

Notes:

## 1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting".

The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March, 2003, except as described below.

### *Income taxes*

In the current period, the Group has adopted SSAP 12 (Revised) "Income taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method under which a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions.

In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative information has been restated.

As a result of this change in policy, the opening balance on retained profits at 1 April, 2003 has been decreased by approximately HK\$989,000 (1 April, 2002: HK\$1,742,000). The net profit for the six months ended 30 September 2003 has been increased by approximately HK\$204,000 (The net loss for the six months ended 30 September 2002 has been decreased by approximately HK\$235,000).

Certain comparative figures have been adjusted as a result of changes in accounting policies for income taxes in accordance with SSAP 12 (Revised) as described above and the reclassification of amounts in conformity with the presentation and disclosure of the financial statements for the year ended 31 March, 2003.

## 2. Turnover

Turnover represents the invoiced value of goods sold, net of discounts and returns, and services rendered during the period after elimination of all significant intra-group transactions.

### 3. Segmental information

The following tables present the Group's turnover and results for the period, analysed by business segments and geographical segments, are as follows:

#### Business segments

Segment	Manufacture and sale of paper cartons, packaging boxes and children's novelty books		Commercial printing		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags		Eliminations		Consolidated	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30 September, 2003		30 September, 2002		30 September, 2003		30 September, 2002		30 September, 2003	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited) (Restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
turnover:										
Sales to external customers	214,113	164,748	29,836	37,686	16,236	12,273	-	-	260,185	214,707
Intersegment sales	2,107	1,442	329	355	98	227	(2,534)	(2,024)	-	-
	<b>216,220</b>	166,190	<b>30,165</b>	38,041	<b>16,334</b>	12,500	<b>(2,534)</b>	(2,024)	<b>260,185</b>	214,707
Segment results	<b>18,841</b>	9,585	<b>3,750</b>	7,095	<b>1,450</b>	1,548	-	-	<b>24,041</b>	18,228
Interest income									776	1,100
Unallocated expenses									(9)	(25,085)
Profit/(loss) from operating activities									<b>24,808</b>	(5,757)
Finance costs									(111)	(182)
Profit/(loss) before tax									<b>24,697</b>	(5,939)
Tax									<b>(3,274)</b>	(1,104)
Net profit/(loss) from ordinary activities									<b>21,423</b>	(7,043)

#### Geographical segments

Segment	Hong Kong		Elsewhere in the PRC		Consolidated	
	For the six months ended		For the six months ended		For the six months ended	
	30 September, 2003		30 September, 2002		30 September, 2003	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited) (Restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	251,471	212,202	8,714	2,505	260,185	214,707
Segment results	<b>23,347</b>	17,994	<b>694</b>	234	<b>24,041</b>	18,228
Interest income					776	1,100
Unallocated expenses					(9)	(25,085)
Profit/(loss) from operating activities					<b>24,808</b>	(5,757)
Finance costs					(111)	(182)
Profit/(loss) before tax					<b>24,697</b>	(5,939)
Tax					<b>(3,274)</b>	(1,104)
Net profit/(loss) from ordinary activities					<b>21,423</b>	(7,043)

**4. Profit/(loss) from operating activities**

	<b>For the six months ended 30 September,</b>	
	<b>2003 (Unaudited) HK\$'000</b>	<b>2002 (Unaudited) HK\$'000</b>
Profit/(loss) from operating activities is arrived at after charging:		
Depreciation and amortisation	<b>12,334</b>	12,168
Loss on disposal of fixed assets	<b>42</b>	–
Net unrealised loss on other investments	–	788
Revaluation deficit on leasehold land and buildings	–	1,765
Revaluation deficit on investment properties	–	2,573
Provision for note receivable	–	24,221

**5. Other revenue**

	<b>For the six months ended 30 September,</b>	
	<b>2003 (Unaudited) HK\$'000</b>	<b>2002 (Unaudited) HK\$'000</b>
Interest income	<b>776</b>	1,100
Dividend income from listed investments	<b>92</b>	–
Rental income	<b>907</b>	1,343
Sale of scrap materials	<b>5,622</b>	3,624
Gain on disposal of fixed assets	–	6
Gain on disposal of listed investments	<b>397</b>	–
Others	<b>409</b>	1,020
	<b>8,203</b>	7,093

**6. Tax**

	<b>For the six months ended 30 September,</b>	
	<b>2003 (Unaudited) HK\$'000</b>	<b>2002 (Unaudited) (Restated) HK\$'000</b>
The charge comprises:		
Hong Kong profits tax	<b>1,024</b>	989
Overseas tax	<b>1,536</b>	144
Deferred tax	<b>714</b>	(29)
	<b>3,274</b>	1,104

Hong Kong profits tax is calculated at 17.5% (2002: 16%) of the estimated assessable profits for the six months ended 30 September, 2003. Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the relevant jurisdictions in which the Group operates.

## 7. Interim dividend

	For the six months ended 30 September,	
	2003	2002
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend of HK1 cent (2002: HK1 cent) per ordinary share	<b>4,323</b>	4,179

## 8. Earnings/(loss) per share

The calculation of basic earnings per share was based on the Group's unaudited consolidated net profit from ordinary activities attributable to shareholders for the period of approximately HK\$21,423,000 (2002: net loss from ordinary activities attributable to shareholders of HK\$7,043,000) and the weighted average of 432,331,061 ordinary shares in issue (2002: 417,875,000) during the period.

