend paid		**(6,522,565)**	(6,522,565)
Interest paid		**(5,720,055)**	(4,996,834)
New bank loans raised		**727,540,739**	373,309,078
Repayment of bank loans		**(725,228,576)**	(340,666,831)
Dividend paid to non-controlling interests		**(14,000)**	(417,600)
Other finance costs paid		**(597,879)**	(1,106,920)
(Repayment to) advance from associates		**(39,916)**	3,721,025
Net cash (used in) generated from financing activities		**(10,582,252)**	23,319,353

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012 (in HK Dollars)

	Notes	**2012**	2011
Net increase in cash and cash equivalents		**40,021,332**	6,147,632
Cash and cash equivalents at the beginning of the year		**20,906,301**	14,149,886
Effect of foreign exchange rate changes		**12,967**	608,783
Cash and cash equivalents at the end of the year		**60,940,600**	20,906,301
Analysis of balances of cash and cash equivalents			
Cash and bank balances	29	**60,940,600**	21,042,484
Bank overdrafts	32	**–**	(136,183)
		60,940,600	20,906,301

The accompanying notes on pages 39 to 127 form an integral part of the consolidated financial statements.

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of 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 ("HKD"), which is the same as the functional currency of the Company.

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 and interpretations (collectively referred to as the "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 1 April 2011. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayment of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

HKAS 24 Related Party Disclosures (as revised in 2009) (Cont'd)

The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has resulted in the identification of related parties that were not identified as related parties under the previous standard. Specifically, associates of the ultimate holding company of the Company are treated as related parties of the Group under the revised standard whilst such entities were not treated as related parties of the Group under the previous standard. The related party disclosures set out in note 45 to the financial statements have been changed to reflect the application of the revised standard. Changes have been applied retrospectively.

Save as described above, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 19 (Revised)	Employee Benefits[3]
HKAS 27 (Revised)	Separate Financial Statements[3]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[3]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date of HKFRS 9 and transition disclosures[5]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangement[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[3]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 July 2012
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2014
5 Effective for annual periods beginning on or after 1 January 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Cont'd)

The directors of the Company have commenced their assessments of the impact of the above new and revised HKFRSs, but it is not yet in a position to state whether these new and revised HKFRSs would have a material impact on the results and the financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs, which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA, accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared on a going concern basis. The Group's current liabilities exceeded its current assets by HK$8,655,855 as at 31 March 2012. In preparing the consolidated financial statements, the directors of the Company have reviewed the Group's financial and liquidity position, and implemented financing measure as follows:

- Subsequent to the balance sheet date on 27 April 2012, the Group obtained a new long term bank loans of HK$124,000,000.

The directors of the Company believe that, taking into account of the above factor, the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future, and accordingly, have prepared the consolidated financial statements on a going concern basis.

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

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

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

3.2 Basis of consolidation (Cont'd)

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interest in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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

3.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see accounting policy below);and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

3.3 Business combinations (Cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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

3.3 Business combinations (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

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

3.5 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale (in which case it is accounted for under HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations) or when the investment is designated as at fair value through profit or loss upon initial recognition or is classified as held for trading (in which case it is accounted for under HKAS 39 Financial Instruments: Recognition and Measurement). Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

3.5 Investments in associates (Cont'd)

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.6 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

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

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

3.7 Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated 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 property, plant and equipment, the expenditure is capitalised as an additional cost of that property, plant and equipment.

Building transferred from investment properties is 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 depreciation in accordance with the policy stated below.

Depreciation is recognised so as to write off the cost of property, plant and equipment (other than properties under construction) less their residual values over their useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The details of depreciation using over the following rates per annum and depreciation method are as follows:

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

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

3.7 Property, plant and equipment (Cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Leasehold land and land use rights

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, except for those that are classified and accounted for as investment properties under the fair value model. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. Where the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "leasehold land and land use rights" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

3.9 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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

3.9 Intangible assets (Cont'd)

Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.10 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

3.10 Impairment of tangible and intangible assets other than goodwill (Cont'd)

Recoverable amount is the higher of fair value less costs to sell 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 the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is based on estimated selling prices less further costs expected to completion and costs to be incurred in selling and distribution.

3.12 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.

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

3.13 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into three categories, including "financial assets at fair value through profit or loss" (FVTPL), "available-for-sale financial assets" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

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

3.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near future; or
- it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial assets at FVTPL are stated at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated income statement. Fair value is determined in the manner described in note 4.

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

3.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

Available-for-sale financial assets ("AFS financial assets")

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

AFS financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of available-for-sale securities revaluation reserve. Where the financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale securities revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables (including trade and other receivable, amounts due from associates, deposit paid, time deposit, trust accounts of shares dealing clients and cash and bank balances) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

3.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

3.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of available-for-sale securities revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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

3.13 Financial instruments (Cont'd)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities (including trade and other payables, amounts due to related companies, amount due to an associate, bank loans and overdrafts and amount due to a non-controlling interest) are subsequently measured at amortised cost, using the effective interest method.

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

3.13 Financial instruments (Cont'd)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

3.13 Financial instruments (Cont'd)

Derecognition (Cont'd)

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.14 Revenue recognition

Rental income is recognised, on a straight-line basis over the lease terms.

Revenue from hotel accommodation is recognised upon the provision of the accommodation services has been rendered.

Revenue from sale of goods is recognised when goods are delivered and title has passed to customers.

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

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.

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

3.14 Revenue recognition (Cont'd)

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

3.15 Income tax

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

3.15 Income tax (Cont'd)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.16 Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

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

3.16 Leasing (Cont'd)

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.17 Foreign currency translation

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

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

3.17 Foreign currency translation (Cont'd)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

(i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

(ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

(iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of exchange reserve.

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

3.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.19 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

3.20 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 note 43 to the consolidated 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.

3.21 Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Retirement benefit obligations

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

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

3.21 Employee benefits (Cont'd)

Retirement benefit obligations (Cont'd)

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$20,000. The Group's contributions to the scheme are expensed as incurred are vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contribution is used to reduce the contributions payable by the Group.

The employees of the Group's subsidiaries in People's Republic of China (the "PRC") are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiary is required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions under the schemes.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

3.22 Related parties

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

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

3.22 Related parties (Cont'd)

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influenced by, that person in their dealings with the entity.

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

3.23 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group		The Company	
	2012	2011	**2012**	2011
Financial assets				
Financial asset at fair value through profit or loss	**8,244,088**	11,569,230	**–**	–
Loans and receivables (including time deposits, cash and bank balances)	**293,594,266**	301,576,749	**274,440,880**	240,893,193
Available-for-sale financial assets	**26,323,909**	30,189,169	**810,000**	810,000
	328,162,263	343,335,148	**275,250,880**	241,703,193
Financial liability				
Amortised cost	**437,027,491**	425,979,421	**87,956,694**	70,279,521

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

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies

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 HKD is pledged to USD, there is no significant exposure expected on USD transactions and balances.

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

The Group

	2012		2011	
	USD	**RMB**	USD	RMB
Assets				
Trade and other receivables	**2,864,853**	**20,570,860**	2,837,842	13,036,645
Cash and bank balances	**35,992**	**4,815,093**	204,195	7,224,403
Trust accounts of shares dealing clients	**–**	**139,092**	–	–
Liabilities				
Trade and other payables	**(706,330)**	**(20,010,970)**	(803,728)	(18,482,841)
Bank loan	**–**	**(2,000,000)**	–	(6,000,000)
Overall net exposure	**2,194,515**	**3,514,075**	2,238,309	(4,221,793)

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(i) Currency risk (Cont'd)

The Company

	2012 RMB	2011 RMB
Assets		
Other receivables	**4,277**	6,074
Cash and bank balances	**52,928**	26,226
Liability		
Other payables	(**244,030**)	(226,150)
Overall net exposure	(**186,825**)	(193,850)

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.

The Group

	2012	2011
Impact of RMB		
Profit or loss	**351,408**	422,179

The Company

	2012	2011
Impact of RMB		
Profit or loss	**18,683**	19,385

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Interest rate risk

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

The Group's and the Company's cash flow interest rate risk are mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") and Best Lending Rate ("BLR").

The carrying amounts of the Group's and the Company's variable-rate borrowings at the end of the reporting period are as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
Bank loans and overdrafts	**278,661,068**	271,822,064	**10,000,000**	6,000,000
Amounts due to related companies	**2,489,954**	–	**2,489,954**	–
	281,151,022	271,822,064	**12,489,954**	6,000,000

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Sensitivity analysis

The sensitivity analysis below presents the effects on the Group's and the Company's post-tax profit for the year as a result of change in interest rate 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.

