NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

This condensed consolidated financial information should be read in conjunction with the 2004 annual financial statements.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st December 2004, except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRS") and HKAS (collectively referred to as the "New HKFRS"), which have become effective for accounting periods beginning on or after 1st January 2005 and have not been early adopted by the Group for the preparation of the 2004 annual financial statements.

2. CHANGES IN ACCOUNTING POLICIES

(a) Effect of adopting New HKFRS

In 2005, the Group adopted the New HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

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 16	Property, Plant and Equipment
HKAS 17	Leases
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	Investments in Associates
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) Effect of adopting New HKFRS *(Continued)*

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28, 33 and HKFRS 2 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures.

– HKASs 2, 7, 8, 10, 16, 23, 27, 28, 33 and HKFRS 2 had no material effect on the Group's policies.

– HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.

– HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the condensed consolidated profit and loss account on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the condensed consolidated profit and loss account. In prior years, the leasehold land was accounted for at fair value or cost less accumulated depreciation and accumulated impairment.

The adoption of HKASs 32 and 39 has resulted in a change in accounting policy for recognition, measurement, derecognition and disclosure of financial instruments. Following the adoption of HKASs 32 and 39, the financial assets have been classified into available-for-sale financial assets, financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Available-for-sale financial assets are measured at fair value and changes in fair value are recognised in the investment revaluation reserve. Loans and receivables are measured at amortised cost. The carrying amount of the asset is computed by discounting the future cash flows to the present value using the effective interest method.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) Effect of adopting New HKFRS *(Continued)*

The Group has adopted the transitional provisions of HKAS 39 as follows:

– redesignate all "investment securities" as "available-for-sale financial assets" and "loans and receivables", and "other investments" as "financial assets at fair value through profit or loss" at 1st January 2005;

– remeasure those financial assets or financial liabilities that should be measured at fair value and those that should be measured at amortised cost at 1st January 2005.

The adoption of revised HKAS 40 has resulted in a change in the accounting policy of which the changes in fair values are recorded in the condensed consolidated profit and loss account as part of other income. In prior years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the condensed consolidated profit and loss account.

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill. Until 31st December 2004, goodwill was:

– Amortised on a straight line basis over its estimated useful economic life; and

– Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3:

– The Group ceased amortisation of goodwill from 1st January 2005;

– Accumulated amortisation as at 31st December 2004 has been eliminated with a corresponding decrease in the cost of goodwill;

– From the year ending 31st December 2005 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38. No adjustment resulted from this reassessment.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) Effect of adopting New HKFRS *(Continued)*

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

– HKAS 16 – the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;

– HKAS 21 – prospective accounting for goodwill and fair value adjustments as part of foreign operations;

– HKAS 39 – does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous Hong Kong Statement of Standard Accounting Practice ("SSAP") 24 "Accounting for investments in securities" to investments in securities for the 2004 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1st January 2005.

– HKAS 40 – since the Group has adopted the fair value model, there is no requirement for the Group to restate the comparative information, any adjustment should be made to the retained earnings as at 1st January 2005, including the reclassification of any amount held in revaluation surplus for investment property.

– HKFRS 2 – only retrospective application for all equity instruments granted after 7th November 2002 and not vested at 1st January 2005; and

– HKFRS 3 – prospectively after the adoption date.

(i) The adoption of revised HKAS 17 resulted in a decrease in opening reserves at 1st January 2004 and 2005 by approximately HK$29,696,000 and HK$29,039,000 respectively.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) Effect of adopting New HKFRS *(Continued)*

(ii) The effect of changes in accounting policies on the consolidated balance sheet are as follows:

	Effect of adopting				
At 30th June 2005	HKAS 17 HK$'000	HKAS 32 and HKAS 39 HK$'000	HKAS 40 HK$'000	HKFRS 3, HKAS 36 and HKAS 38 HK$'000	Total HK$'000
Decrease in property, plant and equipment	(88,793)	–	(13,100)	–	(101,893)
Increase in leasehold land and land use rights	88,793	–	–	–	88,793
Increase in investment properties	–	–	13,100	–	13,100
Increase in available-for-sale financial assets	–	27,214	–	–	27,214
Increase in loans receivable	–	11,915	–	–	11,915
Increase in financial assets at fair value through profit or loss	–	47,496	–	–	47,496
Decrease in investment securities	–	(82,767)	–	–	(82,767)
Decrease in other investments	–	(2,192)	–	–	(2,192)
Decrease in intangible assets	–	–	–	(6,913)	(6,913)
Increase in investments in jointly controlled entities	–	–	–	5,917	5,917
Increase/(decrease) in net assets	–	1,666	–	(996)	670
Increase in investment revaluation reserve	–	22,623	–	–	22,623
Decrease in retained earnings	–	(20,957)	–	(996)	(21,953)
Increase/(decrease) in equity	–	1,666	–	(996)	670

