NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

These interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure requirements as set out in Appendix 16 to the Rules Governing the Listing of securities on the Stock Exchange of Hong Kong Limited including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the annual financial statements for the year ended 31 March 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations ("HK-Int")) that affect the Group and are adopted for the first time for the current period's financial statements:

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

1. Basis of Preparation and Accounting Policies *(continued)*

The adoption of HKASs 1,2,7,8,10,12,16,18,19,23,24,27,28,33,37,38 and HK-Int 4 has had no material impact on the acounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements. The impact of adopting the other HKFRSs is summarised as follows:

(a) ***HKAS 17 — Leases***

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

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from fixed assets to prepaid land premiums/land lease payments, while leasehold buildings continue to be classified as fixed assets. Prepaid land premiums/land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in fixed assets.

This change in accounting policy has had no effect on the condensed consolidated profit and loss account and retained earnings. The comparatives on the condensed consolidated balance sheet for the year ended 31 March 2005 have been restated to reflect the reclassification of leasehold land.

(b) ***HKAS 21 — The Effects of Changes in Foreign Exchange Rates***

In the prior periods, most of the products of the Group's subsidiaries registered in the People's Republic of China were provided for export to Hong Kong, and the currency in which the majority of the trading transactions was denominated, was Hong Kong dollars. Accordingly, these subsidiaries were dependent directly upon the economic circumstances of the holding company's reporting currency, which was the Hong Kong dollar. The financial statements of these subsidiaries, stated in Renminbi, were translated into Hong Kong dollars using the temporal method.

Upon the adoption of HKAS 21, the currency of the primary economic environment in which each subsidiary operates ("the functional currency") has been re-evaluated based on the guidance to the accounting standard.

1. Basis of Preparation and Accounting Policies *(continued)*

(b) ***HKAS 21 — The Effects of Changes in Foreign Exchange Rates*** *(continued)*

The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. The results and financial position of all subsidiaries (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

(3) all resulting exchange differences are recognised as a separated component of equity.

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

Goodwill and fair value adjustment arising on the acquisition of certain foreign subsidaries are treated as assets and liabilities of the foreign subsidaries and translated at the closing rate.

(c) ***HKAS 32 and HKAS 39 — Financial Instruments***

(i) *Equity/Debt securities*

In prior periods, the Group classified its investments in equity/debt securities as long term investments which were held for non-trading purposes and were stated at fair values. Any changes in fair value of long term investments were recognised in the profit and loss account for the period in which they arise.

Upon the adoption of HKASs 32 and 39, these securities are classified as available-for-sale financial assets. Available-for-sale financial assets are those non-derivative investments in listed and unlisted equity/debt securities that are designated as available-for-sale or are not classified in any of the other categories of financial assets as defined in HKAS 39. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the financial asset is sold, collected or otherwise disposed of or until the financial asset is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

1. Basis of Preparation and Accounting Policies *(continued)*

(c) ***HKAS 32 and HKAS 39 — Financial Instruments*** *(continued)*

(i) *Equity/Debt securities (continued)*

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

When the fair value of unlisted equity/debt securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonablely assessed and used in estimating fair value, such securities are stated at cost.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale financial asset is impaired as a result of one or more events that occurred after the initial recognition of the assets ("loss events"), and that the loss event has an impact on the estimated future cash flow that can be reliably estimated.

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the profit and loss account. The amount of the loss recognised in the profit and loss account shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale financial assets previously recognised in the profit and loss account.

In accordance with the transitional provisions for HKAS 39, the Group re-designated long term investments with total carrying amount of HK$10,438,000 into available-for-sales financial assets on 1 April 2005. There is no effect on re-measurement as the carrying amounts of the long term investments are stated at their fair values. In accordance with HKAS 32, comparative amounts have been reclassified for presentation purpose, but have not been restated in accordance with the transitional provision of HKAS 39.

1. Basis of Preparation and Accounting Policies *(continued)*

(c) ***HKAS 32 and HKAS 39 — Financial Instruments*** *(continued)*

(ii) *Derivative financial instruments — Foreign currency contracts*

The Group uses foreign currency contracts to hedge its risks associated with foreign currency fluctuations. In prior periods, these contracts were not designated as hedges and were recognised on a cash basis. Upon the adoption of HKAS 39, such existing contracts entered into before HKAS 39 is initially applied are not retrospectively designated as hedges. Foreign currency contracts entered into subsequent to the adoption of HKAS 39 are designated as hedges. In accordance with HKAS 39, foreign currency contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Such derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship and risk management objective and strategy for undertaking the hedge. Hedges are expected to be highly effective and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group's hedges of the foreign currency risk relating to

(1) the exposure to changes on fair value of a recognised asset or liability or an unrecognised firm commitment are accounted for as fair value hedges;

(2) the exposure to variability in cash flows associated with a recognised asset or liability or a highly probable forecast transaction are accounted for as cash flow hedges.