	The Group		The Company	
	2012	2011	**2012**	2011
(Decrease) in post-tax profit if interest rate is 25 basis points higher	**(586,903)**	(567,429)	**(26,073)**	(12,525)
Increase in post-tax profit if interest rate is 25 basis points lower	**586,903**	567,429	**26,073**	12,525

(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 of the Company manages the exposure by maintaining a portfolio of securities with different risk class and monitors the performance regularly. The Group's equity price risk in mainly concentrated on equity securities operating in (i) provision of a comprehensive range of banking related financial services, (ii) provision of mobile telecommunications and related services, (iii) investment holding and the provision of consultancy services, (iv) generation and sale of electric power to the respective regional or provincial grid companies in the PRC, (v) provision of a wide range of financial products and services, including individual life insurance, long-term care insurance, group life and health insurance, pension products, annuities and mutual funds and (vi) container transport and logistics. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(iii) Equity price risk (Cont'd)

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.

	2012 Effect on post-tax profit for the year	2011 Effect on post tax profit for the year	**2012 Effect on equity**	2011 Effect on equity
10% increase (decrease) in market price of listed equity securities	**688,381**	966,031	**2,504,281**	2,890,807
	(688,381)	(966,031)	**(2,504,281)**	(2,890,807)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at 31 March 2012 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.

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

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 and the Company are exposed to liquidity risk on financial liabilities. The management of the Group and the Company 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.

As at 31 March 2012, the Group has available banking facilities amounting to HK$439,896,506 (31 March 2011: HK$481,443,272).

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

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

The Group

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual undiscounted cash flow	Total carrying amount
2012						
Trade and other payables	**151,845,873**	**–**	**–**	**–**	**151,845,873**	**151,845,873**
Amounts due to related companies	**2,570,878**	**–**	**–**	**–**	**2,570,878**	**2,489,954**
Amount due to an associate	**1,366,096**	**–**	**–**	**–**	**1,366,096**	**1,366,096**
Amount due to a non-controlling interest	**–**	**2,664,500**	**–**	**–**	**2,664,500**	**2,664,500**
Bank loans and overdrafts	**215,426,180**	**14,169,183**	**20,701,502**	**36,576,673**	**286,873,538**	**278,661,068**
	371,209,027	**16,833,683**	**20,701,502**	**36,576,673**	**445,320,885**	**437,027,491**
2011						
Trade and other payables	130,975,939	–	–	–	130,975,939	130,975,939
Amounts due to related companies	21,775,406	–	–	–	21,775,406	21,775,406
Amount due to an associate	1,406,012	–	–	–	1,406,012	1,406,012
Bank loans and overdrafts	190,810,581	23,612,276	24,925,915	37,147,423	276,496,195	271,822,064
	344,967,938	23,612,276	24,925,915	37,147,423	430,653,552	425,979,421

4. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

The remaining contractual maturities at the end of the reporting period of the Company's non-derivative financial liabilities are as follows:

The Company

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual undiscounted cash flow	Total carrying amount
2012						
Other payables	**2,257,475**	**–**	**–**	**–**	**2,257,475**	**2,257,475**
Amounts due to related companies	**2,570,878**	**–**	**–**	**–**	**2,570,878**	**2,489,954**
Amount due to an associate	**1,366,096**	**–**	**–**	**–**	**1,366,096**	**1,366,096**
Amounts due to subsidiaries	**72,791,795**	**–**	**–**	**–**	**72,791,795**	**71,843,169**
Bank loans and overdrafts	**10,180,000**	**–**	**–**	**–**	**10,180,000**	**10,000,000**
	89,166,244	**–**	**–**	**–**	**89,166,244**	**87,956,694**
2011						
Other payables	1,990,425	–	–	–	1,990,425	1,990,425
Amounts due to related companies	21,775,406	–	–	–	21,775,406	21,775,406
Amount due to an associate	1,406,012	–	–	–	1,406,012	1,406,012
Amounts due to subsidiaries	39,107,408	–	–	–	39,107,408	39,107,408
Bank loans and overdrafts	6,101,400	–	–	–	6,101,400	6,000,000
	70,380,651	–	–	–	70,380,651	70,279,251

4. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value of financial instruments

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

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid price and ask prices respectively;

- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and

- the fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate to their fair value.

(d) Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. FINANCIAL INSTRUMENTS (Cont'd)

(d) Fair value measurements recognised in the consolidated statement of financial position (Cont'd)

The following table shows an analysis of financial instruments recorded at fair value by the fair value hierarchy:

The Group

	Level 1	Level 2	Level 3	Total
2012				
Financial assets				
Available-for-sale financial assets				
– Listed equity securities	**25,042,809**	**–**	**–**	**25,042,809**
Financial assets at fair value through profit or loss				
– Trading securities	**8,244,088**	**–**	**–**	**8,244,088**
	33,286,897	**–**	**–**	**33,286,897**
2011				
Financial assets				
Available-for-sale financial assets				
– Listed equity securities	28,908,069	–	–	28,908,069
Financial assets at fair value through profit or loss				
– Trading securities	11,569,230	–	–	11,569,230
	40,477,299	–	–	40,477,299

There were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, which are described in note 3, the directors of the Company has made the following judgements that have significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment loss on trade and other receivables

The policy for impairment loss on trade and other receivables of the Group is based on the evaluation of collectibility and aged 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 impairment loss may be required.

Income taxes

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

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

Useful lives of property, plant and equipment

Management of the Company determines the estimated useful lives and related depreciation expenses for the Group's property, plant and equipment. Management of the Company 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 of the Company will reassess the estimations at the reporting date.

Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value of the investment properties, the valuers have based on method of valuation which involves certain assumptions and estimates that reflect, including capitalisation of net rental income after allowance for outgoings and amount has been taken into account of reversion to market value and/or market rent upon expiration of the existent tenancies, vacant possession, and comparable market transactions assuming that the Group sales the properties on the market in their existing state by making reference to comparable sales evidences as available in the relevant market. In relying on the valuation report, the management of the Company has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions. Should there be any changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

6. SEGMENT INFORMATION

HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and to assessing their performance.

The chief operating decision maker has been identified as the directors of the Company. The directors of the Company review the Group's internal reporting in order to assess performance and allocate resources. The directors of the Company have determined the operating segments based on these reports.

The directors of the Company consider the business from both a geographic and product perspective. From a geographic and product perspective, the directors of the Company assess as the performance of property investments and development/hotel, manufacturing and distribution of plastics packaging materials and stock broking and finance.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment performance is evaluated based on operating segment results, which is a measure of segment results. The segment results is measured consistently with the Group's profit except that gain arising on change in fair value of investment properties, bargain purchase gain recognised in a business combination, finance costs, share of profits (losses) of associates and income tax expenses are excluded from such measurement. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION (Cont'd)

The revenue from external parties reported to the directors of the Company is measured in a manner consistent with that in the consolidated income statement.

The Group's measurement methods used to determine operating segment profit or loss remain unchanged from 2011.

In a manner consistent with the way in which information is reported internally to chief operating decision maker for the purposes of resources allocation and performance assessment, the Group is currently organised into the following operating segments:

Property investments and development/hotel	Provision of hotel services and leasing of rental properties in Hong Kong and the PRC
Manufacturing and distribution of plastics packaging materials	Production and distribution of plastic bags and packaging materials
Stock broking and finance	Securities investment provision of financial investment services and in trading securities

6. SEGMENT INFORMATION (Cont'd)

I) Segment revenues and results

	Property investments and development/hotel		Manufacturing and distribution of plastics packaging materials		Stock broking and finance		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Turnover								
External sales	**40,414,757**	36,651,875	**337,806,868**	291,716,718	**21,771,129**	21,327,450	**399,992,754**	349,696,043
Segment result	**19,538,169**	18,560,596	**(10,415,259)**	(11,155,037)	**1,987,479**	10,528,604	**11,110,389**	17,934,163
Gain arising on change in fair value of investment properties	**77,025,438**	71,706,026	**–**	–	**–**	–	**77,025,438**	71,706,026
Profit (loss) from operations	**96,563,607**	90,266,622	**(10,415,259)**	(11,155,037)	**1,987,479**	10,528,604	**88,135,827**	89,640,189
Bargain purchase gain recognised in a business combination							**462,618**	–
Unallocated finance costs							**(6,666,464)**	(6,103,754)
Share of profits (losses) of associates	**4,439,477**	1,788,468	**(1,053,424)**	(191,040)	**304,153**	389,772	**3,690,206**	1,987,200
Profit before tax							**85,622,187**	85,523,635
Unallocated income tax expense							**(4,523,411)**	(7,296,348)
Profit for the year							**81,098,776**	78,227,287

