

Notes to the Condensed Consolidated Financial Statements

1. Significant accounting policies

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standards ("HKASs") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounting policies and basis of preparation adopted are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31st December, 2007 except that the Group has changed certain of its accounting policies following the adoption of new/revised Hong Kong Financial Reporting Standards, HKASs and Interpretations ("HKFRS") which are effective for accounting periods commencing on or after 1st January, 2008. The changes to the Group's accounting policies and the effect of adopting these new accounting policies are set out in note 2 below.

2. Summary of significant accounting policies

In 2008, the Group adopted the standard, amendment and interpretations of HKFRS below, which are relevant to its operations.

HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions (effective from 1st March, 2007)
HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirement and their Interaction

The Group has assessed the impact of the adoption of these standard, amendment and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies.

The following new standard has been issued but is not effective for 2008 and has not been early adopted:

HK (IFRIC) – Int 13	Customer Loyalty Programmes
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments

The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether substantial changes to Group's accounting policies and presentation of the financial statements will be resulted.

Notes to the Condensed Consolidated Financial Statements

3. Business and geographical segments

At 30th June, 2008, the Group is organised on a product basis into four main business segments.

- (1) trading of industrial consumables
- (2) manufacturing of plastic processing products
- (3) manufacturing of machinery; and
- (4) manufacturing of printed circuit board

The segment results for the period ended 30th June, 2008 are as follows:

	Industrial consumables HK\$'000	Plastic processing products HK\$'000	Machinery HK\$'000	Printed circuit board HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	188,365	192,933	385,375	244,342	-	-	1,011,015
Inter-segment sales	3,828	-	1,100	-	-	(4,928)	-
Total revenue	192,193	192,933	386,475	244,342	-	(4,928)	1,011,015
Inter-segment sales are charged at prevailing market rates							
RESULT							
Segment result	17,126	5,135	13,938	10,327	810	3,463	50,799
Unallocated corporate expenses							(14,929)
Profit from operations							35,870
Finance costs							(12,266)
Investment income							1,164
Share of results of associates							5,651
Profit before taxation							30,419

Notes to the Condensed Consolidated Financial Statements

3. Business and geographical segments (Continued)

The segment results for the period ended 30th June, 2007 are as follows:

	Industrial consumables HK\$'000	Plastic processing products HK\$'000	Machinery HK\$'000	Printed circuit board HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	186,390	228,035	372,699	222,465	-	-	1,009,589
Inter-segment sales	3,617	-	5,090	-	-	(8,707)	-
Total revenue	190,007	228,035	377,789	222,465	-	(8,707)	1,009,589

Inter-segment sales are charged
at prevailing market rates

RESULT

Segment result	18,388	4,874	16,208	21,498	7,773	3,990	72,731
Unallocated corporate expenses							(16,840)
Profit from operations							55,891
Finance costs							(13,024)
Investment income							783
Loss on disposal of a subsidiary							(1,305)
Share of results of associates							14,512
Profit before taxation							56,857

Sales revenue by geographical market Six months ended 30th June,

	2008 HK\$'000	2007 HK\$'000
Hong Kong	350,499	398,243
Other regions in the People's Republic of China	534,156	485,091
Other Asia-Pacific countries	87,903	55,198
Europe	22,970	19,401
North America	15,487	51,656
	1,011,015	1,009,589

Notes to the Condensed Consolidated Financial Statements

4. Profit from operations

	Six months ended 30th June,	
	2008 HK\$'000	2007 HK\$'000
Profit from operations has been arrived at after charging:		
Depreciation and amortisation		
Depreciation and amortisation on:		
Owned assets	26,604	26,293
Assets held under finance leases	1,615	2,379
Leasehold land and land use rights	609	960
Loss on disposal of property, plant and equipment	1,954	–
Fair value loss on derivative financial instruments	172	–
and after crediting:		
Gain on disposal of property, plant and equipment	–	5,774

5. Taxation

	Six months ended 30th June,	
	2008 HK\$'000	2007 HK\$'000
The charge comprises:		
Hong Kong Profits Tax	1,502	1,803
Overseas taxation	3,315	3,692
Deferred taxation	524	–
	5,341	5,495

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Condensed Consolidated Financial Statements

6. Earnings per share

The calculation of the basic earnings per ordinary share is based on the Group's profit attributable to equity holder of the Company divided by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th June,	
	2008	2007
Weighted average number of shares in issue during the period	710,022,692	707,522,692
Profit attributable to the equity holders of the Company	HK\$20,184,000	HK\$40,610,000
Earnings per share	2.84 cents	5.74 cents

7. Property, plant and equipment

During the period, the group has acquired property, plant and equipment amounting to approximately HK\$26,928,000.

8. Trade and other receivables

The Group allows an average credit period of 90 days to 120 days to its customers.

