

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

1. Basis of preparation and accounting policies

(a) Basis of preparation

These unaudited interim financial statements ("interim financial statements") have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in compliance with the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

With the exception as detailed in note 2 on page 11, the accounting policies used in preparation of the interim financial statements are consistent with those adopted in the annual report for the year ended 31st March, 2005, except that the Group has changed some of the new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRS", which also include interpretations) which are effective for accounting periods commencing on or after 1st January, 2005.

(b) Changes in accounting policies

With effect from 1st April, 2005, the Group adopted the new HKFRS, which are relevant to its operations. The 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 12	Income Taxes	
HKAS 14	Segment Reporting	
HKAS 16	Property, Plant and Equipment	
HKAS 17	Leases	
HKAS 18	Revenue	
HKAS 19	Employee Benefits	
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 31	Interests in Joint Venture	
HKAS 32	Financial instruments: Disclosures and Presentation	
HKAS 36	Impairment of Assets	
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets	
HKAS 39	Financial instruments: Recognition and Measurement	
HKAS 40	Investment Property	
HK-Int 2	The Appropriate Policies for Hotel Properties	
HK-Int 4	Leases	– Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKAS-Int 21	Income Taxes	– Recovery of Revalued Non-Depreciated Assets

1. Basis of preparation and accounting policies *(Continued)**(b) Changes in accounting policies (Continued)*

The adoption of HKAS 2, 7, 8, 10, 12, 14, 18, 19, 21, 23, 24, 27, 28, 31, 36, 37, and HK-Int 4 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's interim financial statements. The impact of adopting the other new HKFRSs is summarised as follows:

(i) HKAS 1 – Presentation of Financial Statements

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

(ii) HKAS 16 Property, Plant and Equipment

HKAS 17 Leases

HK-Int 2 The Appropriate Policies for Hotel Properties

In prior periods, the Group's guesthouse in Kowloon Tong and the flats of Dragon House in Tsimshatsui ("guesthouse and flats") were classified as investment properties and stated at its open market value for existing use on the basis of annual professional valuation. In view of the hotel conversion work for the flats is under progress and the service nature of guesthouse, from 1st April, 2005 the adoption of HKAS 40 has affected the Group to re-classify guesthouse and flats from investment properties to properties.

HKAS 16 and HKAS 17 have affected the Group's interest in guesthouse and flats to be separated into leasehold land and leasehold buildings in proportion to the relative fair values of the interests in the land and building elements at the inception of the lease. The leasehold land should be stated at cost and is amortised over the lease period on a straight line basis whereas the leasehold building is stated at deemed cost, which was its fair value at 31st March, 2005 less depreciation and impairment loss.

HKAS 17 has affected the Group's properties under development which were stated at cost less impairment loss in prior periods. They are now re-classified as leasehold land and adopted the same accounting policy as above.

1. Basis of preparation and accounting policies *(Continued)**(b) Changes in accounting policies (Continued)*

- (iii) HKAS 32 Financial Instruments: Disclosures and Presentation
- HKAS 39 Financial Instruments: Recognition and Measurement

The adoption of HKAS 32 and HKAS 39 has no effect on the condensed consolidated income statement and retained profits. The Group has reclassified its investment securities to available-for-sale financial assets. Since these investments are unlisted equity investment for non-trading nature, their fair values cannot be reliably measured and hence they are stated at cost less impairment loss. The Group has also reclassified its other investments as financial assets at fair value through profit or loss, which are acquired for trading.

- (iv) HKAS 40 Investment Property

The adoption of HKAS 40 has resulted in a change in the accounting policy for the Group's investment properties, whereby changes in fair value are recognised in the income statement. The Group is maintaining its policy of conducting an independent third party valuation of its investment properties on annual basis.

- (v) HKAS-Int 21 Income Taxes – Recovery of Revalued Non-Depreciated Assets

The adoption of HKAS-Int 21 has resulted in a change in accounting policy related to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequence that would follow from recovery of the carrying amount of that assets through use. In prior years, the carrying amount of that asset was expected to be recovered through sale.