6. SEGMENT INFORMATION (Cont'd)

II) Segment assets and liabilities

	Property investments and development/hotel		Manufacturing and distribution of plastics packaging materials		Stock broking and finance		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Assets								
Segment assets	**634,492,586**	419,103,254	**304,482,874**	406,016,104	**203,286,436**	227,559,438	**1,142,261,896**	1,052,678,796
Interests in associates	**68,160,722**	63,375,672	**421,836**	3,705,290	**–**	389,772	**68,582,558**	67,470,734
Reportable segment assets	**702,653,308**	482,478,926	**304,904,710**	409,721,394	**203,286,436**	227,949,210	**1,210,844,454**	1,120,149,530
Unallocated corporate asset							**26,323,909**	30,189,169
Consolidated assets							**1,237,168,363**	1,150,338,699
Liabilities								
Reportable segment liabilities	**18,364,629**	7,755,578	**40,262,152**	54,458,637	**105,856,824**	99,095,902	**164,483,605**	161,310,117
Unallocated corporate liabilities							**278,661,068**	271,822,064
Consolidated liabilities							**443,144,673**	433,132,181

6. SEGMENT INFORMATION (Cont'd)

III) Other segment information

	Property investments and development/hotel		Manufacturing and distribution of plastics packaging materials		Stock broking and finance		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation of property, plant and equipment	**4,368,071**	4,845,270	**9,304,094**	8,916,038	**761,073**	461,886	**14,433,238**	14,223,194
Amortisation of leasehold land and land use right	**23,085**	28,350	**353,233**	322,889	**–**	–	**376,318**	351,239
Gain arising on change in fair value of investment properties	**77,025,438**	71,706,026	**–**	–	**–**	–	**77,025,438**	71,706,026
Loss on disposal of property, plant and equipment	**31,272**	765	**–**	–	**–**	–	**31,272**	765
Share of profits (losses) of associates	**4,439,477**	1,788,468	**(1,053,424)**	(191,040)	**304,153**	389,772	**3,690,206**	1,987,200
Interests income	**23**	56	**250,794**	69,554	**7,039,561**	8,819,986	**7,290,378**	8,889,596
Additions to non-current assets *(Note)*	**48,985**	1,351,973	**7,106,786**	9,345,012	**2,055,554**	716,883	**9,211,325**	11,413,868
Interests in associates	**68,160,722**	63,375,672	**421,836**	3,705,290	**–**	389,772	**68,582,558**	67,470,734
Written-down of obsolescent inventories	**–**	–	**–**	47,815	**–**	–	**–**	47,815

Note: Non-current assets excluded financial instruments and deferred tax assets.

6. SEGMENT INFORMATION (Cont'd)

IV) Geographical segment

	Turnover	
	2012	2011
Hong Kong	**33,952,565**	90,644,315
North America	**93,932,422**	48,821,731
Oceania	**42,343,800**	30,145,518
Europe	**31,944,870**	31,380,268
PRC	**105,557,273**	49,849,148
Other Asian countries	**92,261,824**	98,627,558
Others	**–**	227,505
	399,992,754	349,696,043

	Carrying amount of segment assets		Additions to non-current assets	
	2012	2011	**2012**	2011
Hong Kong	**955,080,089**	865,343,894	**2,104,539**	2,381,502
North America	**5,258,795**	6,803,208	**–**	–
Oceania	**6,890,686**	7,436,216	**–**	–
Europe	**3,407,765**	4,149,816	**–**	–
PRC	**258,720,796**	257,021,028	**7,106,786**	9,032,366
Other Asian countries	**7,810,232**	9,584,537	**–**	–
	1,237,168,363	1,150,338,699	**9,211,325**	11,413,868

V) Information about major customers

Included in turnover arising from manufacturing and distribution of plastics packaging materials of HK$337,806,868 (2011: HK$291,716,718) are turnover of HK$140,461,973 (2011: HK$61,888,789) which arose from sales to the Group's major customer (the manufacturing and distribution of plastics packaging materials segment). No other single customers contributed 10% or more to the Group's turnover for both years.

7. 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.

	2012	2011
Sale of goods	**337,806,868**	291,716,717
Gross rental income	**18,047,237**	17,653,762
Brokerage commission	**18,466,908**	19,821,585
Hotel income	**22,367,520**	18,998,114
Dividend income		
– Listed and unlisted equity securities	**3,304,221**	1,505,865
	399,992,754	349,696,043

8. OTHER REVENUE AND OTHER INCOME

	2012	2011
Interest income	**7,290,378**	8,889,596
Other income *(Note)*	**4,050,603**	4,592,654
Reversal of impairment loss on trade and other receivables	**386,662**	125,222
	11,727,643	13,607,472

Note: Other income mainly consist of other securities income and other ancillary hotel revenue.

9. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging (crediting):

	2012	2011
Amortisation of leasehold land and land use right	**376,318**	351,239
Auditors' remuneration	**741,307**	763,889
Bargain purchase gain recognised in a business combination	**(462,618)**	–
Cost of inventories sold	**252,179,514**	223,269,895
Depreciation of property, plant and equipment	**14,433,238**	14,223,194
Exchange (gain) loss, net	**(204,365)**	645,385
Gain on disposal of unlisted available-for-sale financial assets	**–**	(1,211,589)
Impairment losses on trade and other receivables	**–**	686,273
Impairment losses on amounts due from associates	**–**	4,334,682
Loss (gain) arising on change in fair value of financial assets at fair value through profit or loss	**3,325,142**	(2,099,808)
Loss on disposal of property, plant and equipment	**31,272**	765
Written-down of obsolescent inventories	**–**	47,815
Staff costs (including directors' remuneration):		
Salaries, wages and allowances	**52,743,394**	43,542,223
Staff benefits	**3,425,829**	2,364,358
Defined contribution plans	**749,544**	711,295
	56,918,767	46,617,876
Operating lease rental in respect of office premises	**2,992,006**	1,765,468
Gross rental income from investment properties	**(18,047,237)**	(17,653,762)
Less: Direct outgoing expenses from investment properties that generated rental income during the year	**28,937**	45,300
	(18,018,300)	(17,608,462)

10. FINANCE COSTS

	2012	2011
Interest on:		
Bank loans and overdraft wholly repayable:		
with five years	**4,064,379**	3,923,280
over five years	**1,019,876**	1,073,554
Amounts due to related companies	**983,980**	593,786
Bank charges	**598,229**	513,134
	6,666,464	6,103,754

11. INCOME TAX EXPENSE

The charge comprises:

	2012	2011
Current tax:		
Hong Kong Profits Tax	**4,177,483**	5,464,750
Under provision:		
Hong Kong Profits Tax	**1,762,578**	–
	5,940,061	5,464,750
Deferred tax:		
Current year (credited) charged *(Note 34)*	(**1,416,650**)	1,831,598
Tax charge for the year	**4,523,411**	7,296,348

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profit for the year. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

No PRC Enterprise Income Tax has been provided for both years as assessable profit for the year was set off against the tax losses brought forward from previous years.

11. INCOME TAX EXPENSE (Cont'd)

The income tax charged for the year can be reconciled to the profit per the consolidated income statement as follows:

	2012	2011
Profit before tax	**85,622,187**	85,523,635
Notional tax on profit before tax, calculated at Hong Kong Profits Tax rate of 16.5% (2011: 16.5%)	**14,127,661**	14,111,400
Tax effect of:		
Different tax rates of subsidiaries operating in other jurisdictions	**575,397**	553,686
Expenses not deductible for tax purpose	**44,493**	2,520,812
Income not taxable for tax purpose	**(12,229,813)**	(12,816,503)
Under provision in respect of prior years	**1,762,578**	–
Current year's tax losses not recognised	**2,617,177**	2,007,328
Share of profits of associates	**(608,884)**	–
Previous tax losses utilised in current year	**(2,069,165)**	(71,950)
Reversal of tax losses previously recognised	**303,967**	991,575
Recognition of previously unrecognised tax losses	**–**	–
Tax charge for the year	**4,523,411**	7,296,348

12. DIRECTORS' AND EMPLOYEES' REMUNERATION

The remuneration paid or payable to each of the 14 (2011: 15) directors for the year ended 31 March 2012 and 2011 is set out below:

Name of directors	Salary and other benefits	Director fee	MPF contribution	Total
2012				
Executive Directors				
Chua Nai Tuen	2,559,800	40,000	13,000	2,612,800
Chua Nai King	984,000	30,000	–	1,014,000
Nelson Junior Chua	459,000	30,000	12,000	501,000
Gilson Chua	593,300	30,000	12,000	635,300
Non-executive Directors				
Chan Man Hon, Eric	–	30,000	–	30,000
Jimmy Siy Tong	–	30,000	–	30,000
Luis Siy	–	30,000	–	30,000
Rene Siy Chua	–	30,000	–	30,000
Tsai Han Yung	–	30,000	–	30,000
Samuel Siy Yap	–	30,000	–	30,000
Vivian Chua	358,957	30,000	17,214	406,171
Independent Non-executive Directors				
Chan Siu Ting	–	30,000	–	30,000
James L. Kwok	–	30,000	–	30,000
Wong Shek Keung	–	30,000	–	30,000
	4,955,057	430,000	54,214	5,439,271

