

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated 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 Standard (HKAS) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies used in the condensed consolidated interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31st March 2006.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA, which are effective for accounting periods beginning on or after 1st January 2006 respectively. The adoption of the new standards, amendments and interpretations had no material effect on how the results for the current and/or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The adoption of these standards, amendments or interpretations will have no material impacts on the financial statements of the Group.

HKAS 1 (Amendment)

HKFRS 7

HK (IFRIC) - Int 8

HK (IFRIC) - Int 9

Capital disclosures

Financial instruments: Disclosures

Scope of HKFRS 2

Reassessment of Embedded Derivatives

2. Accounting policy relating to fair value assessment of investment properties

In 2005, it was the group's practice to state its investment properties at fair value, based on independent third party valuations conducted on an annual basis. Accordingly, no valuation was conducted on the Group's investment properties as at 30th September 2005 and there was no revaluation gain or loss and related deferred tax recorded in the consolidation income statement for the six months ended 30th September 2005.

With effect from 1st April 2006, in order to comply with the HKAS 40 "Investment Property", the Group states its investment properties at fair value, based on independent third party valuation, at both the interim and year-end balance sheet dates. This has resulted in an increase in the fair value of investment properties and a related deferred tax charge in the consolidated income statement for the six months ended 30th September 2006, amounting to HK\$8,220,000 and HK\$1,438,500 respectively. Accordingly, the carrying values of investment properties, deferred tax liabilities and minority interests have increased by HK\$8,220,000, HK\$1,438,500 and HK\$153,252 respectively in the consolidated balance sheet as at 30th September 2006.

3. Segment Information

1) Primary reporting format – business segments

	Six months ended 30th September 2006				
	Property development & investment HK\$ (Unaudited)	Manufacturing & trading plastic packaging material HK\$ (Unaudited)	Stock broking & finance HK\$ (Unaudited)	Elimination HK\$ (Unaudited)	Total HK\$ (Unaudited)
Turnover					
External sales	5,430,016	143,255,574	6,706,615	-	155,392,205
Inter-segment sales	1,724,180	-	-	(1,724,180)	-
Total revenue	<u>7,154,196</u>	<u>143,255,574</u>	<u>6,706,615</u>	<u>(1,724,180)</u>	<u>155,392,205</u>
Operation result	(1,760,537)	12,528,430	4,237,169		15,005,062
Fair value changes on investment properties	8,220,000	-	-		8,220,000
Segment results	<u>6,459,463</u>	<u>12,528,430</u>	<u>4,237,169</u>		<u>23,225,062</u>
Finance costs	-	-	-		(6,262,051)
Share of (loss) profit of associates	59,818	(120,020)	-		(60,202)
Profit before taxation					16,902,809
Taxation (charges) credit	48,890	(1,223,441)	(600,000)		(1,774,551)
Profit for the period					<u>15,128,258</u>
Depreciation & amortisation	1,340,116	4,153,133	86,395		5,579,644
Capital expenditure	5,880	3,790,515	114,022		3,910,417

3. Segment Information (Continued)

l) Primary reporting format – business segments (Continued)

	Six months ended 30th September 2005				
	Property development & investment HK\$ (Unaudited)	Manufacturing & trading plastic packaging material HK\$ (Unaudited)	Stock broking & finance HK\$ (Unaudited)	Elimination HK\$ (Unaudited)	Total HK\$ (Unaudited)
Turnover					
External sales	12,927,214	148,466,509	7,853,007	-	169,246,730
Inter-segment sales	1,712,042	-	-	(1,712,042)	-
Total revenue	<u>14,639,256</u>	<u>148,466,509</u>	<u>7,853,007</u>	<u>(1,712,042)</u>	<u>169,246,730</u>
Operation result	(425,966)	8,943,197	882,090		9,399,321
Fair value changes on investment properties	-	-	-		-
Segment results	<u>(425,966)</u>	<u>8,943,197</u>	<u>882,090</u>		9,399,321
Finance costs					(4,612,271)
Share of (loss) profit of associates	(50,279)	40,136	-		(10,143)
Profit before taxation					4,776,907
Taxation (charges) credit	2,499,341	(128,336)	(371,247)		1,999,758
Profit for the period					<u>6,776,665</u>
Depreciation & amortisation	1,146,391	4,096,521	84,116		5,327,028
Capital expenditure	1,094,780	8,455,750	85,687		9,636,217

