

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2001

1. Basic of preparation

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. Principal accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March, 2001, except as disclosed under notes 2(a), 2(b) and 2(c) below.

a. Dividends proposed or declared after the balance sheet date

In accordance with SSAP No. 9 (Revised) “Events after the Balance Sheet Date”, dividends proposed after the balance sheet date are not recognized as a liability at the balance sheet date, but are disclosed as a separate component of equity. This change in accounting policy has been applied retrospectively that the Group’s net assets at 31st March 2001 have been increased by HK\$5,270,760. There is no impact on the Group’s profit attributable to shareholders for the periods presented.

b. Provisions and contingent liabilities

In accordance with SSAP No. 28 “Provisions, Contingent Liabilities and Contingent Assets”, provisions are recognized when the Group has a present obligation as a result of a past event which is probable result in an outflow of economic benefits that can be reasonably estimated. Adoption of this accounting policy has not had any significant effect on the results for the current or prior accounting periods.

c. Goodwill

In prior years, goodwill arising on the acquisition of subsidiaries, being the excess of the cost of investments in these companies over the fair value of the Group’s share of the separable net assets of subsidiaries acquired, is eliminated against to capital reserve. The excess of the fair value of the Group’s share of the separable net assets of subsidiaries acquired over the cost is credited to capital reserve.

In accordance with SSAP No. 30 “Business Combinations”, goodwill is then capitalized and amortized over its estimated useful life. The Group has adopted the transitional provisions in SSAP No.30 that goodwill which has been previously charged or credited to capital reserve has not been retroactively restated under the new accounting policy.

3. Segmental Information

a. Business Segments

	Turnover		Segment Results	
	Six months ended		Six months ended	
	30th September,		30th September,	
	2001	2000	2001	2000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Property investment & development	10,793,211	16,099,703	4,023,996	3,857,411
Manufacturing & distribution of plastic packaging materials	64,715,830	66,071,281	7,689,622	1,629,177
Stock broking and finance	7,484,903	12,517,226	(3,744,420)	26,790,852
	<u>82,993,944</u>	<u>94,688,210</u>	<u>7,969,198</u>	<u>32,277,440</u>
Exchange reserve realised upon winding up of a subsidiary			2,792,025	–
Finance costs			(4,766,323)	(9,810,161)
			<u>5,994,900</u>	<u>22,467,279</u>

b. Geographical Segments

	Turnover		Segment Results	
	Six months ended		Six months ended	
	30th September,		30th September,	
	2001	2000	2001	2000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Hong Kong	21,433,107	27,537,595	1,912,479	31,101,935
Mainland China	648,009	5,043,611	(66,791)	(183,854)
North America	22,680,309	19,623,170	2,280,031	483,865
Europe	13,608,185	14,667,825	1,368,018	361,677
Australia	17,496,238	26,230,298	1,758,881	646,784
Asia	7,128,096	1,585,711	716,580	(132,967)
	82,993,944	94,688,210	7,969,198	32,277,440
Exchange reserve realised upon winding up of a subsidiary			2,792,025	–
Finance costs			(4,766,323)	(9,810,161)
			5,994,900	22,467,279

4. Turnover

	Six months ended	
	30th September,	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Sale of goods	64,715,830	66,071,281
Sale of trading properties	–	4,779,326
Gross rental income	8,988,913	9,226,875
Brokerage commission	6,846,189	12,212,696
Guest house income	1,804,298	2,093,502
Gains on foreign exchange dealings	290,339	304,530
Dividend income	348,375	–
	82,993,944	94,688,210

5. Other revenues

	Six months ended	
	30th September,	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Interest income	1,774,761	2,114,159
Other income	926,225	1,053,479
Unrealised holding (loss)/gains on other investments	(4,253,641)	16,591,396
Profit on disposal of other investments	34,909	7,064,158
Profit on winding up of a subsidiary	211,836	–
Exchange reserve realised upon winding up of a subsidiary	2,792,025	–
	<u>1,486,115</u>	<u>26,823,192</u>

6. Profit from operations

	Six months ended	
	30th September,	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Profit from operations is arrived at after charging:		
Cost of inventories sold	39,803,399	46,891,598
Cost of trading properties sold	–	4,866,978
Exchange loss	178,753	519,893
Provision for bad debts	342,325	–
Staff costs (including directors' remuneration)	16,166,563	15,469,720
Operating lease rental in respect of land and buildings	639,600	610,800
Depreciation	2,421,623	2,273,491
	<u>8,988,913</u>	<u>9,226,875</u>
and after crediting:		
Gross rental income from investment properties	8,988,913	9,226,875
Less: outgoings	(129,630)	(210,827)
Net rental income	<u>8,859,283</u>	<u>9,016,048</u>