2 Non-compliance with accounting standard relating to fair value assessment of investment properties

HKAS 40 requires an assessment of the fair value of investment properties. The Group intends to follow the same accounting treatment as adopted in 2004/2005, which is to value such investment properties on an annual basis. Accordingly, the investment properties were not revalued at 30th September, 2005, since such change of practice could introduce a significant element of short-term volatility into the income statement in respect of assets which are being held on a long-term basis. The Group intends to conduct an independent assessment of the fair value of the investment properties at 31st March, 2005 and at each subsequent year end. It is not practicable to estimate the financial effect of this non-compliance as no interim valuation of the properties has been conducted.

3 Effect of adopting New HKFRS

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

	Effect of adopting					Total HK\$
	HKAS 16 HK\$	HKAS 17 HK\$	HKAS 32 & HKAS 39 HK\$	HKAS 40 HK\$	HKAS-INT21 HK\$	
At 30th September, 2005						
Decrease in investment properties	-	-	-	(131,000,000)	-	(131,000,000)
Increase in property, plant and equipment	15,183,763	-	-	-	-	15,183,763
Decrease in properties under development	-	(12,219,558)	-	-	-	(12,219,558)
Increase in leasehold land and land use rights	-	21,960,093	-	-	-	21,960,093
Increase in trade and other receivables	-	-	12,902,386	-	-	12,902,386
Increase in short term bank borrowings	-	-	(12,902,386)	-	-	(12,902,386)
Increase in deferred tax liabilities	-	-	-	-	(29,906,000)	(29,906,000)
Increase/(Decrease) in net assets	<u>15,183,763</u>	<u>9,740,535</u>	<u>-</u>	<u>(131,000,000)</u>	<u>(29,906,000)</u>	<u>(135,981,702)</u>
Decrease in investment revaluation reserve	-	-	-	(170,889,988)	-	(170,889,988)
Increase/(Decrease) in retained earnings	<u>(302,944)</u>	<u>(105,772,758)</u>	<u>-</u>	<u>170,889,988</u>	<u>(29,906,000)</u>	<u>34,908,286</u>
Decrease in total equity	<u>(302,944)</u>	<u>(105,772,758)</u>	<u>-</u>	<u>-</u>	<u>(29,906,000)</u>	<u>(135,981,702)</u>

3 Effect of adopting New HKFRS (Continued)

	Effect of adopting					Total HK\$
	HKAS 16 HK\$	HKAS 17 HK\$	HKAS 32 & HKAS 39 HK\$	HKAS 40 HK\$	HKAS-INT 21 HK\$	
At 31st March, 2005						
Increase in property, plant and equipment	1,047,403	-	-	-	-	1,047,403
Decrease in properties under development	-	(12,219,558)	-	-	-	(12,219,558)
Increase in leasehold land and land use rights	-	9,236,678	-	-	-	9,236,678
Increase in trade and other receivables	-	-	11,463,199	-	-	11,463,199
Increase in short term bank borrowings	-	-	(11,463,199)	-	-	(11,463,199)
Increase in deferred tax liabilities	-	-	-	-	(29,906,000)	(29,906,000)
	<u>1,047,403</u>	<u>(2,982,880)</u>	<u>-</u>	<u>-</u>	<u>(29,906,000)</u>	<u>(31,841,477)</u>
Increase/(Decrease) in net assets						
Decrease in retained earnings	-	(1,935,477)	-	-	(29,906,000)	(31,841,477)
Decrease in total equity	-	(1,935,477)	-	-	(29,906,000)	(31,841,477)

(b) *The effect of changes in accounting policies on the consolidated income statement are as follows:*

	Effect of adopting					Total HK\$
	HKAS 16 HK\$	HKAS 17 HK\$	HKAS 32 & HKAS 39 HK\$	HKAS 40 HK\$	HKAS-INT 21 HK\$	
At 30th September, 2005						
Increase in administrative expenses	<u>302,944</u>	<u>169,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>472,148</u>
Decrease in profit attributable to shareholders	<u>(302,944)</u>	<u>(169,204)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(472,148)</u>
At 30th September, 2004						
Increase in administrative expenses	<u>-</u>	<u>79,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,801</u>
Decrease in profit attributable to shareholders	<u>-</u>	<u>(79,801)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,801)</u>