3. Segment Information (Continued)

1) Primary reporting format – business segments (Continued)

	As at 30th September 2006			
	Property development & investment HK\$ (Unaudited)	Manufacturing & trading plastic packaging material HK\$ (Unaudited)	Stock broking & finance HK\$ (Unaudited)	Total HK\$ (Unaudited)
Segment assets	345,904,336	245,838,363	99,273,003	691,015,702
Interest in associates	43,989,592	6,357,905	–	50,347,497
Unallocated corporate assets	–	–	–	8,410,989
Total assets	<u>389,893,928</u>	<u>252,196,268</u>	<u>99,273,003</u>	<u>749,774,188</u>
Segment liabilities	58,232,248	46,468,822	30,287,886	134,988,956
Unallocated liabilities	–	–	–	193,701,214
Total liabilities	–	–	–	<u>328,690,170</u>
Minority interests	–	13,653,464	1,459,052	15,112,516
	<u>–</u>	<u>13,653,464</u>	<u>1,459,052</u>	<u>15,112,516</u>
	As at 31st March 2006			
	Property development & investment HK\$ (Audited)	Manufacturing & trading plastic packaging material HK\$ (Audited)	Stock broking & finance HK\$ (Audited)	Total HK\$ (Audited)
Segment assets	331,414,138	222,170,667	174,096,690	727,681,495
Interest in associates	43,410,373	8,388,987	–	51,799,360
Unallocated corporate assets	–	–	–	6,475,889
Total assets	<u>374,824,511</u>	<u>230,559,654</u>	<u>174,096,690</u>	<u>785,956,744</u>
Segment liabilities	54,590,908	35,039,457	94,279,019	183,909,384
Unallocated liabilities	–	–	–	194,685,005
Total liabilities	–	–	–	<u>378,594,389</u>
Minority interests	–	13,133,479	1,593,634	14,727,113
	<u>–</u>	<u>13,133,479</u>	<u>1,593,634</u>	<u>14,727,113</u>

3. Segment Information (Continued)

II) Geographical Segment

	Six months ended 30th September 2006		As at 30th September 2006
	Turnover HK\$ (Unaudited)	Capital Expenditure HK\$ (Unaudited)	Segment Assets HK\$ (Unaudited)
Hong Kong	18,301,028	129,396	458,315,574
Mainland China	4,356,728	3,781,021	201,035,794
North America	43,784,057	–	10,923,329
Europe	20,325,374	–	5,540,406
Oceania	22,663,885	–	8,838,816
Asia	45,615,000	–	6,361,783
Other	346,133	–	–
	155,392,205	3,910,417	691,015,702

	Six months ended 30th September 2005		As at 31st March 2006
	Turnover HK\$ (Unaudited)	Capital Expenditure HK\$ (Unaudited)	Segment Assets HK\$ (Audited)
Hong Kong	44,728,146	1,483,673	506,603,268
Mainland China	5,705,122	8,152,544	193,008,893
North America	45,272,170	–	7,108,315
Europe	22,421,775	–	5,629,493
Oceania	21,575,327	–	7,828,606
Asia	29,544,190	–	7,502,920
Other	–	–	–
	169,246,730	9,636,217	727,681,495

4. Turnover

	Six months ended 30th September	
	2006	2005
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Sale of goods	143,255,574	148,466,509
Sales of trading properties	–	5,658,253
Gross rental income	5,430,016	6,149,423
Brokerage commission	6,222,661	7,347,617
Guest house income	–	1,119,538
Gains on foreign exchange dealings	207,983	220,572
Dividend income	275,971	284,818
	<u>155,392,205</u>	<u>169,246,730</u>

