

1. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated accounts have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The consolidated accounts have been prepared under the historical cost convention except for (i) certain properties which are stated at revalued amounts less subsequent accumulated depreciation and accumulated impairment losses; and (ii) available-for-sale financial assets and investment properties, which are carried at fair value.

The accounting policies used in the condensed consolidated accounts are consistent with those followed in the preparation of the Group’s consolidated accounts for the year ended 31 December 2005.

In the current period, the Group has also applied, for the first time, the following new standards, amendments and interpretation issued by the HKICPA (hereinafter collectively referred to as the “new HKFRSs”) that are effective for the accounting periods beginning on or after 1 December 2005 or 1 January 2006.

HKAS 19 Amendment	Actuarial gains and losses, group plans and disclosures
HKAS 21 Amendment	Net investment in a foreign operation
HKAS 39 Amendment	Cash flow hedge accounting of forecast intragroup transactions
HKAS 39 Amendment	The fair value option
HKAS 39 & HKFRS 4 Amendments	Financial guarantee contracts
HKFRS 6	Exploration for and evaluation of mineral resources
HKFRS — Interpretation 4	Determining whether an arrangement contains a lease
HKFRS — Interpretation 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
HK(IFRIC) — Interpretation 6	Liabilities arising from participating in a specific market — waste electrical and electronic equipment

The adoption of the above new HKFRSs has had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

1. Basis of Preparation and Accounting Policies (Continued)

The Group has not applied for the early adoption of the following new standards, amendments and interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new standards, amendments and interpretations to the Group's results of operations and financial position in the period of initial application.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosure	1 January 2007
HK(IFRIC) — Interpretation 7	Applying the Restatement Approach under HKAS29 Financial Reporting in Hyperinflationary Economies	1 March 2006
HK(IFRIC) — Interpretation 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC) — Interpretation 9	Reassessment of Embedded Derivatives	1 June 2006

The Company has previously disclosed in the segment information (*Note 2*) the unrealised profit in respect of the inter-company sales by carpets and yarn operations as a separate item in "elimination of segment results". Following the reclassification of the wool spinning operations of Foshan Nanhai Tai Ping Carpets Company Limited from "Yarn" to "Carpet" segment in 2005, virtually all the unrealised profits in such inter-company sales arise within the "Carpet" segment. Management believes that the inclusion of such unrealised profits in "Carpet" segment is a fair representation of the Group's activities.

2. Segment Information

(a) Business segments

The principal activities of the Group consist of manufacture, import, export and sale of carpets, manufacture and sale of yarn, trading of interior furnishings, investment and property holding.

An analysis of the Group's revenue and results for the period by business segments is as follows:

	Six months ended 30 June 2006						Continuing operations	Discontinued operation	Total
	Carpet HK\$'000	Yarn HK\$'000	Interior furnishings HK\$'000	Property holding HK\$'000	Elimination HK\$'000	Unallocated HK\$'000			
Revenue									
— External revenue	337,257	27,436	12,308	2,920	-	-	379,921	23,738	403,659
— Inter-segment revenue	254	-	-	1,045	(1,299)	-	-	-	-
	337,511	27,436	12,308	3,965	(1,299)	-	379,921	23,738	403,659
Segment results	(7,676)	5,601	796	6,742	-	(825)	4,638	(4,169)	469
Finance costs							(3,081)	-	(3,081)
Share of (loss)/profits of									
— An associate	(11)	-	-	-	-	-	(11)	-	(11)
— Joint ventures	10,908	-	-	-	-	-	10,908	-	10,908
Profit/(loss) before taxation							12,454	(4,169)	8,285
Taxation							(3,639)	502	(3,137)
Profit/(loss) after taxation							8,815	(3,667)	5,148

2. Segment Information (Continued)

(a) Business segments (Continued)