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

Name of directors	Salary and other benefits	Director fee	MPF contribution	Total
2011				
Executive Directors				
Chua Nai Tuen	2,546,000	40,000	13,000	2,599,000
Chua Nai King	984,000	30,000	–	1,014,000
Nelson Junior Chua	432,347	30,000	12,000	474,347
Gilson Chua	602,275	30,000	12,000	644,275
Non-executive Directors				
Chan Man Hon, Eric	–	30,000	–	30,000
Jimmy Siy Tong	–	30,000	–	30,000
Luis Siy	–	30,000	–	30,000
Rene Siy Chua	–	30,000	–	30,000
Tsai Han Yung	–	30,000	–	30,000
Samuel Siy Yap	–	30,000	–	30,000
Vivian Chua	336,164	30,000	16,160	382,324
Se Ying Kin (retired on 27 August 2010)	–	30,000	–	30,000
Independent Non-executive Directors				
Chan Siu Ting	–	30,000	–	30,000
James L. Kwok	–	30,000	–	30,000
Wong Shek Keung	–	30,000	–	30,000
	4,900,786	460,000	53,160	5,413,946

During the year, no remuneration were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any remuneration during the year.

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

Five highest paid employees

The five highest paid employees of the Group during the year included 3 (2011: 3) directors, details of whose remuneration are disclosed above. The remuneration of the other 2 (2011: 2) employees disclosed were as follows:

	2012	2011
Salaries and other allowances	**1,309,968**	1,516,061
MPF contribution	**27,112**	24,000
Bonus	**–**	124,000
	1,337,080	1,664,061

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

	2012 Number of employees	2011 Number of employees
Nil – HK$1,000,000	**2**	2

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a profit of HK$26,286,886 (2011: HK$18,091,058) which has been dealt with in the financial statements of the Company.

14. DIVIDENDS

	2012	2011
Final dividend proposed after the reporting date of HK3 cents (2011: HK3 cents) per ordinary share	**6,522,565**	6,522,565

The 2012 final cash dividend of HK3 cents (2011: HK3 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.

The final dividend proposed after the reporting date has not been recognised as a liability at the end of the reporting period.

15. EARNINGS PER SHARE

The calculation of the earnings per share is based on the profit attributable to owners of the Company HK$80,264,886 (2011: HK$77,370,847) and the number of outstanding ordinary shares in issue during the year 217,418,850 (2011: 217,418,850).

The denominators used are the same for both basic and diluted earnings per share.

16. INVESTMENT PROPERTIES

	The Group	The Company
Fair value		
At 1 April 2010	395,743,494	1,706,096
Gain arising on change in fair value	71,706,026	74,704
At 31 March 2011 and at 1 April 2011	467,449,520	1,780,800
Gain arising on change in fair value	77,025,438	91,956
At 31 March 2012	**544,474,958**	**1,872,756**

16. INVESTMENT PROPERTIES (Cont'd)

The fair values of the Group's investment properties at the end of the reporting period have been arrived at on the basis of a valuation carried out on that date by Messrs. K. T. Liu Surveyors Limited, independent qualified professional valuer not connected to the Group. Messrs. K. T. Liu Surveyors Limited is a member of The Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs and/or by reference to market evidence of transaction prices for similar properties.

All of the Group's property interests held to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The Group's investment properties with carrying amount of HK$384,301,000 (2011: HK$333,520,000) have been pledged to secure general banking facilities granted to the Group.

The carrying amount of investment properties shown above comprises:

	The Group		**The Company**	
	2012	2011	**2012**	2011
Inside Hong Kong, held under				
Medium-term lease	**540,801,000**	464,066,000	**–**	–
Outside Hong Kong, held under				
Medium-term lease	**3,673,958**	3,383,520	**1,872,756**	1,780,800
	544,474,958	467,449,520	**1,872,756**	1,780,800

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings						
	Medium and long-term lease in Hong Kong	Medium -term lease in PRC	Construction in progress	Plant and machinery	Furniture, fixtures & equipment	Motor vehicles	Total
Cost							
At 1 April 2010	91,014,554	85,813,609	2,012,304	132,565,206	28,598,416	7,211,431	347,215,520
Additions	–	632,316	2,192,837	6,209,409	2,377,822	1,484	11,413,868
Disposals	–	–	–	–	(5,862)	–	(5,862)
Exchange alignments	–	3,760,073	88,156	5,051,215	438,964	201,978	9,540,386
At 31 March 2011 and 1 April 2011	91,014,554	90,205,998	4,293,297	143,825,830	31,409,340	7,414,893	368,163,912
Additions	–	2,851,653	709,059	2,243,344	3,055,091	–	8,859,147
Acquisition through business combination *(Note 46)*	12,300,000	–	–	–	–	–	12,300,000
Transfer upon completion	–	–	(2,719,273)	2,290,313	428,960	–	–
Disposals	–	–	–	–	(9,058)	(120,000)	(129,058)
Exchange alignments	–	4,307,519	140,854	3,865,518	305,073	167,880	8,786,844
At 31 March 2012	103,314,554	97,365,170	2,423,937	152,225,005	35,189,406	7,462,773	397,980,845
Accumulated depreciation							
At 1 April 2010	19,530,776	26,360,749	–	77,754,149	16,178,755	5,227,104	145,051,533
Charge for the year	3,249,955	1,622,300	–	6,441,177	2,526,449	383,313	14,223,194
Written back on disposals	–	–	–	–	(5,097)	–	(5,097)
Exchange alignments	–	1,146,267	–	4,508,227	286,348	161,778	6,102,620
At 31 March 2011 and 1 April 2011	22,780,731	29,129,316	–	88,703,553	18,986,455	5,772,195	165,372,250
Charge for the year	3,252,763	2,279,826	–	6,148,527	2,443,781	308,341	14,433,238
Written back on disposals	–	–	–	–	(3,484)	(87,301)	(90,785)
Exchange alignments	–	1,742,761	–	1,407,673	220,334	167,036	3,537,804
At 31 March 2012	26,033,494	33,151,903	–	96,259,753	21,647,086	6,160,271	183,252,507
Carrying amounts							
At 31 March 2012	**77,281,060**	**64,213,267**	**2,423,937**	**55,965,252**	**13,542,320**	**1,302,502**	**214,728,338**
At 31 March 2011	68,233,823	61,076,682	4,293,297	55,122,277	12,422,885	1,642,698	202,791,662

Included in buildings shown as medium and long-term lease in Hong Kong, HK$12,150,041 (2011: Nil) is related to long-term lease.

The Group's buildings with carrying amount of HK$77,281,060 (2011: HK$68,233,823) have been pledged to secure general banking facilities granted to the Group.

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

The Company

	Furniture, fixtures & equipment	Motor vehicles	Total
Cost			
At 1 April 2010	554,214	1,647,926	2,202,140
Additions	130,000	–	130,000
At 31 March 2011 and 1 April 2011	684,214	1,647,926	2,332,140
Additions	10,000	–	10,000
Disposal	–	(120,000)	(120,000)
At 31 March 2012	694,214	1,527,926	2,222,140
Accumulated depreciation			
At 1 April 2010	450,790	800,373	1,251,163
Charge for the year	57,174	127,133	184,307
At 31 March 2011 and 1 April 2011	507,964	927,506	1,435,470
Charge for the year	45,558	103,158	148,716
Written back on disposals	–	(87,301)	(87,301)
At 31 March 2012	553,522	943,363	1,496,885
Carrying amounts			
At 31 March 2012	**140,692**	**584,563**	**725,255**
At 31 March 2011	176,250	720,420	896,670

18. LEASEHOLD LAND AND LAND USE RIGHT

The Group

Cost	
At 1 April 2010	17,619,334
Exchange alignment	678,991
At 31 March 2011 and at 1 April 2011	18,298,325
Exchange alignment	681,665
At 31 March 2012	18,979,990
Amortisation	
At 1 April 2010	4,342,051
Charged for the year	351,239
Exchange alignment	204,419
At 31 March 2011 and at 1 April 2011	4,897,709
Charged for the year	376,318
Exchange alignment	166,974
At 31 March 2012	5,441,001
Carrying amount	
At 31 March 2012	**13,538,989**
At 31 March 2011	13,400,616

	2012	2011
Land outside Hong Kong		
Medium-term lease	**13,538,989**	13,400,616

The Group's leasehold land and land use right with carrying amount of HK$ 12,546,334 (2011:HK$12,390,143) have been pledged to secured general banking facilities granted to the Group.