When accounting for fair value hedges, changes in the fair value of hedging instruments that are designated and qualify as fair value hedges are recognised in the profit and loss account, together with any changes in the fair value of the hedged assets or liabilities or firm commitments that are attributable to the hedged risk.

When accounting for cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the profit and loss account.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity are reclassified into the profit and loss account in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

1. Basis of Preparation and Accounting Policies *(continued)*

(c) ***HKAS 32 and HKAS 39 — Financial Instruments*** *(continued)*

(ii) *Derivative financial instruments — Foreign currency contracts (continued)*

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, then the Group removes the associated gains and losses that were recognised directly in equity, and includes them in the initial cost or other carrying amount of the asset or liability.

For other cash flow hedges, amounts recognised directly in equity are recognised in the profit and loss account in the same period or periods during which the forecast transaction affects profit or loss.

Cash flow hedge accounting shall be discontinued prospectively if the hedging instrument is sold, terminated or exercised or the hedge no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument remains separately recognised in equity until the forecast transaction occurs at which stage it is accounted for in accordance with the guidance given above depending on whether or not the forecast transaction results in the recognition of and asset or liability.

If the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains in equity is recognised immediately in the profit and loss account. If the entity revokes the designation for a hedge of a forecast transaction, the cumulative gain or loss recognised in equity remains separately recognised in equity until the forecast transaction occurs or is no longer expected to occur. If the transaction occurs, the cumulative gain is accounted for in accordance with the guidance given above depending on whether or not the forecast transaction results in the recognition of an asset or liability. If the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains in equity is recognised immediately in the profit and loss account.

The effects of the above changes are summarised in note 2 to the condensed consolidated financial statements. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

1. Basis of Preparation and Accounting Policies *(continued)*

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

In prior periods, goodwill/negative goodwill arising on acquisitions prior to 1 April 2001 was eliminated against consolidated capital reserve in the year of acquisition and was not recognised in the profit and loss account until disposal or impairment of the acquired business.

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

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortised but subject to an annual impairment review (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries and associates (previously referred to as "negative goodwill"), after reassessment, is recognised immediately in the profit and loss account.

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

The effects of the above changes are summarised in note 2 to the condensed consolidated financial statements. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

2. Summary of the Impact of Changes on Accounting Policies

Following the adoption of the HKFRSs, the opening balances of the following accounts were adjusted accordingly. The details of the opening adjustments are summarised as follows:

(a) *Effect on opening balance of total equity at 1 April 2005*

Effect of new policies (Increase/(decrease))	Notes	**Capital reserve (Unaudited)** HK$'000	**Retained earnings (Unaudited)** HK$'000	**Total (Unaudited)** HK$'000
Opening adjustments:				
HKAS 39				
— Fair value hedges	1(c)(ii)	—	655	655
HKFRS 3				
— Derecognition of negative goodwill	1(d)	(105,103)	105,103	—
Total effect at 1 April 2005		(105,103)	105,758	655

The following tables summarise the impact on profit after tax, income or expenses recognised directly in equity and capital transactions with equity holders for the six-month periods ended 30 September 2005 and 2004 upon the adoption of the new HKFRSs. As no retrospective adjustments have been made for the adoption of HKAS 39 and HKFRS 3, the amounts shown for the six months period ended 30 September 2004 may not be comparable to the amounts shown for the current interim period.

(b) *Effect on profit after tax for the six months ended 30 September 2005 and 2004*

		For the six months ended 30 September					
		2005			2004		
Effect of new policies (Increase/(decrease))	Note	**Equity holders of the parent (Unaudited) HK$'000**	**Minority interests (Unaudited) HK$'000**	**Total (Unaudited) HK$'000**	Equity holders of the parent (Unaudited) HK$'000	Minority interests (Unaudited) HK$'000	Total (Unaudited) HK$'000
Effect on profit after tax:							
HKFRS 3							
— Discontinuation of amortisation of goodwill	1(d)	**76**	**—**	**76**	—	—	—
Total effect for the period		**76**	**—**	**76**	—	—	—
Effect on earnings per share:							
Basic		**HK0.01 cent**			HK0 cent		

2. Summary of the Impact of Changes on Accounting Policies *(continued)*

(c) *Effect on income or expenses recognised directly in equity and capital transactions with equity holders for the six months ended 30 September 2005 and 2004*