	Six months ended 30 June 2005 (as restated)						Continuing operations	Discontinued operation	Total
	Carpet HK\$'000	Yarn HK\$'000	Interior furnishings HK\$'000	Property holding HK\$'000	Elimination HK\$'000	Unallocated HK\$'000			
Revenue									
— External revenue	260,292	29,786	9,332	3,453	-	-	302,863	19,741	322,604
— Inter-segment revenue	-	-	-	34	(34)	-	-	-	-
	260,292	29,786	9,332	3,487	(34)	-	302,863	19,741	322,604
Segment results	(15,155)	5,022	296	18,227	-	19,728	28,118	126	28,244
Finance costs							(1,344)	-	(1,344)
Share of (loss)/profits of									
— An associate	(608)	-	-	-	-	-	(608)	-	(608)
— Joint ventures	9,200	-	-	-	-	-	9,200	-	9,200
Profit before taxation							35,366	126	35,492
Taxation							(7,692)	(478)	(8,170)
Profit/(loss) after taxation							27,674	(352)	27,322

(b) Geographical segments

An analysis of the Group's turnover and segment results for the period by geographical segments is as follows:

	Turnover Six months ended 30 June					
	Continuing operations		Discontinued operation		Total	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong and Macau	28,923	15,139	23,489	19,454	52,412	34,593
Mainland China	16,385	18,251	-	287	16,385	18,538
South East Asia	102,602	103,574	96	-	102,698	103,574
Middle East	10,101	11,353	-	-	10,101	11,353
Other Asian countries	8,101	8,393	-	-	8,101	8,393
Europe	31,889	31,643	-	-	31,889	31,643
North America	177,360	111,100	153	-	177,513	111,100
Others	4,560	3,410	-	-	4,560	3,410
	379,921	302,863	23,738	19,741	403,659	322,604

2. Segment Information (Continued)

(b) Geographical segments (Continued)

	Segmental results Six months ended 30 June					
	Continuing operations		Discontinued operation		Total	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Hong Kong and Macau	2,960	32,492	(4,266)	67	(1,306)	32,559
Mainland China	(5,786)	3,801	–	59	(5,786)	3,860
South East Asia	1,971	6,627	57	–	2,028	6,627
Middle East	1,918	(301)	–	–	1,918	(301)
Other Asian countries	(163)	1,577	–	–	(163)	1,577
Europe	(8,327)	(3,231)	–	–	(8,327)	(3,231)
North America	11,303	(13,129)	40	–	11,343	(13,129)
Others	762	282	–	–	762	282
	4,638	28,118	(4,169)	126	469	28,244

3. Operating Profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Crediting:		
Profit on disposal of property, plant and equipment	–	369
Charging:		
Depreciation of property, plant and equipment (Note 8)	22,198	19,163
Amortisation of leasehold land and land use rights (Note 8)	266	118
Loss on disposal of property, plant and equipment	196	–

4. Finance Costs

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	3,081	1,344

5. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the applicable rates of taxation prevailing in the respective countries.

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

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Taxation relating to continuing operations		
Current taxation		
Hong Kong profits tax	2,168	856
Overseas taxation	2,404	7,430
Deferred taxation relating to the origination and reversal of temporary differences	(933)	(594)
	3,639	7,692
Taxation relating to discontinued operation		
Current taxation		
Hong Kong profits tax	35	–
Deferred taxation relating to the origination and reversal of temporary differences	(537)	478
	(502)	478
Total taxation charge	3,137	8,170

Share of taxation of an associate and joint ventures for the six months ended 30 June 2006 of HK\$33,000 (2005: HK\$25,000) and HK\$3,340,000 (2005: HK\$2,834,000) respectively are included in the share of profits/(losses) of an associate and joint ventures.

6. Discontinued Operation/Disposal Group Held for Sale

During the period, the Company decided to dispose of Indigo and Banyan Tree, both wholly-owned subsidiaries of the Company. Indigo and Banyan Tree collectively represented a separate line of business under the category “Interior Furnishings” for the purpose of HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Sale and purchase agreements were executed on 7 July 2006, whereby the Company’s entire interests in both Indigo and Banyan Tree were sold to the acquirer at a consideration of HK\$19,200,000. The disposal was completed on the same date.