	Effect of adopting				
At 31st December 2004	HKAS 17 HK$'000	HKAS 32 and HKAS 39 HK$'000	HKAS 40 HK$'000	HKFRS 3, HKAS 36 and HKAS 38 HK$'000	Total HK$'000
Decrease in property, plant and equipment	(89,177)	–	–	–	(89,177)
Increase in leasehold land and land use rights	89,177	–	–	–	89,177
Increase in net assets	–	–	–	–	–

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) Effect of adopting New HKFRS *(Continued)*

(iii) The effect of changes in accounting policies on the consolidated profit and loss are as follows:

	Effect of adopting				
	HKAS 17	HKAS 32 and HKAS 39	HKAS 40	HKFRS 3, HKAS 36 and HKAS 38	Total
Six months ended 30th June 2004	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Decrease in administrative expenses	328	–	–	–	328
Increase in profit attributable to shareholders	328	–	–	–	328

	Effect of adopting				
	HKAS 17	HKAS 32 and HKAS 39	HKAS 40	HKFRS 3, HKAS 36 and HKAS 38	Total
Six months ended 30th June 2005	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Decrease in administrative expenses	328	–	–	–	328
Increase in other operating income	–	14,425	2,150	–	16,575
Increase in other operating expenses	–	–	–	(13,667)	(13,667)
Increase/(decrease) in profit attributable to shareholders	328	14,425	2,150	(13,667)	3,236

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New Accounting Policies

The accounting policies used in the preparation of the condensed consolidated financial information for the six months ended 30th June 2005 are the same as those set out in note 1 to the 2004 annual financial statements except for the following:

(I) Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group companies

The results and financial position of all the group entities (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:

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

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New Accounting Policies *(Continued)*

(I) Foreign currency translation (Continued)

(c) Group companies *(Continued)*

(ii) 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 of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, 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 recognized in the profit and loss account as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(II) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New Accounting Policies *(Continued)*

(II) Investment properties (Continued)

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognized in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit and loss account during the financial period in which they are incurred.

Changes in fair values are recognized in the profit and loss account.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New Accounting Policies *(Continued)*

(II) Investment properties (Continued)

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the profit and loss account.

(III) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/ jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries and jointly controlled entities is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(IV) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(V) Investments

From 1st January 2004 to 31st December 2004:

The Group classified its investments in securities, other than subsidiaries, associates and jointly controlled entities, as investment securities and other investments.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New Accounting Policies *(Continued)*

(V) Investments (Continued)

(a) Investment securities

Investments securities are held for identified long term purpose and stated at cost less any accumulated impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheets date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognized as an expense in the profit and loss account. This impairment loss is written back to profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(b) Other investments

Other investments are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the profit and loss account. Profits or losses on disposal of other investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

From 1st January 2005 onwards:

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within twelve months of the balance sheet date.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New Accounting Policies *(Continued)*

(V) Investments (Continued)

From 1st January 2005 onwards *(Continued)*

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in loans receivable (Note 10) and accounts receivables (Note 11) in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are included in the profit and loss account in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss account as gains or losses from investment securities.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New Accounting Policies *(Continued)*

(V) Investments (Continued)

From 1st January 2005 onwards *(Continued)*

(c) Available-for-sale financial assets *(Continued)*

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account - is removed from equity and recognized in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

(VI) Accounts receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New Accounting Policies *(Continued)*

(VII) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

(VIII) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments used in preparing the financial statements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities included those related to estimated fair value of investments properties and financial instruments, impairment of assets and income taxes.

4. SEGMENT INFORMATION

The Group is principally engaged in securities trading and investment, corporate finance and stockbroking, container transportation and freight forwarding services, sales of motor vehicles meters and components, investment holding, property holding and management.