4. Segment information

- (a) Primary reporting format – business segments
 (i) Six months ended on 30th September (unaudited)

	Property development and investment		Manufacturing and trading of plastic packaging material		Stock broking and finance		Eliminations		Consolidated	
	2005	2004 (Restated)	2005	2004 (Restated)	2005	2004 (Restated)	2005	2004 (Restated)	2005	2004 (Restated)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover										
External sales	12,927,214	11,678,425	148,466,509	99,175,375	7,853,007	10,616,149	-	-	169,246,730	121,469,949
Inter-segment sales	1,712,042	820,269	-	-	-	-	(1,712,042)	(820,269)	-	-
Total revenue	14,639,256	12,498,694	148,466,509	99,175,375	7,853,007	10,616,149	(1,712,042)	(820,269)	169,246,730	121,469,949
Segment results	(425,966)	701,352	8,943,197	6,190,362	882,090	3,095,688			9,399,321	9,987,402
Finance costs									(4,612,271)	(2,043,810)
Share of (loss) profits of associates	(50,279)	238,536	40,136	(3,101,850)	-	-			(10,143)	(2,863,314)
Profit before taxation									4,776,907	5,080,278
Taxation credit (charges)	2,499,341	(33,667)	(128,336)	(449,179)	(371,247)	(466,087)			1,999,758	(948,933)
Profit for the period									6,776,665	4,131,345
Depreciation & amortisation	1,146,391	285,858	4,096,521	3,650,822	84,116	109,263			5,327,028	4,045,943
Capital expenditure	1,094,780	127,830	8,455,750	14,467,021	85,687	14,280			9,636,217	14,609,131

- (ii) As at 30th September 2005 and 31st March 2005

	30th September 2005	31st March 2005	30th September 2005	31st March 2005	30th September 2005	31st March 2005	30th September 2005	31st March 2005
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment assets	252,320,202	368,415,993	267,568,674	249,376,793	72,041,349	130,403,200	591,750,225	748,195,986
Interest in associates	17,366,367	17,416,646	5,310,486	2,120,188	-	-	22,676,853	19,536,834
Unallocated assets							6,475,889	6,475,889
Total assets	269,686,569	385,832,639	272,879,160	251,496,981	72,041,349	130,403,200	620,882,967	774,208,709
Segment liabilities	65,679,495	67,517,426	26,939,131	28,284,724	17,049,404	52,388,515	109,668,030	148,190,665
Unallocated liabilities							184,392,341	202,358,761
Total liabilities	65,679,495	67,517,426	26,939,131	28,284,724	17,049,404	52,388,515	294,060,371	350,549,426

4. Segment information (Continued)

(b) Secondary reporting format – geographical segments (unaudited)

	Six months ended 30th September,				As at 30th September 2005 and 31st March 2005	
	Turnover		Capital expenditure		Segment assets	
	2005	2004 (Restated)	2005	2004 (Restated)	30th September 2005	31st March 2004 (Restated)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Hong Kong	44,728,146	23,758,572	1,483,673	309,083	336,805,631	530,600,263
Mainland China	5,705,122	3,145,079	8,152,544	14,300,048	219,984,268	189,491,889
North America	45,272,170	32,284,752	-	-	13,734,355	9,419,344
Europe	22,421,775	17,259,245	-	-	7,917,533	6,014,074
Oceania	21,575,327	18,036,678	-	-	5,699,400	6,493,564
Asia	29,544,190	26,985,623	-	-	7,589,038	5,749,221
Other	-	-	-	-	-	427,631
	169,246,730	121,469,949	9,636,217	14,609,131	591,730,225	748,195,986