The aggregate results of Indigo and Banyan Tree for the period are as follows:

	Six months ended 30 June	
	2006 HK\$’000	2005 HK\$’000
Turnover	23,738	19,741
Cost of sales	(9,056)	(8,158)
Gross profit	14,682	11,583
Interest income from banks and finance leases	43	36
Distribution costs	(1,773)	(862)
Administrative expenses	(10,987)	(10,659)
Other operating (expenses)/income, net	(89)	28
Profit before tax	1,876	126
Taxation credit/(charge)	502	(478)
Profit/(loss) after tax	2,378	(352)
Loss recognised on measurement to fair value less costs to sell	(6,045)	–
	(3,667)	(352)

During the period, Indigo and Banyan Tree used an aggregate of HK\$3,910,000 (2005: HK\$1,555,000) of cash in respect of Group’s net operating cash flows, and paid HK\$2,091,000 (2005: HK\$935,000) in respect of investing activities.

6. Discontinued Operation/Disposal Group Held for Sale (Continued)

The assets and liabilities of Indigo and Banyan Tree were classified as a disposal group held for sale under HKFRS 5. The major classes of assets and liabilities comprising the disposal group are as follows:

	30 June 2006 HK\$'000
Property, plant and equipment (Note 8)	5,148
Deferred tax assets (Note 11)	1,663
Inventories	6,693
Net investment in finance leases	1,312
Trade and other receivables (Note 9)	12,460
Cash and cash equivalents	4,812
	32,088
Less: Loss recognised on measurement to fair value less costs to sell	(6,045)
Assets of the disposal group held for sale	26,043
Trade and other payables, and total for liabilities associated with assets classified as held for sale (Note 12)	(6,843)

7. Earnings/(Loss) per Share

(a) From continuing and discontinued operations

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period.

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Profit attributable to equity holders of the Company	3,555	24,106
	No. of ordinary shares	
Weighted average number of ordinary shares in issue (thousands)	212,187	211,933
Basic earnings per share (HK cents)	1.67	11.37

7. Earnings/(Loss) per Share (Continued)

(a) From continuing and discontinued operations (Continued)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares, namely share options. For these share options a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	3,555	24,106
	No. of ordinary shares	
Weighted average number of ordinary shares in issue (thousands)	212,187	211,933
Adjustments for share options (thousands)	–	6
Weighted average number of ordinary shares in issue for diluted earnings per share (thousands)	212,187	211,939
Diluted earnings per share (HK cents)	1.67	11.37

No adjustment for share options is made as all share options outstanding as at 30 June 2006 had an anti-dilutive effect on the earnings per share of the Company.

(b) From continuing operations

Basic

The calculation of the basic earnings per share from continuing operations attributable to the equity holders of the Company is based on the following information:

	2006	2005
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	3,555	24,106
Add: Loss attributable to equity holders from discontinued operation	3,667	352
Profit attributable to equity holders of the Company from continuing operations	7,222	24,458
	No. of ordinary shares	
Weighted average number of ordinary shares in issue (thousands)	212,187	211,933
Basic earnings per share (HK cents)	3.40	11.54

7. Earnings/(Loss) per Share (Continued)

(b) From continuing operations (Continued)***Diluted***

The calculation of the diluted earnings per share from continuing operations attributable to the equity holders of the Company is based on the profit attributable to equity holders from continuing operations of HK\$7,222,000 (2005: HK\$24,458,000). The denominators used are the same as those detailed above for diluted earnings per share from continuing and discontinued operations.