19. INTERESTS IN SUBSIDIARIES

	The Company	
	2012	2011
Unlisted shares, at cost	**52,313,709**	48,314,775
Amounts due from subsidiaries	**308,541,271**	268,151,418
	360,854,980	316,466,193
Less: impairment losses recognised	**(48,156,613)**	(45,446,201)
	312,698,367	271,019,992
Less: non-current portion	**(196,164,252)**	(133,439,398)
Current portion	**116,534,115**	137,580,594
Movement of impairment losses:		
Balance at beginning of the year	**45,446,021**	69,662,709
Impairment losses recognised on receivables	**3,711,797**	5,555
Amounts written off as uncollectible	**(1,001,205)**	–
Amounts written off during the year as waiver of amounts due from subsidiaries	**–**	(24,222,243)
Balance at end of year	**48,156,613**	45,446,021

Details of the Company's principal subsidiaries at 31 March 2012 are set out in note 47 to the consolidated financial statements.

At 31 March 2012 and 2011, the management assessed the recoverable amounts of amounts due from subsidiaries after considering profitability, cash flow position, financial position, forecast business development and future prospects of the subsidiaries. Based on this assessment, the directors of the Company consider that the carrying amounts of the amounts due from subsidiaries net of the impairment losses recognised approximate to their recoverable amounts.

Amounts due from subsidiaries are unsecured. The non-current portion have no fixed recoverable terms and the current portion is recoverable on demand. At 31 March 2012, amounts due from subsidiaries amounted HK$243,963,810 (2011: HK$195,571,012) bears interest at Hong Kong dollar prime rate, quoted by Standard Chartered Bank (Hong Kong) Limited, minus 2% (2011: 2% to 3.25%) and remaining balance of amounts due from subsidiaries are interest-free.

Amounts due to subsidiaries are unsecured and repayable on demand. At 31 March 2012, amounts due to subsidiaries amounted HK$29,191,406 bears interest at Hong Kong dollar prime rate, quoted by Standard Chartered Bank (Hong Kong) Limited, minus 2% and remaining balance of amounts due to subsidiaries are interest-free. The amounts due to subsidiaries were interest-free in 2011.

20. INTERESTS IN ASSOCIATES

	The Group	
	2012	2011
Cost of investments in associates	**39,057,290**	36,983,497
Share of profit and other comprehensive income, net of dividend received	**3,755,263**	2,073,793
Derecognition of investment in an associate *(Note)*	**(693,955)**	–
	42,118,598	39,057,290
Amounts due from associates	**30,798,642**	32,748,126
Less: Impairment losses	**(4,334,682)**	(4,334,682)
	68,582,558	67,470,734

Note: On 6 October 2011, the Group further acquired 20% of the issued share capital of Nice Profit Hong Kong Investment Limited at a consideration of HK$20 that became a subsidiary of the Group for the year ended 31 March 2012. Details of acquisition please refer to note 46.

	The Company	
	2012	2011
Cost of investment in associates, unlisted	**13,921,154**	13,921,154
Amounts due from associates	**12,711,256**	12,905,956
	26,632,410	26,827,110

Amounts due from associates are unsecured, interest-free and no fixed recoverable terms.

Amount due to an associate is unsecured, interest-free and repayable on demand.

20. INTERESTS IN ASSOCIATES (Cont'd)

Details of the Group's associates at 31 March 2012 are set out in note 48 to the consolidated financial statements.

Summarised financial information of associates

	Assets	Liabilities	Equity	Revenue	Profit
2012					
Total	**246,000,602**	**(141,917,096)**	**104,083,506**	**4,141,595**	**19,939,065**
Group's effective interest	**96,767,122**	**(54,648,524)**	**42,118,598**	**1,003,944**	**3,690,206**
2011					
Total	224,532,570	(138,205,104)	86,327,466	15,508,038	9,588,786
Group's effective interest	91,135,571	(52,078,281)	39,057,290	4,120,271	1,987,200

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2012	2011	**2012**	2011
Equity securities at cost				
Unlisted in Hong Kong	**946,000**	946,000	**810,000**	810,000
Unlisted outside Hong Kong	**335,100**	335,100	**–**	–
	1,281,100	1,281,100	**810,000**	810,000
Equity securities at fair value				
Listed in Hong Kong	**25,042,809**	28,908,069	**–**	–
	26,323,909	30,189,169	**810,000**	810,000

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Cont'd)

At 31 March 2012, certain unlisted equity securities with carrying amount of HK$1,281,100 (2011: HK$1,281,100) were stated at cost less impairment loss because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

The Group's available-for-sale financial assets with carrying amount of HK$24,188,309 (2011: HK$28,122,000) have been pledged to secure general banking facilities granted to the Group.

The directors of the Company had re-assessed recoverable amount of unlisted equity securities in Hong Kong and outside Hong Kong, no impairment was recognised in both years.

For listed equity securities, the fair value as determined based on the quoted market bid prices available on the relevant stock exchange and the industry group.

22. INTANGIBLE ASSETS

The Group

	Stock Exchange trading rights	Futures Exchange trading rights	Membership of The Chinese Gold & Silver Exchange Society	Club membership	Total
Cost					
At 1 April 2010, 31 March 2011, 1 April 2011 and 31 March 2012	5,030,001	201,205	1,475,000	981,500	7,687,706
Impairment					
At 1 April 2010, 31 March 2011, 1 April 2011 and 31 March 2012	2,810,000	–	1,175,000	–	3,985,000
Carrying amounts					
31 March 2012	**2,220,001**	**201,205**	**300,000**	**981,500**	**3,702,706**
31 March 2011	2,220,001	201,205	300,000	981,500	3,702,706

22. INTANGIBLE ASSETS (Cont'd)

Indefinite useful life

The Group classified the above intangible assets with indefinite life in accordance with HKAS 38 "Intangible Assets". In the opinion of the directors of the Company, its legal rights are capable of being renewed indefinitely at insignificant cost and therefore are perpetual in duration, and based on future financial performance of the Group, they are expected to generate positive cash flows indefinitely. Under HKAS 38, the Group re-evaluate the useful life of the intangible assets each year to determine whether events or circumstances continue to support the view of the indefinite useful life of the asset.

Impairment

The Group completes its annual impairment test for the intangible asset by comparing its recoverable amount to the carrying amount at the end of the reporting period. The recoverable amounts of the intangible assets are determined based on fair value less cost to sell. The fair value are determined based on the current market conditions and there is no impairment loss recognised in both years.

23. OTHER ASSETS

	The Group	
	2012	2011
Compensation fund deposit	**1,852,178**	1,500,000
Deposit with the Stock Exchange	**600,000**	600,000
Admission fee & guarantee fund to Hong Kong Securities Clearing Company Limited	**600,000**	600,000
	3,052,178	2,700,000

24. INVENTORIES

	The Group	
	2012	2011
Raw materials	**55,310,563**	51,531,736
Work in progress	**7,446,285**	6,649,333
Finished goods	**22,980,511**	16,908,132
Less: Written-down of obsolescent inventories	**–**	(47,815)
	85,737,359	75,041,386

25. TRADE AND OTHER RECEIVABLES

The Group's trade receivables arose from (i) property investments and development/hotel, (ii) manufacturing and distribution of plastics packaging materials, and (iii) stock broking and finance for the year.

	The Group	
	2012	2011
Trade receivable from:		
Clearing house and cash clients	**17,573,663**	63,238,912
Secured margin clients	**64,667,777**	73,828,188
Others	**52,732,013**	48,948,394
	134,973,453	186,015,494
Less: Allowance on bad and doubtful debts	**(6,334,543)**	(9,220,448)
	128,638,910	176,795,046
Other receivables	**12,766,303**	9,112,932
	141,405,213	185,907,978

Trade receivables from other customers are comprised of sales of goods and rental income.

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.

Room guests are requested to settle all outstanding balances before they check out. Normally, upon check-in, the Group will request its room guest cash deposit or credit card debit authorisation. Other than that, the Group does not obtain any other collateral from its room guests.

The Group maintains straight control over its outstanding receivables. Overdue balances are reviewed regularly by managers and senior management. In view of the above-mentioned and the fact that the Group's trade receivables relate to a large number of diversified customers.

25. TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Aging analysis

The aging analysis of the trade receivables at the end of the reporting period, based on the invoice date and net of allowance on bad and doubtful debts is as follows:

	The Group	
	2012	2011
Repayable on demand margin clients receivables:	**64,667,777**	71,943,898
0 - 30 days	**50,994,534**	89,949,283
31 - 60 days	**6,578,633**	9,192,310
Over 60 days	**6,397,966**	5,709,555
	128,638,910	176,795,046

Included in trade receivables of HK$64,667,777 (net of allowance on bad and doubtful debts) (2011: HK$71,943,898) are advances to margin clients, which are secured by client's listed securities held by the Group as collateral and bear interest at 8.25% (2011: 8.25%). The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. At 31 March 2012, the total market value of securities pledged as collateral by the customers in respect of the advances to customers is HK$93,066,180 (2011: HK$133,675,108). No aging analysis is disclosed as, in the opinion of the directors of the Company, an aging analysis is not meaningful in view of the revolving nature of the business of securities margin financing.

25. TRADE AND OTHER RECEIVABLES (Cont'd)

(b) Movement in the allowance for bad and doubtful debts

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

	The Group	
	2012	2011
At 1 April	**9,220,448**	8,659,397
Amounts written off as uncollectible	**(2,499,243)**	–
Impairment losses recognised	**–**	686,273
Impairment losses reversed	**(386,662)**	(125,222)
At 31 March	**6,334,543**	9,220,448

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

(c) Aging of trade receivables which are past due but not impaired

Trade receivables disclosed above include amounts (see below for aging analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

	The Group	
	2012	2011
Neither past due nor impaired	**49,519,669**	75,391,984
Less than one month past due	**10,183,842**	12,193,148
One to three months past due	**1,967,311**	10,039,356
More than three months past due	**2,300,311**	7,226,660
	63,971,133	104,851,148

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.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2012	2011
Trading securities listed in Hong Kong	**8,244,088**	11,569,230

The above trading securities were classified as held-for-trading and the fair values were determined with reference to quoted market bid prices at the end of the reporting period.

The Group's financial assets at fair value through profit or loss with carrying amount of HK$8,198,750 (2011: HK$11,507,850) have been pledged to secure general banking facilities granted to the Group.

The market values of the Group's trading securities listed in Hong Kong at the date of approval of these consolidated financial statements were HK$6,356,655.

27. TIME DEPOSITS

	The Group	
	2012	2011
Short term bank deposits		
– secured time deposit	**4,100,000**	4,100,000
– secured certificate of deposit	**–**	1,000,000
	4,100,000	5,100,000

The effective interest rates on time deposits ranged from 0.35% p.a. (2011: 0.25% to 0.35% p.a.) and mature within 180 days. (2011: 180 days)

For the year ended 31 March 2011, the certificates of deposits bear interest at a variable rate from 0.05% to 0.12% p.a. with maturity in April 2011. The amounts represent deposits pledged to banks to secure short term banking facilities granted to the Group and are therefore classified as current assets.

At 31 March 2012 and 2011, all time deposits are denominated in HKD and is placed with creditworthy banks with no recent history of default.

28. TRUST ACCOUNTS OF SHARES DEALING CLIENTS

	The Group	
	2012	2011
Trust accounts	**54,326,889**	56,315,997

The Group receives and holds money deposited by clients in the course of the conduct of the regulated activities. These client's monies bear interest at floating rates based on daily bank deposit rate and all are denominated in HKD. The group has recognised the corresponding account payables to respective clients.

29. CASH AND BANK BALANCES

	The Group		The Company	
	2012	2011	**2012**	2011
Cash and cash equivalents	**60,940,600**	21,042,484	**1,036,704**	904,366

At 31 March 2012, cash and cash equivalents denominated in RMB and USD are HK$5,942,320 (2011: HK$8,545,814) and HK$280,733 (2011:HK$1,598,672) respectively. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the foreign exchange control promulgated imposed by the PRC government.

Bank balances earn interests at floating rate based on daily bank deposit rates and is placed with creditworthy banks with no recent history of default.

30. TRADE AND OTHER PAYABLES

The Group's trade payables arose from (i) property investments and development/hotel, (ii) manufacturing and distribution of plastics packaging materials, and (iii) stock broking and finance for the year.

	The Group	
	2012	2011
Trade payables to:		
Clearing house and cash clients	**60,749,924**	67,738,036
Secured margin clients	**40,494,868**	18,003,348
Others	**23,886,445**	24,283,749
	125,131,237	110,025,133
Other payables	**26,714,636**	20,950,806
	151,845,873	130,975,939

Trade payables from other creditors are comprised of purchases of materials and supplies.

The aging analysis of the Group's trade payables at the end of the reporting period is as follows:

	The Group	
	2012	2011
0 - 30 days	**114,507,318**	98,331,288
31 - 60 days	**5,511,682**	7,152,335
Over 60 days	**5,112,237**	4,541,510
	125,131,237	110,025,133

Included in trade and other payables of HK$60,749,924 (2011: HK$67,738,036) are amounts payable to clearing house and cash clients which would be due within 30 days.

31. AMOUNTS DUE TO RELATED COMPANIES

The Group and the Company

The amounts due were unsecured and repayable on demand. The amounts due to related companies bear interest at Hong Kong dollar prime rate, quoted by Standard Chartered Bank (Hong Kong) Limited, minus 2% for both years.

32. BANK LOANS AND OVERDRAFTS

	The Group		The Company	
	2012	2011	**2012**	2011
Secured bank overdrafts	**–**	136,183	**–**	–
Secured bank loans	**267,676,995**	265,685,881	**–**	–
Unsecured bank loans	**10,984,073**	6,000,000	**10,000,000**	6,000,000
	278,661,068	271,822,064	**10,000,000**	6,000,000
Carrying amount repayable:				
Within one year	**213,283,485**	187,432,235	**10,000,000**	6,000,000
More than one year, but not exceeding two years	**13,135,586**	23,246,471	**–**	–
More than two years, but not exceeding five years	**18,415,340**	24,552,700	**–**	–
Over five years	**33,826,657**	36,590,658	**–**	–
	278,661,068	271,822,064	**10,000,000**	6,000,000
Less: Amounts due within one year shown under current liabilities	**(213,283,485)**	(187,432,235)	**(10,000,000)**	(6,000,000)
Amounts shown under non-current liabilities	**65,377,583**	84,389,829	**–**	–

The secured bank loans and bank overdrafts were secured by the Group's assets as described in note 42 and bear interest rate at rates ranging from 1.60% to 7.46% (2011: 1.21% to 6.67%) per annum.

The unsecured bank loans carrying interest rate at HIBOR plus 1.5% (2011: BLR plus 0.25% and HIBOR plus 1.5%) per annum.

32. BANK LOANS AND OVERDRAFTS (Cont'd)

The Group's borrowings are denominated in currency other than HKD as set out below:

	2012	2011
RMB	**2,467,308**	7,123,353

33. AMOUNT DUE TO A NON-CONTROLLING INTEREST

The Group

The amount due to a non-controlling interest are unsecured, interest-free and repayable on demand.

34. DEFERRED TAXATION

The Group

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

	Accelerated tax depreciation	Revaluation of investment properties	Tax losses	Others	Total
At 1 April 2010	4,186,606	174,158	(1,367,492)	273,788	3,267,060
Charges to the consolidated incomes statement	643,992	124,081	1,063,525	–	1,831,598
At 31 March 2011 and 1 April 2011	4,830,598	298,239	(303,967)	273,788	5,098,658
(Credit) charges to the consolidated incomes statement	(1,793,227)	72,610	303,967	–	(1,416,650)
At 31 March 2012	**3,037,371**	**370,849**	**–**	**273,788**	**3,682,008**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2012	2011
Deferred tax liabilities	**3,682,008**	5,402,625
Deferred tax assets	**–**	(303,967)
	3,682,008	5,098,658

34. DEFERRED TAXATION (Cont'd)

At 31 March 2012, the Group did not recognise deferred tax assets in respect of tax losses of HK$32,363,330 (2011: HK$32,088,318). As it is not probable that taxable profits will be available against which the unused tax losses of the Group can be utilised, deferred tax assets have not been recognised in respect of the unused tax losses. Tax losses are available indefinitely for offsetting future taxable profit of the companies in which the losses arose except for the tax losses arising in the PRC of HK$12,676,189 (2011: HK$14,369,168) that will expire in one to five years for offsetting against future taxable profits.

The Company

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

	Accelerated tax depreciation	Tax losses	Total
At 1 April 2010	124,337	(124,337)	–
Charges (credit) to the income statement	377	(377)	–
At 31 March 2011 and 1 April 2011	124,714	(124,714)	–
(Credit) charges to the income statement	(124,714)	124,714	–
At 31 March 2012	**–**	**–**	**–**

For the purposes of the presentation in the consolidated statement of financial position, deferred tax liabilities and deferred tax assets have been offset.