5. Turnover

	Six months ended 30th September	
	2005 (Unaudited) HK\$	2004 (Restated) HK\$
Sale of goods	148,466,509	99,175,375
Sales of trading properties	5,658,253	3,032,761
Gross rental income	6,149,423	7,448,617
Brokerage commission	7,347,617	10,342,442
Guest house income	1,119,538	1,197,047
Gains on foreign exchange dealings	220,572	221,592
Dividend income	284,818	52,115
	169,246,730	121,469,949

6. Profit from operations

	Six months ended 30th September,	
	2005 (Unaudited) HK\$	2004 (Restated) HK\$
Profit from operations is arrived at after charging:		
Cost of inventories sold	108,778,316	68,206,681
Cost of trading properties sold	5,606,764	3,669,743
Bad debt provision and written off	424,670	315,385
Impairment loss of other assets	2,110,001	–
Exchange loss	572,409	–
Staff costs (including directors' remuneration)	22,370,989	22,167,737
Salaries, wages and allowance	20,283,467	20,392,300
Medical and other benefits	1,308,466	1,335,957
Pension costs-defined contribution plans	396,582	366,949
Severance payment	382,474	72,531
Operating lease rental in respect of land and buildings	615,000	297,000
Depreciation & amortisation	5,327,028	4,045,943
and after crediting:		
Exchange gain	–	166,675
Gross rental income from investment properties	6,149,423	7,448,617
Less: outgoings	(101,909)	(109,193)
Net rental income	6,047,514	7,339,424

7. Finance costs

	Six months ended 30th September,	
	2005 (Unaudited) HK\$	2004 (Restated) HK\$
Interest on:		
Bank loans and overdrafts wholly repayable within five years	3,407,154	1,266,550
Bank loans wholly repayable over five years	373,338	–
Other borrowings	394,473	265,118
Bank charges	437,306	512,142
	<u>4,612,271</u>	<u>2,043,810</u>

8. Taxation credit/(charges)

	Six months ended 30th September,	
	2005 (Unaudited) HK\$	2004 (Restated) HK\$
Current year		
Hong Kong Profits tax	(371,247)	(571,642)
China profits tax provision	2,319,910	–
Deferred taxation	51,095	(377,291)
	<u>1,999,758</u>	<u>(948,933)</u>

Hong Kong Profits tax has been provided at the rate of 17.5% (2004:17.5%) 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 period at the rates of taxation prevailing in the countries in which the businesses operate.

Share of associates taxation for the six months ended 30th September, 2005 of nil (2004 restated: HK\$1,247 credit) is included in the share of loss of associates.

9. Earnings per share

The calculation of the earnings per share is based on the profit attributable to shareholders of HK\$6,248,674 (2004 restated: HK\$4,221,051) and ordinary shares in issue of 197,653,500 shares.

10. Capital expenditure

	Properties under development HK\$	Construction in progress HK\$	Investment property HK\$	Property, plant & equipment HK\$	Leasehold land & land use right HK\$
Opening net book value at 31st March, 2005, as previously reported	12,219,558	10,066,985	315,812,893	146,303,304	-
Re-classification for the adoption of HKAS 16	-	(10,066,985)	-	10,066,985	-
Re-classification for the adoption of HKAS 17	-	-	-	(4,137,929)	4,137,929
Prior adjustment for the adoption of HKAS 16 & HKAS 17	(12,219,558)	-	-	1,047,404	9,236,677
Opening net book value at 31st March, 2005, as restated	-	-	315,812,893	153,279,764	13,374,606
Opening adjustment for the adoption of HKAS 40	-	-	(131,000,000)	21,430,000	5,901,923
Opening net book value at 1st April, 2005, as restated	-	-	184,812,893	174,709,764	19,276,529
Additions	-	-	-	6,712,837	2,923,380
Depreciation/amortisation	-	-	-	(5,087,212)	(239,816)
Disposal	-	-	-	(152,086)	-
Exchange alignment	-	-	-	1,944,516	-
Net book value as at 30th September, 2005	-	-	184,812,893	178,127,819	21,960,093

