

NOTES TO CONDENSED INTERIM ACCOUNTS

1. Accounting policies

These unaudited condensed interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants, and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used in the annual accounts for the year ended 30th June 2000 except that the Group has adopted revised SSAP No. 14, "Leases" which became effective for the period, in the preparation of these interim accounts. Revised SSAP No.14 prescribes the accounting policies and disclosure requirements in relation to finance and operating leases. The adoption of revised SSAP No.14 by the Group does not have any impact on these interim accounts except that certain comparative figures and disclosures in the notes 9 and 12(b) have been extended.

2. Turnover

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the trading and manufacturing of plastic materials, pigments, colourants and compounded plastic resins.

No geographical analysis on turnover is provided as less than 10% of the consolidated turnover of the Group are attributable to market outside Hong Kong. No analysis of contribution by geographical location is provided as no contribution to profit from any of the markets is substantially out of line with the normal ratio of profit to turnover.

3. Operating profit

Operating profit is stated after charging:

	Unaudited	
	Six months ended 31st December	
	2000	1999
	HK\$'000	HK\$'000
Depreciation:		
Owned fixed assets	5,373	5,321
Leased fixed assets	1,686	1,686
	<u> </u>	<u> </u>

4. Finance costs

	Unaudited	
	Six months ended 31st December	
	2000	1999
	HK\$'000	HK\$'000
Interest on bank borrowings	2,029	912
Interest element of finance leases	214	343
	<u>2,243</u>	<u>1,255</u>

5. Taxation

- (a) Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the period. The Group's subsidiaries operating in the People's Republic of China ("PRC") have no assessable income and accordingly no provision for PRC taxation has been made in the accounts.
- (b) Deferred taxation is provided for in respect of the accelerated depreciation allowances. There is no material potential deferred taxation not provided for in the accounts.

6. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$10,416,000 (1999: HK\$17,830,000) and 300,000,000 (1999: 300,000,000) ordinary shares in issue during the period. Diluted earnings per share for the periods is not disclosed as there were no dilutive potential ordinary shares.

7. Trade receivables

The aging analysis of trade receivables is as follows:

	31st December	30th June
	2000	2000
	HK\$'000	HK\$'000
Below 90 days	132,532	152,524
91 – 180 days	9,606	14,503
Over 180 days	15,570	10,675
Provision for bad debts	(13,315)	(13,952)
	<u>144,393</u>	<u>163,750</u>

The majority of the Group's sales are with credit terms of 30 to 90 days. The remaining amounts are on letter of credit or documents against payment.

8. Trade payables

The aging analysis in trade payables is as follows:

	31st December 2000 <i>HK\$'000</i>	30th June 2000 <i>HK\$'000</i>
Below 90 days	28,866	32,921
91 – 180 days	25	219
Over 180 days	510	454
	<u>29,401</u>	<u>33,594</u>

9. Long-term liabilities

	Unaudited 31st December 2000 <i>HK\$'000</i>	Audited 30th June 2000 <i>HK\$'000</i>
Obligations under finance leases (note 9(a))	163	2,225
Deferred taxation (note 5(b))	16	16
	<u>179</u>	<u>2,241</u>

9. Long-term liabilities (Cont'd)

(a) Obligations under finance leases - minimum lease payments:

	Unaudited 31st December 2000 HK\$'000	Audited 30th June 2000 HK\$'000
Within one year	4,248	4,247
In the second year	179	2,213
In the third to fifth year	15	104
	<u>4,442</u>	<u>6,564</u>
Future finance charges on finance leases	(235)	(449)
Present value of obligations under finance leases	<u>4,207</u>	<u>6,115</u>
The present value of obligations under finance leases is as follows:		
Within one year	4,044	3,890
In the second year	150	2,137
In the third to fifth year	13	88
	<u>4,207</u>	<u>6,115</u>
Less: Amount repayable within one year shown under current liabilities	(4,044)	(3,890)
	<u>163</u>	<u>2,225</u>

10. Share capital

	Unaudited 31st December 2000 HK\$'000	Audited 30th June 2000 HK\$'000
Authorised:		
800,000,000 (30th June 2000: 800,000,000) ordinary share of HK\$0.10 each	<u>80,000</u>	<u>80,000</u>
Issued and fully paid:		
300,000,000 (30th June 2000: 300,000,000) ordinary share of HK\$0.10 each	<u>30,000</u>	<u>30,000</u>

11. Contingent liabilities

As at 31st December 2000, the Company had the following contingent liabilities:

	Unaudited 31st December 2000 HK\$'000	Audited 30th June 2000 HK\$'000
Guarantee in respect of the due performance of a subsidiary under a contract manufacturing agreement	20,000	20,000
Guarantees given to banks for banking facilities granted to its subsidiaries	114,915	100,000
	<u>134,915</u>	<u>120,000</u>

12. Commitments

- (a) As at 31st December 2000, the Group had capital commitments in respect of property, plant and equipment contracted but not provided for amounting to approximately HK\$8,750,000 (30th June 2000: HK\$1,442,000)
- (b) Commitments under operating leases

As at 31st December 2000, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings which expire as follows:

	Unaudited 31st December 2000 HK\$'000	Audited 30th June 2000 HK\$'000
Within one year	1,937	2,239
In the second to fifth year inclusive	5,138	5,416
After the fifth year	4,496	5,138
	<u>11,571</u>	<u>12,793</u>