At 31 March 2012, the Company did not recognise deferred tax assets in respect of tax losses of HK$20,149,172 (2011: HK$16,389,112). As it is not probable that taxable profits will be available against which the unused tax losses of the Company can be utilised, deferred tax assets have not been recognised in respect of the unused tax losses. Tax losses are available indefinitely for offsetting future taxable profit of the Company in which the losses arose.

35. SHARE CAPITAL

	The Group and the Company	
	2012	2011
Authorised:		
500,000,000 (2011: 500,000,000) ordinary shares of HK$1 each	**500,000,000**	500,000,000
Issued and fully paid:		
217,418,850 (2011: 217,418,850) ordinary shares of HK$1 each	**217,418,850**	217,418,850

36. RESERVES

The Company

	Retained earnings
At 1 April 2010	7,613,044
Profit for the year	18,091,058
Dividend paid	(6,522,565)
At 31 March 2011 and 1 April 2011	19,181,537
Profit for the year	26,286,886
Dividend paid	(6,522,565)
At 31 March 2012	**38,945,858**

37. 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 2012 and 2011.

37. CAPITAL MANAGEMENT (Cont'd)

Consistently, the Group monitors capital on the basis of net debt to equity ratio calculated on the basis of the Group's net debt (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.

The net debt to equity ratio at 31 March 2012 and 2011 were as follows:

	2012	2011
Total debts *(Note 1)*	**281,151,022**	293,597,470
Less:		
Time deposits	(**4,100,000**)	(5,100,000)
Cash and bank balances	(**60,940,600**)	(21,042,484)
Net debt	**216,110,422**	267,454,986
Equity *(Note 2)*	**783,483,145**	708,641,219
Net debt to equity ratio	**27.58%**	37.74%

Note:

1. Debts comprises amounts due to related companies and bank loans and overdraft as detailed in notes 31 and 32 respectively.

2. Equity includes all capital and reserves attributable to owners of the Company.

38. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH GENERATED FROM (USED IN) OPERATIONS

	2012	2011
Profit before tax	**85,622,187**	85,523,635
Adjustments for:		
Gain arising on change in fair value of investment properties	**(77,025,438)**	(71,706,026)
Loss (gain) arising on change in fair value of financial assets at fair value through profit or loss	**3,325,142**	(2,099,808)
Bargain purchase gain recognised in a business combination	**(462,618)**	–
Share of profits of associates	**(3,755,263)**	(1,987,200)
Dividend income	**(3,304,221)**	(1,505,865)
Interest income	**(7,290,378)**	(8,889,596)
Exchange (gain) loss, net	**(204,365)**	645,385
Finance costs	**6,666,464**	6,103,754
Reversal of impairment losses on trade and other receivables	**(386,662)**	(125,222)
Impairment loss on trade and other receivables	**–**	686,273
Impairment loss on amount due from an associate	**–**	4,334,682
Depreciation of property, plant and equipment	**14,433,238**	14,223,194
Amortisation of leasehold land and land use right	**376,318**	351,239
Loss on disposal of property, plant and equipment	**31,272**	765
Loss on disposal of financial assets at fair value through profit or loss	**–**	8,755
Gain on disposal of available-for-sale financial assets	**–**	(1,211,589)
Operating cash flows before movements in working capital	**18,025,676**	24,352,376
Increase in inventories	**(10,695,973)**	(16,307,456)
Decrease (increase) in trade and other receivables	**45,291,981**	(44,160,054)
(Increase) decrease in deposits and prepayments	**(959,839)**	10,906,745
Decrease in time deposits	**1,000,000**	–
Decrease in trust accounts of shares dealing clients	**1,989,108**	5,493,270
Increase in trade and other payable	**17,731,409**	3,397,345
(Decrease) increase in amounts due to related companies	**(19,285,452)**	9,027,620
CASH GENERATED FROM (USED IN) OPERATIONS	**53,096,910**	(7,290,154)

39. RETIREMENT BENEFIT COSTS

Defined contribution plan

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

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

The total expense recognised in the consolidated income statement of HK$749,544 (2011: HK$711,295) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

40. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2012 and 2011, the Group did not have major non-cash transactions.

41. OPERATING LEASES

As lessee

The Group

	2012	2011
Minimum lease payments paid under operating leases during the reporting period:		
Premises	**2,992,006**	1,765,468

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases in respect of office premises to make payment in the following periods as follows:

	2012	2011
Within one year	**3,602,582**	2,248,610
In the second to fifth year inclusive	**1,313,863**	3,574,892
	4,916,445	5,823,502

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated at terms which range from 1 to 10 years.

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

As lessor

The Group and the Company

Property rental income earned during the year was HK$18,047,237 (2011: HK$17,653,762). All of the Group's and the Company's investment properties are held for rental purposes. The Group and the Company are expected to generate annual rental yields of 1% to 19% (2011: 3% to 19%) and 19% (2011: 19%) on an ongoing basis respectively. All of the properties held have committed tenants for around 2 years.

41. OPERATING LEASES (Cont'd)

As lessor (Cont'd)

At the end of the reporting period, the Group and the Company had contracted with tenants for the following future minimum lease payments:

	The Group		The Company	
	2012	2011	**2012**	2011
Within one year	**16,267,217**	11,352,095	**368,276**	356,168
In the second to fifth year inclusive	**15,635,669**	2,900,516	**92,069**	445,209
	31,902,886	14,252,611	**460,345**	801,377

42. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group, set out in note 32:

	2012	2011
Investment properties	**384,301,000**	333,520,000
Leasehold land and land use right	**12,546,334**	12,390,143
Buildings	**77,281,060**	68,233,823
Time deposits	**4,100,000**	5,100,000
Financial assets at fair value through profit or loss	**8,198,750**	11,507,850
Available-for-sale financial assets	**24,188,309**	28,122,000
	510,615,453	458,873,816

43. CONTINGENT LIABILITIES

(a) At the end of the reporting period, the Group and the Company have issued the following guarantees:

	The Group		The Company	
	2012	2011	**2012**	2011
Financial guarantees issued to banks in favour of – subsidiaries	**–**	–	**458,000,000**	425,614,000
Guarantees issued to bank in favour of – subsidiaries	**25,000,000**	25,000,000	**25,000,000**	25,000,000
Guarantee issued to suppliers in respect of outstanding balances due by subsidiaries	**–**	–	**3,882,080**	3,504,760

At the end of the reporting period, the directors of the Company do not consider it is probable that a claim will be made against the Company under any of the guarantees.

(b) At 31 March 2011, a subsidiary had unsettled tax issue regarding the deductibility of accounting fee incurred in the years from 2002/03 to 2008/09. The unsettled tax issue was resolved during the year ended 31 March 2012.

(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 HK$5,009,115. However, SAR has made a counter claim to that constructor for the amount overpaid to him of 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 of the Company 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 2012 and 2011.

43. CONTINGENT LIABILITIES (Cont'd)

(d) Furthermore, 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 statement of financial position 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 of the Company 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 further provision was made at 31 March 2012 and 2011.

44. CAPITAL COMMITMENTS

The Group

	2012	2011
Contracted for but not provided in the consolidated financial statement in respect of factory renovation and purchase of machines	–	421,851

45. MATERIAL RELATED PARTY TRANSACTION

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties at normal commercial terms:

	2012	2011
(a) Income received from associates of the Group:		
– rental incomes	**116,261**	265,318
– sharing of production overheads	**–**	3,334
(b) Payments to an associate of the Group:		
– rental expenses	**–**	26,340
– sub-contracting charge	**–**	101,968
– purchase of properties, plant and equipment	**1,365,565**	–
– purchase of raw materials & scrap	**577,430**	–
(c) Payment to a company in which the Chairman of the Group has controlling interest		
– rental expenses	**842,160**	765,600
(d) Interest payment to related companies in which the Chairman of the Group has controlling interest	**846,845**	588,962
(e) In addition to the directors' remuneration as disclosed in note 12, remuneration of the other key management personnel was disclosed as follows:		
short- term employee benefits	**3,215,640**	3,590,596
MPF contribution	**94,333**	89,257
(f) Remuneration paid to close family members of key management personnel	**747,270**	697,280

In addition the above, the Group paid certain consultancy fee to companies controlled by Mr. Chua Nai Tuen and Mr. Chua Nai King, executive directors of the Group, for which HK756,000 (2011: HK$756,000) and HK$984,000 (2011: HK$984,000) respectively.

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

46. BUSINESS COMBINATION

On 6 October 2011, the Group further acquired 20% of the issued share capital of Nice Profit Hong Kong Investment Limited ("Nice Profit") at a consideration of HK$20. Subsequent to the acquisition, the Group held 50% equity interest in Nice Profit. The acquisition has been accounted for using the acquisition method.

