

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September, 2003 (2002: Nil).

COMMENTARY ON INTERIM RESULTS

Business Review

During this period, the Group's turnover was HK\$102,846,724 (2002: HK\$89,002,550). The Group's operating profit before finance costs and share of profit of associates amounted to HK\$22,158,959 (2002: HK\$12,468,586). Profit attributable to Shareholders for the first half of the year amounted to HK\$18,955,109 (2002: HK\$7,688,144).

Property Investment and Development

During the period, this business recorded an operating profit before finance costs of HK\$1.07 million (2002: HK\$3.59 million).

Hong Kong and the Group's leasing properties still suffered from a general decline of rental rates. Consequently, although the Group's leasing properties could still maintain a steady occupancy rate, the net rental income during the period only amounted to HK\$6.98 million, representing a decrease of 14.9% from the corresponding period of the last year. The substantial drop in rental income is the main reason for the decrease in the operating profit of this business.

With regard to the land previously reserved for Nan Sing Building in Zhangmutou, Dongguan, the Group had in fact completed a new plan and design for erecting a commercial building thereon. However, we discovered that the surrounding building had entered into the red line zone of Nan Sing Building during a recent land survey. As a result, we were forced to change our building plan and is now applying to the relevant government authority for an appropriate extension of deadline for the completion of the building.

Manufacturing and Distribution of Plastic Packaging Materials

During the period, this business recorded an operating profit before finance costs of HK\$9.23 million (2002: HK\$11.53 million). Turnover amounted to HK\$83.56 million, representing an increase of 15.4% over the corresponding period of last year.

To couple with the expansion of Dongguan Nan Sing Factory, we had purchased additional machinery, recruited more staff, reinforced staff training and spurred the sales on by reducing our products' price. All these factors had caused an increase in production costs and a drop in the operating profit. We expect that upon the commencement of production in our new factory, the operating profit in this business will be enhanced in view of improvement in production efficiency and a better costs control resulting from a larger scale of production.

During the period, we had already reached an agreement with our Japanese partner on the detailed terms and conditions of the joint venture contract and the construction work of the new factory specially built for this joint venture business was almost completed.

Stock Broking and Finance

During the period, the stock broking and finance business recorded an operating profit before finance costs of HK\$11.87 million (2002: loss of HK\$2.65 million) including the profit of HK\$5.52 million made on disposal of other investments (2002: Nil) and other unrealized holding profit on investments of HK\$3.25 million (2002: loss of HK\$4 million).

The local market sentiment and business environment, already plagued by the global economic slowdown, had been further hit by the fallout from the outbreak of Severe Acute Respiratory Syndrome ("SARS") which swept across Hong Kong in March this year. However, we expect the local economy will go back on track to a steady recovery as economic and business activities had gradually returned to normal after the virus was checked. In the second quarter of 2003, owing to the positive impact of the Closer Economic Partnership Arrangement protocol and Central government's less restrictive travelling policy in its people coming to Hong Kong, the investors' confidence had been gradually restored. Furthermore, the low interest rates in United States dollars also attracted a fresh inflow of capital. All these favourable factors had contributed to an increase in the turnover of the Hong Kong stock market. During the period, the turnover of this business had been increased by 94% over the corresponding period of last year and a brokerage income of HK\$10.12 million was recorded, representing an increase of 63% over that of the last year. We expect that the results of the second half of the financial year will remain steady.

Outlook

Global economy conditions are likely to improve, while Hong Kong's immediate hinterland, the Pearl River Delta, is also growing continuously. These factors are expected to provide momentum for Hong Kong's economic growth. Local economy is also recovering from SARS-induced downturn because of the concerted effort and support from the Central Government, various local government measures, continuing export growth, the gradual revival of tourism and a rebound in consumer spending.

The Group will sign the joint venture agreement with our Japanese business partner shortly. Simultaneously, the new factory specially built beside Dongguan Nan Sing Factory for this joint venture business will also soon be completed. This remarkable project certainly marks a milestone in the development of the Group's plastic packaging materials business. Taking the full advantage of our merits in this business, the Group will, on the one hand, continue to base our manufacturing in mainland China and on the other hand, we will seize joint venture opportunities with our other overseas business partners in order to further expand our sales network. As a result, we can be well-equipped to further grasp investment opportunities with an aim to strengthen and improve the Group's overall results.

Liquidity and financial resources

At 30th September, 2003, the Group's bank borrowings decreased from HK\$109.48 million of the last year end date to HK\$105.12 million of this year, in which the short term borrowings amounted to HK\$84.44 million and long term borrowings amounted to HK\$20.68 million. The Group's current year debt/equity ratio was 25.7% expressed as a percentage of the Group's total bank borrowings over the Shareholders' funds of HK\$409.06 million. The Group's bank borrowings are mainly denominated in Hong Kong dollars or United States dollars.

To minimize exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars and United States dollars. The Group has no significant exposure to foreign exchange rate fluctuations.

Capital structure

At 30th September, 2003, the Group's Shareholders' funds amounted to HK\$409.06 million (31/3/2003: HK\$395.47 million). The Group's consolidated net assets per share as at 30th September, 2003 was HK\$2.07.

Employees

The Group had 937 employees as at 30th September, 2003. Employees are remunerated according to nature of the job and market trend.