An analysis of the Group's turnover and contribution to operating profit for the period by business and geographical segments is as follows:

Primary reporting format – business segments

	Unaudited Six months ended 30th June 2005						
	Securities trading and investment	Corporate finance and stockbroking	Container transportation and freight forwarding services	Sales of motor vehicles meters and components	Investment holding, property holding and management	Sales of child products	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sales	38,111	36,691	259,545	16,758	11,312	–	362,417
Segment results	15,719	11,104	(1,168)	(1,399)	(25,110)	–	(854)
Other revenue							2,007
Finance costs							(2,111)
Share of profits less losses of							
– Associated companies	–	–	–	(2,393)	(6,585)	1,998	(6,980)
– Jointly controlled entities	–	–	–	–	157	25,540	25,697
Profit before taxation							17,759
Taxation							(2,103)
Profit for the period							15,656

4. SEGMENT INFORMATION *(Continued)*

Primary reporting format – business segments *(Continued)*

	Unaudited Six months ended 30th June 2004						
	Securities trading and investment	Corporate finance and stockbroking	Container transportation and freight forwarding services	Sales of motor vehicles meters and components	Investment holding, property holding and management	Sales of child products	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sales	40,750	55,293	22,466	171,009	10,171	–	299,689
Segment results	(4,045)	28,943	652	6,691	(14,536)	–	17,705
Other revenue							2,071
Finance costs							(3,242)
Share of profits less losses of							
– Associated companies	–	–	–	–	(1,318)	2,744	1,426
– Jointly controlled entities	–	–	–	–	(2,714)	17,372	14,658
Profit before taxation							32,618
Taxation							(7,030)
Profit for the period							25,588

4. SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities at 30th June 2005 and other information for the six months then ended are as follows:

	Securities trading and investment HK$'000	Corporate finance and stockbroking HK$'000	Container transportation and freight forwarding services HK$'000	Unaudited Sales of motor vehicles meters and components HK$'000	Investment holding, property holding and management HK$'000	Sales of child products HK$'000	Group HK$'000
Balance sheet							
Segment assets	97,475	190,565	270,085	19,636	458,812	–	1,036,573
Investments in associated companies	–	–	–	7,421	239,951	104,599	351,971
Investments in jointly controlled entities	–	–	–	–	37,282	342,722	380,004
Total assets							1,768,548
Segment liabilities	2,842	52,462	149,338	12,575	164,655	–	381,872
Taxation payable							5,384
Deferred tax liabilities							963
Total liabilities							388,219
Other information							
Capital expenditure	173	121	11,578	117	55,749	–	67,738
Depreciation	155	772	3,023	245	1,944	–	6,139
Amortisation charge	–	82	–	–	458	–	540

4. SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities at 31st December 2004 and other information for the six months then ended are as follows:

	Securities trading and investment	Corporate finance and stockbroking	Container transportation And freight forwarding services	Restated Sales of motor vehicles meters and components	Investment holding, property holding and management	Sales of child products	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* Restated
Balance sheet							
Segment assets	36,894	320,687	103,724	3,154	425,601	–	890,060
Investments in associated companies	–	–	–	9,813	245,495	115,490	370,798
Investments in jointly controlled entities	–	–	–	–	37,125	311,265	348,390
Total assets							1,609,248
Segment liabilities	880	139,046	22,599	1,203	53,167	–	216,895
Taxation payable							3,202
Deferred tax liabilities							1,057
Total liabilities							221,154
Other information							
Capital expenditure	391	2,158	2,377	1,781	28,377	–	35,084
Depreciation	38	604	2,534	2,124	1,706	–	7,006
Amortisation charge	–	82	–	(1,183)	10,079	(1,243)	7,735

4. SEGMENT INFORMATION *(Continued)*

Secondary reporting format – geographical segments

The Group operates in two main geographical areas:

Hong Kong – securities trading and investment, corporate finance and stockbroking, investment holding, property holding and management

Chinese Mainland – container transportation and freight forwarding services, sales of motor vehicles meters and components

	Unaudited Sales Six months ended 30th June		Unaudited Segment results Six months ended 30th June	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000* (As restated)
Hong Kong	**79,329**	100,804	**9,603**	26,669
Chinese Mainland	**282,990**	198,805	**(17,641)**	(6,813)
Others	**98**	80	**7,184**	(2,151)
	362,417	299,689	**(854)**	17,705
Other revenue			**2,007**	2,071
Operating profit			**1,153**	19,776

There are no sales among the geographical segments.