(c) From discontinued operation***Basic***

The calculation of the basic loss per share from discontinued operation attributable to the equity holders of the Company is based on the following information:

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Loss attributable to equity holders from discontinued operation	3,667	352
	No. of ordinary shares	
Weighted average number of ordinary shares in issue (thousands)	212,187	211,933
Basic loss per share (HK cents)	1.73	0.17

Diluted

The calculation of the diluted loss per share from discontinued operation attributable to the equity holders of the Company is based on the loss attributable to equity holders from discontinued operation of HK\$3,667,000 (2005: HK\$352,000). The denominators used are the same as those detailed above for diluted earnings per share from continuing and discontinued operations.

8. Capital Expenditure

	Six months ended 30 June 2006						
	Leasehold	Investment properties	Property, plant and equipment			Construction in progress	Total
	land and land use rights		Buildings	Other assets	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Opening net book value as at 1 January 2006	21,739	73,130	107,984	195,456	303,440	12,282	410,591
Exchange adjustments	–	2,020	3,356	5,971	9,327	561	11,908
Additions	–	–	–	6,882	6,882	6,428	13,310
Transfer from construction in progress to property, plant and equipment	–	–	–	10,223	10,223	(10,223)	–
Fair values changes	–	3,140	–	–	–	–	3,140
Disposals	–	–	–	(1,302)	(1,302)	(331)	(1,633)
Depreciation	(266)	–	(2,841)	(19,357)	(22,198)	–	(22,464)
Reclassified to investment properties held for sale	–	(43,540)	–	–	–	–	(43,540)
Reclassified to assets of a disposal group held for sale (Note 6)	–	–	–	(5,148)	(5,148)	–	(5,148)
Closing net book value at 30 June 2006	21,473	34,750	108,499	192,725	301,224	8,717	366,164

9. Trade and Other Receivables

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Trade receivables	139,302	151,745
Less: Impairment loss of receivables	(14,917)	(15,493)
Trade receivables — net	124,385	136,252
Other receivables	30,184	25,406
Less: Reclassified to assets of a disposal group held for sale (Note 6)	(12,460)	-
	142,109	161,658

Note:

The amount approximated to the fair value as at 30 June 2006. The credit terms of the Group range from 0 to 90 days, depending on the credit status and repayment history of customers. At balance sheet dates the ageing analysis of the trade receivables was as follows:

9. Trade and Other Receivables (Continued)

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Current — 30 days	74,166	86,020
31 days — 60 days	17,483	27,705
61 days — 90 days	9,273	8,037
Over 90 days	38,380	29,983
	139,302	151,745

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers, internationally dispersed.

10. Share Capital

	No. of shares	HK\$'000
Authorised — HK\$0.10 per share:		
At 1 January 2006 and 30 June 2006	400,000,000	40,000
Issued and fully paid:		
As 1 January 2006	211,933,488	21,193
Exercise of share options (note)	254,000	25
At 30 June 2006	212,187,488	21,218

Note: The existing share options scheme ("2002 Share Options Scheme" or the "Scheme") was approved by the shareholders of the Company at an Annual General Meeting held on 23 May 2002. The Scheme fully complies with Chapter 17 of the Listing Rules.

In 2005 a total of 2,000,000 share options were granted to Mr. James H. Kaplan, Chief Executive Officer of the Company. As at 30 June 2006 an aggregate of 1,000,000 share options granted under the 2002 Share Options Scheme remained outstanding, representing approximately 0.47% of the issued share capital of the Company.

10. Share Capital (Continued)

Details of the share options outstanding as at 30 June 2006 are as follows:

Name	Balance as at 1 January 2006	Date of grant	Changes during the year			Balance as at 30 June 2006	Exercise price (HK\$) (Note a)	Exercisable period
			Granted	Lapsed	Exercised			
James H. Kaplan	500,000	10 January 2005	–	246,000	254,000	–	1.21	31 December 2005 – 31 January 2006
	500,000	10 January 2005	–	–	–	500,000	1.21	31 December 2006 – 31 January 2007
	500,000	10 January 2005	–	–	–	500,000	1.21	31 December 2007 – 31 January 2008

Note a: The exercise price of the share options granted to Mr. James H. Kaplan was fixed at the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days before the date of grant. The closing price of the shares at the date on which the options were granted was HK\$1.18.