		For the six months ended 30 September					
		2005			2004		
Effect of new policies (Increase/(decrease))	Notes	**Equity holders of the parent (Unaudited) HK$'000**	**Minority interests (Unaudited) HK$'000**	**Total (Unaudited) HK$'000**	Equity holders of the parent (Unaudited) HK$'000	Minority interests (Unaudited) HK$'000	Total (Unaudited) HK$'000
HKAS 39							
— Available-for-sale financial assets	1(c)(i)	**(837)**	**—**	**(837)**	—	—	—
— Cash flow hedges	1(c)(ii)	**(2,057)**	**—**	**(2,057)**	—	—	—
Total effect for the period		**(2,894)**	**—**	**(2,894)**	—	—	—

3. Segment Information

Business segments

The principal activities of the Group consisted of the printing and manufacturing of paper and carton boxes, the trading of paper, the manufacturing of corrugated cartons and the manufacturing of paper.

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

3. Segment Information *(continued)*

Business segments (continued)

An analysis by business segments is as follows:

	For the six months ended 30 September 2005			
	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers (Unaudited) HK'$000	Inter-segment sales (Unaudited) HK'$000	Total sales (Unaudited) HK'$000	(Unaudited) HK'$000
Paper and carton box printing and manufacturing	935,129	20,908	956,037	179,722
Paper trading	184,169	194,461	378,630	17,634
Corrugated carton manufacturing	266,224	68,088	334,312	23,808
Paper manufacturing	346,113	101,940	448,053	23,927
Eliminations	—	(385,397)	(385,397)	(806)
	1,731,635	—	1,731,635	244,285
Interest, dividend income and other gains				7,445
Corporate and unallocated expenses				(11,373)
Profit from operating activities				240,357

3. Segment Information *(continued)*

Business segments (continued)

	For the six months ended 30 September 2004			
	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers (Unaudited) HK'$000	Inter-segment sales (Unaudited) HK'$000	Total sales (Unaudited) HK'$000	(Unaudited) HK'$000
Paper and carton box printing and manufacturing	806,692	2,168	808,860	157,116
Paper trading	122,487	309,385	431,872	15,034
Corrugated carton manufacturing	278,147	65,489	343,636	23,146
Paper manufacturing	—	—	—	—
Eliminations	—	(377,042)	(377,042)	1,435
	1,207,326	—	1,207,326	196,731
Interest, dividend income and other gains				11,376
Corporate and unallocated expenses				(9,396)
Profit from operating activities				198,711

Geographical segments

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

An analysis of segment revenue by geographical segments is as follows:

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK'$000	HK'$000
Sales to external customers:		
Hong Kong	**814,011**	572,115
Mainland China	**509,063**	285,912
United States of America	**172,443**	171,769
Others	**236,118**	177,530
	1,731,635	1,207,326

4. Profit from Operating Activities

The Group's profit from operating activities is arrived at after charging or crediting the following items:

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	HK$'000
After charging —		
Depreciation	**54,847**	38,613
Amortisation of prepaid land premiums/land lease payments	**1,777**	1,098
Staff costs (including directors' remuneration)	**219,351**	171,853
Write-down of inventories	**129**	—
Unrealised losses on listed available-for-sale financial assets	**—**	193
After crediting —		
Interest income	**5,269**	4,814

5. Finance Costs

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans	**15,185**	3,479

6. Tax

Provision for Hong Kong profits tax has been made at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited) (Restated)
	HK$'000	HK$'000
Current — Hong Kong	**14,791**	11,429
— Mainland China	**23,733**	19,919
Deferred tax	**253**	1,307
	38,777	32,655

Share of tax attributable to associates in the prior period amounting to HK$504,000 is included in "Share of profits of associates" on the face of the condensed consolidated profit and loss account.

7. Interim Dividend

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interim dividend of HK9.5 cents (2004: HK9.5 cents) per ordinary share	**56,266**	54,341

8. Earnings per Share

The calculation of basic earnings per share is based on the net profit attributable to equity holders of the parent for the period of HK$171,720,000 (2004: HK$156,784,000) and the weighted average of 577,875,157 (2004: 572,006,798) shares in issue during the period.

Diluted earnings per share amounts for the periods ended 30 September 2005 and 2004 have not been presented as there were no dilutive potential ordinary shares in existence during these periods.

9. Fixed Assets

	30 September 2005 (Unaudited) HK$'000
Net book value at 1 April 2005, as previouly reported	**1,439,366**
Reclassification (note 1(a))	**(149,682)**
Net book value at 1 April 2005, as restated	**1,289,684**
Additions	**39,538**
Disposal	**(2,981)**
Provision of depreciation	**(54,847)**
Exchange realignment	**10,704**
Net book value at 30 September 2005	**1,282,098**

Certain buildings and plant and machinery of the Group with a total net book value of HK$279,920,000 (31 March 2005 (restated): HK$286,612,000) have been pledged to banks to secure certain short term banking facilities.