The amount of bargain purchase gain recognised in a business combination as a result of the acquisition was HK$462,618. Nice Profit was engaged in property investment. The bargain purchase gain recognised in a business combination of Nice Profit of HK$462,618 was arising from the difference between (a) the fair value of the consideration transferred of HK$20; and (b) the acquisition-date fair value of identifiable assets acquired and liabilities recognised of HK$462,638.

Consideration transferred

	HK$
Cash	20

Acquisition-related costs amounting to HK$479 have been excluded from the consideration transferred and have been recognised as an expense in the current year in the consolidated income statement.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	Fair value HK$
Property, plant and equipment	12,300,000
Other receivable	1,231
Cash and bank balances	86,032
Bank loan	(4,663,021)
Other payables	(2,746,554)
Amount due to a director	(2,664,500)
Net assets	2,313,188
20% of net assets acquired	462,638
Less: bargain purchase recognised in a business combination	(462,618)
	20

Note: There was no material difference between the fair value of identifiable assets and liabilities and corresponding acquiree's carrying amount on 6 October 2011.

46. BUSINESS COMBINATION (Cont'd)

Net cash inflow from acquisition:

	HK$
Cash paid	20
Less: cash and bank balances acquired	(86,032)
	(86,012)

Nice Profit incurred loss of HK$84,600 to the Group for the year ended 31 March 2012.

Had these business combinations been effected at 1 April 2011, the revenue of the Group would have been HK$399,992,754, and the profit for the year would have been HK$81,054,581. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor is it intended to be a projection of future results.

47. PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation/operation	Class of share/ registered capital held	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity interest held by the Company directly	indirectly	Principal activities
Always Best Company Limited	British Virgin Islands/ PRC	Ordinary	US$1	–	95	Investment holding
Dongguan Nan Sing Plastics Limited[c]	PRC	Registered	HK$160,000,000[a]	–	95	Manufacture of plastics products
Dongguan Nanryo Super Plastics Limited[c]	PRC	Registered	HK$20,000,000[b]	–	95	Manufacture of plastics products
Fortune State Investments Limited	Hong Kong	Ordinary	HK$2	100	–	Investment holding
Happy Dragon Investment Limited	Hong Kong	Ordinary	HK$2	100	–	Investment holding
Hotel Benito Management Limited	Hong Kong	Ordinary	HK$1,000	100	–	Hotel operation
K.W. & Associates Company Limited	Hong Kong	Ordinary	HK$2,000,000	100	–	Property investment
Nan Sing Holdings Limited	Hong Kong	Ordinary	HK$10,000	100	–	Investment holding
Nan Sing Plastics Limited	Hong Kong	Ordinary	HK$15,000,000	–	95	Trading of plastics products
Nan Sing Warehouse Limited	Hong Kong	Ordinary	HK$100,000	–	95	Warehousing and recycling of plastics materials
Nanryo Super Plastics (Hong Kong) Limited	Hong Kong	Ordinary	HK$19,500,000	–	95	Trading of plastics products
Nice Profit Hong Kong Investment Limited[d]	Hong Kong	Ordinary	HK$100	50	–	Property investment
SAP Realty Company Limited	Hong Kong	Ordinary	HK$100	100	–	Property investment
Southeast Asia Properties & Finance (China) Limited	Hong Kong/ PRC	Ordinary	HK$2	100	–	Property investment and development

47. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of company	Place of incorporation/operation	Class of share/ registered capital held	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity interest held by the Company directly	indirectly	Principal activities
Southeast Asia Properties Finance (Nomintees) Limited	Hong Kong	Ordinary	HK$10,000	100	–	Nominees
Stockwell Securities Limited	Hong Kong	Ordinary	HK$30,000,000	100	–	Stock broking
Stockwell Commodities Limited	Hong Kong	Ordinary	HK$10,000,000	100	–	Commodities and futures dealing
Tanpar Company Limited	Hong Kong	Ordinary	HK$100	–	95	Trading and Nominee
Top Epoch Limited	Hong Kong	Ordinary	HK$1	100	–	Property investment
Tsen Hsin Industrial Company Limited	Hong Kong	Ordinary	HK$400,000	–	95	Property investment
Winways Solutions (HK) Company Limited	Hong Kong	Ordinary	HK$100	95	–	Information technology

(a) Paid up capital up to 31 March 2012 amounted to HK$160,000,000

(b) Paid up capital up to 31 March 2012 amounted to HK$20,000,000

(c) Wholly foreign-owned enterprise

(d) Another shareholder of Nice Profit who holds 50% voting power has agreed to act in accordance with the voting and management decision of the Company. Therefore, Nice Profit is considered as a subsidiary of the Company.

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.

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

48. ASSOCIATES

Name of company	Place of incorporation/operation	Particulars of issued ordinary share capital/ registered capital	Class of share/ registered capital held	Percentage of equity interest held by the Company directly	indirectly	Principal activities
Wisestar Holdings Limited	Hong Kong	2 ordinary of HK$1 each	Ordinary	–	47.7	Trading of plastics products
Dongguan Wisestar Plastics Limited[(a)]	PRC	HK$8,000,000	Registered	–	47.7	Manufacturing of plastics products
Ongoing Investments Limited	British Virgin Islands/ PRC	100 ordinary shares of US$1 each	Ordinary	–	20	Property investment
Sequin Developments Limited	British Virgin Islands/ PRC	100 ordinary shares of US$1 each	Ordinary	–	20	Property investment
Titan Dragon Properties Corporation	Philippines	80,000 ordinary of Peso 1,000 each	Ordinary	30	19	Property investment

(a) Wholly foreign-owned enterprise

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results and assets of the Group.

49. EVENTS AFTER THE REPORTING PERIOD

SAP Realty Company Limited, a wholly owned subsidiary of the Company, has obtained a new long term bank loans of HK$124,000,000 on 27 April 2012.

50. APPROVAL AND AUTHORISATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the financial statements of the Company were approved and authorised for issue by the Board of Directors on 22 June 2012.

LIST OF PROPERTIES

For the year ended 31 March 2012 (in HK Dollars)

I. PROPERTIES HELD FOR INVESTMENT

	Location	Usage	Category of lease term	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, Slivercord, 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%

2. PROPERTIES UNDER DEVELOPMENT

	Location	Approximate Site area (sq.m.)	Usage	Group's interest
(1)	Nan Shan Development Zone, Zhanmutou, Dongguan, PRC	104,788	Industrial	95%
(2)	Nan Sing Building Town Centre, Zhangmutou, Dongguan, PRC *(Note)*	1,350	Residential/ commercial	100%

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

3. PROPERTIES HELD FOR OWN USE

	Location	Usage	Category of lease term	Group's interest
(1)	Residential Block, 7-7B Cameron Road, Tsimshatsui, Kowloon	Hotel operation	Medium-term lease	100%
(2)	Room 407-410,4/F, Tower 2, Slivercord, 30 Canton Road, Tsimshatsui, Kowloon	Commercial	Medium-term lease	100%
(3)	24, Essex Crescent, Kowloon Tong, Kowloon	Residential	Medium-term lease	100%
(4)	Nan Sing Industrial Estate, Nan Shan Development Zone, Zhangmutou, Dongguan, PRC	Industrial	Medium-term lease	95%
(5)	Car Park Space No. 20 on G/F., Kwai Tak Industrial Centre, Kwai Chung, N.T.	Carpark	Medium-term lease	95%
(6)	Unit 1902, 19/F., Star House, 3 Salisbury Road, Kowloon	Commerical	Long-term lease	50%

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 March 2012 (in HK Dollars)

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

	2012	2011	2010	2009	2008
RESULTS					
Turnover	**399,992,754**	349,696,043	308,036,722	367,971,773	402,458,138
Profit attributable to:					
Owners of the Company	**80,264,886**	77,370,847	96,547,619	17,634,549	36,012,929
Non-controlling interests	**833,890**	856,440	252,144	(172,752)	(276,084)
	81,098,776	78,227,287	96,799,763	17,461,797	35,736,845
Total assets	**1,237,168,363**	1,150,338,699	1,036,272,501	853,576,078	1,052,495,321
Total liabilities	(**443,144,673**)	(433,132,181)	(397,130,343)	(342,387,450)	(530,374,100)
	794,023,690	717,206,518	639,142,158	511,188,628	522,121,221
Equity attributable to:					
Owners of the Company	**783,483,145**	708,641,219	631,087,711	497,624,757	508,123,040
Non-controlling interests	**10,540,545**	8,565,299	8,054,447	13,563,871	13,998,181
	794,023,690	717,206,518	639,142,158	511,188,628	522,121,221
EARNINGS PER SHARE					
Basic and diluted	**36.9 cents**	35.6 cents	44.4 cents	8.1 cents	16.6 cents
DIVIDEND PER SHARE	**3.0 cents**	3.0 cents	3.0 cents	3.0 cents	3.0 cents