Apart from the above, the Company had not granted any share option under the 2002 Share Options Scheme to any other persons as required to be disclosed under Rule 17.07 of the Listing Rules.

The Company uses the Black Scholes option pricing model (the "Model") to value share options granted. The Model is one of the commonly used models to estimate the fair value of an option. The value of an option varies with different variables of certain subjective assumptions. Any change in such variables so adopted may materially affect the estimation of the fair value of an option.

The aggregate fair value of the options determined at the date of grant using the Model was HK\$341,000. Such value is expensed through the Group's profit and loss account over the respective vesting periods of each batch of options. Accumulated share options expenses of HK\$176,000 were recognised in the previous years, while in 2006 a further HK\$88,000 was expensed during the period, with a corresponding adjustment recognised in the Group's capital reserve.

10. Share Capital (Continued)

The fair value of the share options are determined based on the following significant variables and assumptions:

Date of grant	10 January 2005
Closing price at the date of grant	HK\$1.18
Risk free rate (Note i)	0.58% — 1.63%
Expected life of options	1 — 3 years
Expected volatility (Note ii)	38.65%
Expected dividend per annum (Note iii)	HK\$0.0218

Notes:

- i. Risk free rate: being the approximate yields of Exchange Fund Notes and Bills traded on the date of grant, matching the expected life of each batch of options.
- ii. Expected volatility: being the approximate volatility of closing prices of the share of the Company in the past one year immediately before the date of grant.
- iii. Expected dividend per annum: being the approximate average annual cash dividend for the past five financial years.

11. Deferred Taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2005: 17.5%).

	Six months ended 30 June 2006 HK\$'000	Year ended 31 December 2005 HK\$'000
At 1 January	3,649	7,223
Exchange differences	116	(100)
Deferred taxation relating to the origination and reversal of temporary differences credited to profit and loss account	(1,470)	(3,474)
	2,295	3,649
Amount classified as disposal group held for sale (Note 6)	1,663	-
At the end of the period/year	3,958	3,649

11. Deferred Taxation (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the period is as follows:

Deferred tax liabilities

	Accelerated tax depreciation allowance		Revaluation of properties		Others		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	3,964	5,035	8,955	10,378	–	–	12,919	15,413
(Credited)/charged to profit and loss account	(3,229)	(1,071)	1,047	(971)	88	–	(2,094)	(2,042)
Exchange differences	–	–	456	(452)	–	–	456	(452)
	735	3,964	10,458	8,955	88	–	11,281	12,919
Amount classified as disposal group held for sale	(111)	–	–	–	–	–	(111)	–
At 30 June 2006/ 31 December 2005	624	3,964	10,458	8,955	88	–	11,170	12,919

Deferred tax assets

	Impairment of assets		Tax losses		Others		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	8,203	7,180	953	841	114	169	9,270	8,190
(Charged)/credited to profit and loss account	(779)	1,372	213	112	(58)	(52)	(624)	1,432
Exchange differences	340	(349)	–	–	–	(3)	340	(352)
	7,764	8,203	1,166	953	56	114	8,986	9,270
Amount classified as disposal group held for sale	(902)	–	(872)	–	–	–	(1,774)	–
At 30 June 2006/ 31 December 2005	6,862	8,203	294	953	56	114	7,212	9,270

11. Deferred Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Deferred tax assets	710	1,983
Deferred tax liabilities	(4,668)	(5,632)
	(3,958)	(3,649)

12. Trade and Other Payables

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Trade payables	36,483	46,482
Other payables	148,487	106,534
Less: Reclassified to liabilities directly associated with assets of a disposal group held for sale (Note 6)	(6,843)	–
	178,127	153,016