5. Other Revenues

	Six months ended 30th September	
	2006	2005
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest income	3,568,907	2,782,516
Other income	775,198	1,816,079
Consultancy & management fee	140,400	571,762
Realised holding loss on financial assets at fair value through income statement	(9,776)	(26,248)
Unrealised holding gain (loss) on financial assets at fair value through income statement	670,243	(114,808)
Bad debts recovered	50,688	–
	<u>5,195,660</u>	<u>5,029,301</u>

6. Profit from Operations

	Six months ended 30th September	
	2006	2005
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Profit from operations is arrived at after charging:		
Cost of inventories sold	99,184,795	108,778,316
Cost of trading properties sold	–	5,606,764
Bad debts written off	–	424,670
Impairment loss of intangible assets	–	2,110,001
Exchange loss	546,419	572,409
Staff costs (including directors' remuneration)	19,068,153	22,370,989
Salaries, wages and allowance	16,844,243	20,283,467
Welfare	1,289,512	1,308,466
Defined contribution plans	335,894	396,582
Long service payment	598,504	–
Severance payment	–	382,474
Operating lease rental in respect of land and buildings	688,197	615,000
Depreciation & amortisation	<u>5,579,644</u>	<u>5,327,028</u>
and after crediting :		
Net rental income	5,318,785	6,047,514
Gross rental income from investment properties	5,430,016	6,149,423
Less: outgoings	<u>(111,231)</u>	<u>(101,909)</u>

7. Finance Costs

	Six months ended 30th September	
	2006	2005
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans and overdrafts wholly repayable within five years	4,745,888	3,341,642
over five years	436,578	438,850
Other borrowings	597,078	394,473
 Bank charges	 482,507	 437,306
	<u>6,262,051</u>	<u>4,612,271</u>

8. Taxation (Charge)/Credit

	Six months ended 30th September	
	2006	2005
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Company and subsidiaries		
Hong Kong profits tax	(1,207,650)	(371,247)
China profits tax	(200,000)	2,319,910
Deferred taxation in respect of:		
tax losses	1,057,390	-
fair value changes on investment properties	(1,438,500)	-
temporary differences	14,209	51,095
	<u>(1,774,551)</u>	<u>1,999,758</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2005:17.5%) on the estimated assessable profits arising in Hong Kong for the period. Taxation on China profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the country in which the business operates.

9. Earnings per Share

The calculation of the earnings per share is based on the profit attributable to Shareholders of HK\$14,744,205 (2005: HK\$6,248,674) and ordinary shares in issue of 197,653,500 shares.

10. Investment Properties

Investment properties were revalued at their open market values at 30th September, 2006. The revaluation was carried out by K.T. Liu Surveyors Limited, an independent valuer. As a result of the revaluation, a net gain of HK\$8,220,000 has been included in the consolidated income statement.

11. Property, Plant & Equipment

During the six months ended 30th September, 2006, the Group acquired items of property, plant & equipment with a cost of HK\$3,910,417 (2005: HK\$6,712,837) and disposed of items of property, plant & equipment with a net book value of HK\$56,724 (2005: HK\$152,086).

12. 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 2006 HK\$ (Unaudited)	31st March 2006 HK\$ (Audited)
0-1 month	85,479,954	172,229,931
2-3 months	15,801,858	11,640,696
Over 3 months	15,605,146	12,470,901
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	116,886,958	196,341,528
Impairment loss	-	(2,612,342)
	<hr/>	<hr/>
	116,886,958	193,729,186
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13. Trade and Other Payables

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

	30th September 2006 HK\$ (Unaudited)	31st March 2006 HK\$ (Audited)
0-1 month	46,487,745	106,248,322
2-3 months	10,132,998	5,210,028
Over 3 months	38,697,944	35,543,056
	<u>95,318,687</u>	<u>147,001,406</u>