The calculation of diluted earnings per share for the period ended 30 September, 2003 was based on the Group's unaudited consolidated net profit from ordinary activities attributable to shareholders of approximately HK\$21,423,000. The weighted average number of ordinary shares used in the calculation was 432,331,061 ordinary shares in issue, as used in the basic earnings per share calculation, and the weighted average of 1,008,888 ordinary shares assumed to have been issued at no consideration, on the deemed exercise of all share options during the period.

Diluted loss per share amount for the period ended 30 September, 2002 has not been presented because the potential ordinary shares outstanding had an anti-dilutive effect on the basic loss per share for the period.

## 9. Movement in fixed assets

During the period, the Group spent approximately HK\$20,472,000 on plant and machinery in order to upgrade its manufacturing capacities.

## 10. Other investments

	As at	
	30 September, 2003	31 March, 2003
	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong listed equity investments, at fair value	<b>481</b>	2,728
Overseas listed debt investments, at fair value	<b>3,900</b>	3,889
	<b>4,381</b>	6,617

## 11. Provision for note receivable

In July 2001, the Group entered into an agreement with an independent third party private company (the "Borrower") for the subscription of a convertible redeemable note (the "Note") for HK\$24 million at an interest rate of 8% per annum payable every quarter in arrears (the "Note Agreement"). The Note is secured by a share mortgage over all the issued share capital and a debenture over all the assets of the Borrower and personal guarantees executed by two directors of the Borrower. The Borrower is engaged in the undertaking of maintenance building works from the Hong Kong SAR Government as a subcontractor. The outstanding principal amount of the Note may be converted into ordinary shares prior to its maturity in July 2003 by the Group. If the Note is not converted, it will be redeemed at par. In accordance with the Note Agreement, if there are events the occurrence of which would have an adverse impact on the Borrower's financial position, the Note will become immediately due and payable. Up to 31 March, 2002, interest payment of HK\$1.4 million has been made by the Borrower. On 22 May, 2002, the Group issued a demand letter to the Borrower for the repayment of the principal of HK\$24 million together with the accrued interest on the basis that the Directors became aware of certain events which they believe might have an adverse impact on the Borrower's financial position. Upon the failure to reach an immediate settlement agreement with the Borrower, the Group filed for winding up petition against the Borrower in the High Court of Hong Kong SAR on 14 June, 2002. On 17 July, 2002, the Directors reached a settlement agreement with the Borrower for the full repayment of the Note and the Borrower has made prompt settlement of the first instalment in accordance with the settlement agreement. Accordingly, the petition against the Borrower was withdrawn by the Group on 17 July, 2002. On 27 August, 2002, the Group issued a demand letter again to the Borrower for the repayment of the outstanding principal of HK\$23.5 million together with the accrued interest upon the failure of the Borrower to meet the second instalment in accordance with the settlement agreement. On 18 September, 2002, the Group filed for winding up order against the Borrower in the High Court of Hong Kong SAR upon the failure of the Borrower to make the settlement as stipulated by the demand letter. On 20 November, 2002, the Borrower was ordered wound-up by the High Court and liquidator was appointed. In view of the development of the situation, the Directors considered it appropriate to make a full provision for the outstanding principal amount of the Note of HK\$23.5 million and the accrued interest of HK\$0.7 million.

## 12. Trade receivables

The Group allows an average credit period of 75 days to its trade customers.

### Ageing Analysis

	As at			
	30 September, 2003		31 March, 2003	
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	HK\$'000	%	HK\$'000	%
Current to 30 days	44,881	29	28,044	33
31 – 60 days	53,249	34	17,403	20
61 – 90 days	31,250	19	16,478	19
Over 90 days	28,233	18	24,583	28
	<b>157,613</b>	<b>100</b>	86,508	100

**13. Trade payables***Ageing analysis*

	As at	
	30 September, 2003 (Unaudited) HK\$'000	31 March, 2003 (Audited) HK\$'000
Current to 30 days	34,693	22,964
31 – 60 days	26,736	11,124
61 – 90 days	20,546	7,070
Over 90 days	14,716	6,115
	<b>96,691</b>	<b>47,273</b>

**14. Share capital**

	As at	
	30 September, 2003 (Unaudited) HK\$'000	31 March, 2003 (Audited) HK\$'000
<i>Authorised:</i>		
800,000,000 ordinary shares of HK\$0.1 each	<b>80,000</b>	80,000
<i>Issued and fully paid:</i>		
432,331,061 ordinary shares of HK\$0.1 each	<b>43,233</b>	43,233

**15. Contingent liabilities**

As at 30 September, 2003, the Company provided corporate guarantees to banks for the provision of general banking facilities to its subsidiaries to the extent of HK\$44,900,000 (31 March, 2003: HK\$44,900,000).

The amount of banking facilities utilised by the subsidiaries amounted to HK\$2,205,000 as at 30 September, 2003 (31 March, 2003: HK\$3,533,000).

**16. Capital commitments****Group**

	As at	
	30 September, 2003 (Unaudited) HK\$'000	31 March, 2003 (Audited) HK\$'000
Contracted for acquisition of fixed assets	1,721	12,647
Investment in a subsidiary in the PRC	17,030	18,880
	<b>18,751</b>	<b>31,527</b>

The Company did not have any significant capital commitments as at 30 September, 2003.