4. SEGMENT INFORMATION *(Continued)*

Secondary reporting format – geographical segments *(Continued)*

	Unaudited As at 30th June 2005 *HK$'000*	Restated As at 31st December 2004 *HK$'000*
Total assets		
Hong Kong	**398,010**	536,454
Chinese Mainland	**597,274**	318,035
Others	**41,289**	35,571
	1,036,573	890,060
Investments in associated companies	**351,971**	370,798
Investments in jointly controlled entities	**380,004**	348,390
	1,768,548	1,609,248

Total assets are allocated based on where the assets are located.

	Unaudited Six months ended 30th June 2005 *HK$'000*	2004 *HK$'000*
Capital expenditure		
Hong Kong	**1,337**	408
Chinese Mainland	**66,228**	34,294
Others	**173**	382
	67,738	35,084

Capital expenditure is allocated based on where the assets are located.

5. OPERATING PROFIT

	Unaudited Six months ended 30th June	
	2005	2004
	HK$'000	*HK$'000*
Operating profit is stated after crediting and charging the following:		
Crediting:		
Gain on disposal of available-for-sale financial assets *(Note a)*	**1,415**	–
Dividend income	**660**	–
Gain on disposal of property, plant and equipment	**51**	–
Fair value gain on financial assets at fair value through profit or loss	**17,665**	–
Fair value gain on revaluation of investment properties	**2,150**	–
Gain on disposal of partial interest in subsidiaries	**–**	164
Amortisation of negative goodwill	**–**	2,799
Charging:		
Depreciation	**6,139**	7,006
Amortisation of intangible assets	**540**	218
Amortisation of goodwill	**–**	10,316
Staff costs *(Note 6)*	**51,973**	49,600
Impairment losses on goodwill	**13,667**	–
Fair value losses on financial assets at fair value through profit or loss	**3,614**	–

Note:

(a) The Group disposed of an equity interest of 1.465% in one of its available-for-sale financial assets for a consideration of HK$1,415,000, and recorded a gain of HK$1,415,000 for the six months ended 30th June 2005.

6. STAFF COSTS

Staff costs, including directors' remuneration, comprise:

	Unaudited	
	Six months ended 30th June	
	2005	2004
	HK$'000	*HK$'000*
Wages, salaries and allowance	**46,456**	43,691
Medical and other benefits	**1,915**	3,104
Pension costs – defined contribution plans	**3,602**	2,615
Termination benefits	**–**	190
	51,973	49,600

7. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the profit and loss account represents:

	Unaudited	
	Six months ended 30th June	
	2005	2004
	HK$'000	*HK$'000*
		(As restated)
Current taxation		
– Hong Kong profits tax	**2,055**	4,225
– Overseas taxation	**142**	2,977
Deferred taxation	**(94)**	(172)
	2,103	7,030

Share of associated and jointly controlled companies taxation for the six months ended 30th June 2005 of approximately HK$706,000 (30th June 2004: HK$389,000) and approximately HK$6,226,000 (30th June 2004: HK$4,255,000), respectively, are included in the profit and loss account as the share of profits less losses of associated companies and jointly controlled entities.

8. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of approximately HK$14,936,000 (2004: as restated HK$24,171,000). The basic earnings per share is based on the weighted average number of 1,173,691,705 (2004: 1,173,691,705) ordinary shares in issue during the period. The diluted earnings per share is based on 1,191,673,231 (2004: 1,196,155,054) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average of 17,981,526 (2004: 22,463,349) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

9. CAPITAL EXPENDITURE

	Unaudited					
	Intangible assets					
	Goodwill	Negative goodwill	Futures exchange trading rights and patent	Total	Property, plant and equipment	Investment properties
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net book amount as at 31st December 2004, as previously reported	16,660	(6,754)	1,981	11,887	259,476	10,950
Prior period adjustment for the adoption of HKAS 17	–	–	–	–	(118,216)	–
Net book amount as at 31st December 2004, as restated	16,660	(6,754)	1,981	11,887	141,260	10,950
Opening adjustment for the adoption of HKFRS 3	–	6,754	–	6,754	–	–
Net book amount as at 1st January 2005, as restated	16,660	–	1,981	18,641	141,260	10,950
Additions	–	–	–	–	67,738	–
Disposals	–	–	–	–	(9)	–
Amortisation/depreciation charges *(Note 5)*	–	–	(540)	(540)	(6,139)	–
Impairment losses *(Note 5)*	(13,667)	–	–	(13,667)	–	–
Exchange adjustment	–	–	–	–	(14)	–
Valuation increase during the period *(Note 5)*	–	–	–	–	–	2,150
Net book amount as at 30th June 2005	2,993	–	1,441	4,434	202,836	13,100

10. LOANS RECEIVABLE

Included in loans receivable are loans to a third party of approximately HK$10,972,000 (2004: HK$10,028,000). These loans are secured, bear interest ranging from 5% to 5.6% per annum and are payable after one year from 30th June 2005. The Group has a plan to convert the loans receivable into equity of the borrower.