14. Borrowings

	30th September 2006 HK\$ (Unaudited)	31st March 2006 HK\$ (Audited)
Secured bank overdrafts	8,601,354	2,100,008
Secured bank loans	179,410,585	181,579,022
Unsecured bank loans	5,689,275	11,005,975
	<u>193,701,214</u>	<u>194,685,005</u>
Bank loans and overdrafts repayable:		
Within one year	160,067,881	154,258,682
More than one year but not exceeding two years	12,400,000	18,992,990
More than two years but not exceeding five years	14,733,333	13,933,333
More than five years	6,500,000	7,500,000
	<u>193,701,214</u>	<u>194,685,005</u>
Portion due within one year included under current liabilities	<u>(160,067,881)</u>	<u>(154,258,682)</u>
Portion due after one year	<u>33,633,333</u>	<u>40,426,323</u>

15. Share Capital

	30th September 2006 HK\$ (Unaudited)	31st March 2006 HK\$ (Audited)
Authorized : 200,000,000 shares of HK\$1.00 each	<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid: 197,653,500 shares of HK\$1.00 each	<u>197,653,500</u>	<u>197,653,500</u>

16. Commitments

As at 30th September, 2006, 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 2006 HK\$ (Unaudited)	31st March 2006 HK\$ (Audited)
Within one year	1,343,358	2,183,406
In the second to fifth year inclusive	2,530,742	3,252,797
Over five years	<u>1,958,065</u>	<u>2,258,065</u>
	<u>5,832,165</u>	<u>7,694,268</u>

17. Future Rental Incomes

As at 30th September, 2006, the total future rental incomes receivable under non-cancellable operating leases are analysed as follows:

	30th September 2006 HK\$ (Unaudited)	31st March 2006 HK\$ (Audited)
Within one year	9,287,224	9,800,757
More than one year but not exceeding five years	<u>9,461,908</u>	<u>9,865,392</u>
	<u>18,749,132</u>	<u>19,666,149</u>

18. Capital Commitments

	30th September 2006 HK\$ (Unaudited)	31st March 2006 HK\$ (Audited)
Contracted for but not provided in the financial statements in respect of factory plant expansion project and building re-development project	<u>21,953,000</u>	<u>6,814,000</u>

19. Pledge of Assets

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

	30th September 2006 HK\$ (Unaudited)	31st March 2006 HK\$ (Audited)
Investment properties in Hong Kong at total carrying value	187,299,386	183,079,000
Hotel buildings & leasehold land in Hong Kong at total carrying value	15,558,204	15,957,000
Self-used properties & leasehold land in Hong Kong at total carrying value	42,494,184	43,044,000
Time deposits	<u>12,152,053</u>	<u>14,273,512</u>
	<u>257,503,827</u>	<u>256,353,512</u>
Margin clients' Hong Kong listed shares, at market value	<u>50,600,583</u>	<u>40,975,308</u>

20 Related Parties Transactions

During the period, in addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at normal commercial terms:

	Six months ended 30th September	
	2006	2005
	HK\$	HK\$
	(Unaudited)	(Unaudited)
i. Income received from associates of the Group		
– consultancy and management fee	140,400	267,562
– interest income	355,778	349,762
– sale of finished goods	2,419,710	5,105,269
– sale of raw materials	2,779,876	1,982,865
– sharing of production overheads	65,367	525,653
ii. Payment to an associate of the Group		
– purchase of finished goods	–	2,239,199
– purchase of raw materials & production materials	90,672	13,360
– sub-contracting charges	–	381,504
– commission	13,099	–
iii. Payment to a company in which the Chairman of the Group has controlling interest		
– rental expenses	300,000	300,000

21. Contingent Liabilities

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

22. Comparative Figures

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

23. The unaudited condensed consolidated interim financial statements for the six months ended 30th September 2006 have been reviewed by the Audit Committee of the Group.