11. 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 receivables was as follows:

	30th September, 2005 (Unaudited) HK\$	31st March, 2005 (Restated) HK\$
0-1 month	67,683,206	115,099,246
2-3 months	12,344,893	16,881,209
Over 3 months	14,701,438	12,883,129
	94,729,537	144,863,584
Less: provision for bad debts	(3,706,894)	(3,426,347)
	91,022,643	141,437,237

12. Trade and other payables

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

	30th September, 2005 (Unaudited) HK\$	31st March, 2005 (Restated) HK\$
0-1 month	48,312,067	81,491,217
2-3 months	5,547,248	6,704,550
Over 3 months	21,121,086	23,565,910
	74,980,401	111,761,677

13. Bank borrowings

	30th September, 2005 (Unaudited) HK\$	31st March, 2005 (Restated) HK\$
Secured bank overdrafts	1,376,523	1,690,237
Secured bank loans	183,015,818	200,668,524
	<u>184,392,341</u>	<u>202,358,761</u>
Secured bank loans and overdrafts repayable:		
Within one year	125,340,873	144,195,626
More than one year but not exceeding two years	15,418,135	23,986,279
More than two years but not exceeding five years	25,133,333	14,676,856
More than five years	18,500,000	19,500,000
	<u>184,392,341</u>	<u>202,358,761</u>
Portion due within one year included under current liabilities	<u>(125,340,873)</u>	<u>(144,195,626)</u>
Portion due after one year	<u>59,051,468</u>	<u>58,163,135</u>

14. Share capital

	30th September, 2005 (Unaudited) HK\$	31st March, 2005 (Restated) HK\$
Authorised:		
200,000,000 shares of HK\$1.00 each	<u>200,000,000</u>	<u>200,000,000</u>
Issue and fully paid:		
197,653,500 shares of HK\$1.00 each	<u>197,653,500</u>	<u>197,653,500</u>

15. COMMITMENTS

As at 30th September, 2005, the Group had commitments under non-cancellable operating leases in respect of land and buildings to make payment in the following periods as follows:

	30th September, 2005 (Unaudited) HK\$	31st March, 2005 (Restated) HK\$
within one year	1,999,886	1,870,742
in the second to fifth year inclusive	3,181,099	3,288,387
Over five years	2,558,065	2,858,065
	<u>7,739,050</u>	<u>8,017,194</u>

16. FUTURE RENTAL INCOMES

As at 30th September, 2005, the total future rental incomes receivable under non-cancellable operating leases are analysed as follows:

	30th September, 2005 (Unaudited) HK\$	31st March, 2005 (Restated) HK\$
Within one year	6,280,096	10,268,903
More than one year but not exceeding five years	7,749,132	3,505,166
	<u>14,029,228</u>	<u>13,774,069</u>

17. Capital commitments

	30th September, 2005 (Unaudited) HK\$	31st March, 2005 (Restated) HK\$
Contracted for but not provided in the financial statements in respect of plant expansion project and building re-development project	<u>3,260,000</u>	<u>2,529,000</u>

18. Pledge of assets

The Group had the following assets pledged to bank to secure general banking facilities granted to the Group:

	30th September, 2005 (Unaudited) HK\$	31st March, 2005 (Restated) HK\$
Investment properties in Hong Kong at valuation	144,000,000	275,000,000
Land & building in Hong Kong, at net book value	64,092,163	37,547,765
Time deposits	9,724,123	9,691,687
	<u>217,816,286</u>	<u>322,239,452</u>
Margin clients' Hong Kong listed shares, at market value	<u>47,704,875</u>	<u>40,600,254</u>

19. Contingent liabilities

The Company had unsettled tax dispute regarding the deductibility of interest expenses incurred in the year of 2000/2001.

20. Post balance sheet event

The guesthouse business has ceased operation at the end of October 2005 which involves severance payment of about HK\$560,000.

- 21.** The unaudited interim financial statements for the six months ended 30th September, 2005 have been reviewed by the Audit Committee of the Group.