10. Prepaid Land Premiums/Land Lease Payments

	30 September 2005 (Unaudited) HK$'000
Net book value at 1 April 2005, as previouly reported	**—**
Reclassification (note 1(a))	**149,682**
Net book value at 1 April 2005, as restated	**149,682**
Additions	**242**
Provision of amortisation	**(1,777)**
Exchange realignment	**(1,280)**
Net book value at 30 September 2005	**146,867**

Certain leasehold land of the Group with a total net book value of HK$46,943,000 (31 March 2005 (restated): HK$49,173,000) have been pledged to banks to secure certain short term banking facilities.

11. Properties Under Construction

	30 September 2005 (Unaudited) HK$'000
Net book value at 1 April 2005	**57,382**
Additions	**30,150**
Exchange realignment	**1,082**
Net book value at 30 September 2005	**88,614**

The properties under construction are located in Mainland China.

12. Available-for-sale Financial Assets

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Restated) HK$'000
Unlisted equity investment, at fair value	**60**	60
Club debentures, at fair value	**1,691**	1,362
	1,751	1,422
Hong Kong listed equity investments, at market value	**8,179**	9,016
	9,930	10,438

13. Accounts and Bills Receivable

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Accounts receivable	**862,677**	594,600
Bills receivable	**47,656**	49,909
	910,333	644,509

13. Accounts and Bills Receivable *(continued)*

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

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Within 30 days	**370,838**	256,816
Between 31 to 60 days	**233,568**	151,451
Between 61 to 90 days	**146,004**	97,577
Over 90 days	**112,267**	88,756
	862,677	594,600

The Group's trading terms with customers are mainly on credit. Invoices are normally payable between 30 to 90 days of issuance. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management.

14. Foreign Currency Contracts

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Current assets:		
Forward foreign exchange contracts — fair value hedges	**2,276**	—
Current liabilities:		
Forward foreign exchange contracts — fair value hedges	**381**	—
Forward foreign exchange contracts — cash flow hedges	**1,082**	—
	1,463	—

15. Cash and Cash Equivalents

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Cash and bank balances	**194,061**	170,962
Time deposits	**199,610**	163,454
	393,671	334,416

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

16. Accounts Payable

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

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Within 30 days	**89,821**	98,921
Between 31 to 60 days	**31,221**	17,207
Between 61 to 90 days	**6,481**	1,812
Over 90 days	**6,779**	6,076
	134,302	124,016

17. Related Party Transactions

(a) *Transactions with related parties*

The Group had the following transactions with related parties during the period:

		For the six months ended 30 September	
		2005	2004
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Rentals paid to Perla City Investments Limited, a company beneficially owned by Mr. Yum Chak Ming, Matthew	(i)	**240**	240
Rentals paid to Gaintek Holdings Limited, a company beneficially owned by Mr. Yam Hon Ming, Tommy	(i)	**420**	420
Sales to associates	(ii)	**—**	146,989
Purchases from associates	(ii)	**—**	32,763
Interest income received from associates	(iii)	**—**	936

Notes:

(i) The rentals paid to Perla City Investments Limited and Gaintek Holdings Limited were in connection with the housing benefits provided to Messrs. Yum Chak Ming, Matthew and Yam Hon Ming, Tommy, directors of the Company, respectively, and were based on estimated open market rentals and have been included in the directors' remuneration.

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

(iii) The interest income from associates arose from the amount due from associates, arising in the ordinary course of business of the Group.

(b) *Outstanding balances with related parties*

There are no outstanding balances with related parties as at 30 September 2005 (31 March 2005: Nil).

17. Related Party Transactions *(continued)*

(c) *Compensation of key management personnel of the Group*

	For the six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	HK$'000
Short term employment benefits	**11,601**	12,403

18. Contingent Liabilities and Commitments

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
(a) Capital commitments contracted, but not provided for:		
Buildings	**60,756**	21,416
Plant and machinery	**120,948**	13,853
	181,704	35,269

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
(b) Total future minimum lease payments under non-cancellable operating leases falling due as follows:		
Within one year	**5,884**	2,760
In the second to fifth years, inclusive	**7,012**	6,268
After five years	**64,696**	64,303
	77,592	73,331

19. Comparative amounts

As further explained in note 1 to the unaudited condensed consolidated financial statements, due to the adoption of the new HKFRSs during the Period, the accounting treatment and presentation of certain items and balances in the unaudited condensed consolidated financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current period's presentation.

20. Approval of the Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 9 December 2005.