At balance sheet dates, the ageing analysis of the trade payables was as follows:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Current — 30 days	30,323	29,374
31 days — 60 days	3,583	11,094
61 days — 90 days	742	3,214
Over 90 days	1,835	2,800
	36,483	46,482

13. Contingent Liabilities

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Corporate guarantee in respect of performance bonds issued by the subsidiaries to customers	8,762	4,892
Counter-indemnity in respect of performance bonds issued by banks	2,558	1,856
Guarantees in lieu of utility deposits	4,198	1,088
Guarantees in lieu of accessory security for a sales order	–	653
	15,518	8,489

14. Capital Commitments

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Contracted but not provided for in respect of property, plant and equipment	1,712	1,208
Authorised but not contracted for in respect of property, plant and equipment	538	3,076
	2,250	4,284

The Group's share of capital commitments of the joint ventures themselves not included in the above are as follows:

Contracted but not provided for in respect of property, plant and equipment	25,175	24,996
Authorised but not contracted for in respect of property, plant and equipment	27,713	31,157
	52,888	56,153

15. Related Party Transactions

The following transactions were carried out in the normal course of the Group's business:

(1) Sales of goods and services

	Six months ended 30 June 2006 HK\$'000	2005 HK\$'000
Sales of carpets:		
An associate (Note a)	3,914	1,152
Joint ventures (Note a)	–	140
The Hongkong and Shanghai Hotels, Limited ("HKS Hotels") (Note b)	1,559	3,494
Furniture sales and leasing:		
HKS Hotels	285	234
	5,758	5,020

15. Related Party Transactions (Continued)

(1) Sales of goods and services (Continued)

- (a) Sales to an associate and joint ventures were conducted in the normal course of the business and at mutually agreed prices between the parties.
- (b) By virtue of the fact that HKS Hotels is under common control with the Company, the Company's transactions with HKS Hotels and its subsidiaries are related party transactions.

(2) Purchase of goods and services

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Purchase of goods from:		
An associate (Note c)	2,306	–
Joint ventures (Note c)	3,180	–
Purchase of services from:		
Rental paid to HKS Hotels (Note d)	235	272
	5,721	272

- (c) Purchases from an associate and joint ventures were conducted in the normal course of business and at mutually agreed prices between the parties.
- (d) Rental paid to HKS Hotels was based on fixed monthly amounts mutually agreed by parties involved.

(3) Year-end balances arising from sales/purchases of goods/services

	30 June 2006	31 December 2005
	HK\$'000	HK\$'000
Receivables from related parties:		
An associate	1,070	1,403
HKS Hotels	33	286
	1,103	1,689
Payables to related parties:		
Joint ventures	1,058	901

16. Events after Balance Sheet Date

- (a) On 7 July 2006, Dong Fung Lim Mei Company Limited and Hong Kong Carpet (Holdings) Limited (both wholly-owned subsidiaries of the Company) entered into sale and purchase agreements on normal commercial terms pursuant to which they sold, the entire issued share capital of Indigo and Banyan Tree respectively, at a consideration of HK\$19,200,000. The operations of Indigo and Banyan Tree have been classified as discontinued operation under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” (please refer to Note 6 for details). Following the disposals, Indigo and Banyan Tree ceased to be subsidiaries of the Company.
- (b) On 23 August 2006, Carpets International Thailand Public Company Limited, a subsidiary of the Company, sold on normal commercial terms all its rights, title and interest in a piece of land located in the Pathumthani Province, Thailand and the buildings, structures, fixtures, landscaping, roads, electrical and mechanical items, water facilities and general infrastructure on the land to an independent third party. The consideration amounted to Baht 217,700,000 (approximately HK\$43,540,000). The land and building was previously included under “Investment properties” and was classified as “Investment properties held for sale” under current assets in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. The difference between the consideration and the carrying value as at 31 December 2005 of HK\$3,140,000 has been included in the results for the half year ended 30 June 2006 as revaluation surplus of the property.