11. ACCOUNTS RECEIVABLES

	Unaudited As at 30th June 2005 *HK$'000*	Audited As at 31st December 2004 *HK$'000*
Due from stockbrokers and Hong Kong Securities Clearing Company Limited	**9,475**	45,084
Trade receivables	**204,165**	71,857
Bills receivables	**2,313**	3,945
	215,953	120,886

At 30th June 2005 and 31st December 2004, the ageing analysis of trade receivables and bills receivables is as follows:

	Unaudited As at 30th June 2005 *HK$'000*	Audited As at 31st December 2004 *HK$'000*
0 – 30 days	**126,903**	57,921
31 – 60 days	**51,199**	7,645
61 – 90 days	**21,448**	4,165
Over 90 days	**6,928**	6,071
	206,478	75,802

For securities business, trade receivables are on credit terms of trading day plus two days. For the remaining business of the Group, trade receivables are mainly on credit terms of 30 to 90 days.

12. TRADE AND OTHER PAYABLES

	Unaudited As at 30th June 2005	Audited As at 31st December 2004
	HK$'000	*HK$'000*
Due to stockbrokers and dealers	**35**	311
Due to stockbroking clients	**26,105**	58,609
Trade payables	**135,785**	5,339
Accrual	**68,547**	65,773
	230,472	130,032

At 30th June 2005 and 31st December 2004, the ageing analysis of the trade payables is as follows:

	Unaudited As at 30th June 2005	Audited As at 31st December 2004
	HK$'000	*HK$'000*
0 – 30 days	**75,497**	4,834
31 – 60 days	**45,904**	409
61 – 90 days	**13,178**	51
Over 90 days	**1,206**	45
	135,785	5,339

13. SHARE CAPITAL

	Unaudited As at 30th June 2005		Audited As at 31st December 2004	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
Authorised:				
Ordinary share of HK$0.2 each	**2,000,000,000**	**400,000**	2,000,000,000	400,000
Issued and fully paid:				
Ordinary share of HK$0.2 each	**1,173,691,705**	**234,738**	1,173,691,705	234,738

14. COMMITMENTS

(a) Capital commitments for property, plant and equipment:

	Unaudited As at 30th June 2005 ***HK$'000***	Audited As at 31st December 2004 *HK$'000*
Contracted but not provided for	**68,274**	43,844
The Group's share of capital commitments of jointly controlled entities and an associated company not included in the above is as follows:		
Contracted but not provided for	**34,625**	3,526

14. COMMITMENTS *(Continued)*

(b) Commitments under operating leases

At 30th June 2005, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Unaudited As at 30th June 2005 *HK$'000*	Audited As at 31st December 2004 *HK$'000*
Not later than one year	**8,838**	3,440
Later than one year but not later than five years	**11,872**	4,958
More than five years	**–**	189
	20,710	8,587

15. RELATED PARTY TRANSACTIONS

During the period, the Group had the following material transactions with related parties, which were carried out in normal course of business at terms determined and agreed by both parties.

(a) Mr. Lao Yuan Yi, Mr. Yeung Wai Kin and Mr. Wang Jun Yan are Directors of China Assets Investment Management Limited ("CAIML"), a subsidiary of the Company and China Assets (Holdings) Limited ("CAHL"), an associated company of the Company.

During the period, CAIML received a management fee of US$589,277 (2004: US$512,730) from CAHL, under the management agreement signed between CAIML and CAHL.

(b) Key management compensation

	Unaudited Six months ended 30th June	
	2005 *HK$'000*	2004 *HK$'000*
Salaries and other short-term employee benefits	**3,373**	3,060
Retirement benefits cost	**260**	222
	3,633	3,282

16. CONTINGENT LIABILITIES

As at 30th June 2005, the Group had no material contingent liabilities.

17. EVENT AFTER BALANCE SHEET DATE

On 16th June 2005, the Group has entered into a conditional agreement for the sale of 37 million shares in RBI Holdings Limited ("RBI") to RBI at a consideration of HK$57,720,000. The transaction has been completed in September 2005. Upon disposal, the Group's shareholding in RBI decreased from 19.95% to 11.08%.