7. Finance costs

	Six months ended	
	30th September,	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Interest on:		
Bank loans and overdrafts wholly repayable		
within five years	3,781,067	6,737,964
Other borrowings	634,940	2,831,224
Bank charges	350,316	240,973
	<u>4,766,323</u>	<u>9,810,161</u>

8. Taxation

	Six months ended	
	30th September,	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Company and subsidiaries		
Hong Kong Profits tax	127,956	83,980
Deferred taxation	-	-
	<u>127,956</u>	<u>83,980</u>
Share of taxation attributable to associates		
Hong Kong Profits tax	-	3,719
Overseas Profits tax	556,252	-
	<u>556,252</u>	<u>3,719</u>
	<u>684,208</u>	<u>87,699</u>

Hong Kong Profits tax has been provided at the rate of 16% (2000:16%) on the estimated assessable profits arising in Hong Kong for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the associates operate.

9. Earnings per share

The calculation of the earnings per share is based on the profit attributable to shareholders of HK\$7,345,910 (2000: HK\$23,435,782) and ordinary shares in issue of 131,769,000.

10. Trade and other receivables

The Group allows an average credit period of 30 days to 90 days to its trade customers. The ageing analysis of trade and other receivables was as follows:

	30th September, 2001 (Unaudited) HK\$	31st March, 2001 Audited HK\$
0-1 month	46,872,045	47,306,131
2-3 months	4,602,445	1,323,763
Over 3 months	26,669,536	27,379,730
	78,144,026	76,009,624
Less: provision for doubtful debts	(6,800,546)	(6,458,221)
	<u>71,343,480</u>	<u>69,551,403</u>

11. Trade and other payables

The ageing analysis of trade and other payables was as follows:

	30th September, 2001 (Unaudited) HK\$	31st March, 2001 Audited HK\$
0-1 month	45,484,776	47,195,500
2-3 months	2,041,062	1,249,103
Over 3 months	22,055,565	23,528,257
	<u>69,581,403</u>	<u>71,972,860</u>

12. Borrowings

	30th September, 2001 (Unaudited) HK\$	31st March, 2001 Audited HK\$
Secured bank overdrafts	21,318,655	19,756,234
Secured bank loans	85,672,417	87,421,028
	<u>106,991,072</u>	<u>107,177,262</u>
Secured bank loans and overdrafts repayable:		
Within one year	80,763,286	83,596,042
More than one year but not exceeding two years	9,834,692	8,816,269
More than two years but not exceeding five years	16,393,093	14,764,950
	<u>106,991,071</u>	<u>107,177,261</u>
Portion due within one year included under current liabilities	<u>(80,763,286)</u>	<u>(83,596,042)</u>
Portion due after one year	<u>26,227,785</u>	<u>23,581,219</u>

13. Reserves

	Investment revaluation reserve HK\$	Capital reserve HK\$	Exchange reserve HK\$	Retained profits HK\$	Total HK\$
At 1st April, 2001	211,526,748	(76,972)	(574,284)	41,820,558	252,696,050
Exchange difference during the period	-	-	(372,645)	-	(372,645)
Exchange reserve realised upon winding up of a subsidiary	-	-	(2,792,025)	-	(2,792,025)
Share of reserves in associates	-	114,619	-	-	114,619
Profit for the period	-	-	-	7,345,910	7,345,910
At 30th September, 2001	<u>211,526,748</u>	<u>37,647</u>	<u>(3,738,954)</u>	<u>49,166,468</u>	<u>256,991,909</u>

14. Pledge of assets

- a. As at 31st March, 2001, the Group had the following assets pledged to bank to secure general banking facilities granted to the Group.

	30th September, 2001 (Unaudited) HK\$	31st March, 2001 Audited HK\$
Investment properties in Hong Kong, at valuation	272,500,000	272,500,000
Land & building in Hong Kong, at net book value	768,660	778,441
Time deposits	10,626,963	9,590,779
	<u>283,895,623</u>	<u>282,869,220</u>
Margin clients' Hong Kong listed shares, at market value	<u>6,497,652</u>	<u>9,628,122</u>

- b. Apart from a fixed charge over its investment property, a floating charge over all other assets of a subsidiary has been made to secure certain banking facilities.

15. Contingent liabilities

	30th September, 2001 (Unaudited) HK\$	31st March, 2001 Audited HK\$
Bills discounted with recourse	14,767,608	13,010,389
Guarantees issued to banks in respect of:		
– bank facilities granted to associates	2,400,000	2,400,000
– mortgage loans granted to purchasers of trading properties	<u>3,760,000</u>	<u>3,760,000</u>

16. Comparative figures

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

17. The unaudited interim accounts for the six months ended 30th September, 2001 have been reviewed by the Audit Committee of the Company.