Included in trade and other receivables are trade and bills receivables of approximately HK\$625,670,000 (31st December, 2007: approximately HK\$570,742,000) and their ageing analysis is as follows:

	30th June, 2008	31st December, 2007
	HK\$'000	HK\$'000
0 to 3 months	474,553	406,553
4 to 6 months	45,509	91,082
7 to 9 months	40,395	26,970
Over 9 months	65,213	46,137
	625,670	570,742

Notes to the Condensed Consolidated Financial Statements

9. Trade and other payables

Included in trade and other payables are trade and bills payables of approximately HK\$564,748,000 (31st December, 2007: approximately HK\$479,823,000) and their ageing analysis is as follows:

	30th June, 2008 HK\$'000	31st December, 2007 HK\$'000
0 to 3 months	487,315	407,736
4 to 6 months	57,294	52,840
7 to 9 months	6,726	6,701
Over 9 months	13,413	12,546
	564,748	479,823

10. Derivative financial instruments

Derivative financial instruments which represent foreign exchange forward contracts which are not qualified for hedge accounting under the requirements of HKAS 39 are deemed as held for trading.

11. Share capital

	Number of ordinary shares	Value HK\$'000
Ordinary shares of HK\$0.40 each		
Authorised:		
At 1st January, 2008 and 30th June, 2008	1,000,000,000	400,000
Issued and fully paid:		
At 1st July, 2007	707,522,692	283,009
Shares issued upon exercise of share options	2,500,000	1,000
At 1st January, 2008 and 30th June, 2008	710,022,692	284,009

Notes to the Condensed Consolidated Financial Statements

12. Other reserves

	Buildings revaluation	Share options	Translation	Other	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2007	18,084	–	22,588	(38)	40,634
Realised on disposal of interest in a subsidiary	–	–	(211)	–	(211)
Currency translation differences	–	–	13,488	–	13,488
At 30th June, 2007 and 1st July, 2007	18,084	–	35,865	(38)	53,911
Fair value gains:					
– Available-for-sale financial assets	–	–	–	(29)	(29)
Revaluation surplus on buildings	2,609	–	–	–	2,609
Deferred taxation adjustment	(107)	–	–	–	(107)
Realised on disposal of properties	(7,687)	–	–	–	(7,687)
Realised on disposal of subsidiaries	–	–	(248)	–	(248)
Realised on disposal of associates	–	–	960	–	960
Recognition on grant of share options	–	3,215	–	–	3,215
Transfer on exercise of share options	–	(139)	–	–	(139)
Transfer on lapse of share options	–	(24)	–	–	(24)
Currency translation differences	–	–	26,852	–	26,852
At 31st December, 2007 and 1st January, 2008	12,899	3,052	63,429	(67)	79,313
Fair value gains:					
– Available-for-sale financial assets	–	–	–	2	2
Transfer on lapse of share options	–	(2,864)	–	–	(2,864)
Currency translation differences	–	–	41,252	–	41,252
	–	(2,864)	41,252	2	38,390
At 30th June, 2008	12,899	188	104,681	(65)	117,703

Notes to the Condensed Consolidated Financial Statements

13. Operating lease commitments

The Group as lessee

	30th June, 2008	30th June, 2007
	HK\$'000	HK\$'000
Minimum lease payments made during the period under operating leases in respect of:		
Land and buildings	7,451	6,806
Plant and machinery	14	347
	7,465	7,153

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30th June, 2008	31st December, 2007
	HK\$'000	HK\$'000
Within one year	12,589	10,865
In the second to fifth year inclusive	37,694	35,554
Over five years	43,350	42,600
	93,633	89,019

Operating lease payments represent rentals payable by the Group for certain of its office properties and factories and plant and machinery. Leases are negotiated for an average term of 2-10 years and rentals are fixed for an average of 2-10 years.

The Group as lessor

Property rental income earned during the period net of outgoings of approximately HK\$24,000 (2007: approximately HK\$103,000) was approximately HK\$208,000 (2007: approximately HK\$1,129,000). In 2007, the properties generated rental yields of 8%.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease receipts under non-cancellable operating leases:

	30th June, 2008	31st December, 2007
	HK\$'000	HK\$'000
Within one year	-	383

Notes to the Condensed Consolidated Financial Statements

14. Other commitments

	30th June, 2008	31st December, 2007
	HK\$'000	HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Investments	119,293	119,293
Capital expenditure authorised but not contracted for in respect of the acquisition of property, plant and equipment	–	–

15. Contingent liabilities

	30th June, 2008	31st December, 2007
	HK\$'000	HK\$'000
Guarantees given to financial institutions in respect of credit facilities utilized by outsiders	–	894

16. Pledge of assets

At the balance sheet date, the following assets were pledged by the Group to secure general banking facilities:

	Net Book Value	
	30th June, 2008	31st December, 2007
	HK\$'000	HK\$'000
Leasehold buildings	24,777	67,690
Leasehold land and land use rights	4,097	12,381
Plant and machinery	8,015	10,648
Bank deposits (<i>Note</i>)	25,703	33,820
	62,592	124,539

Note: The bank deposits have been pledged to secure short-term bank borrowings and are therefore classified as current assets.

Notes to the Condensed Consolidated Financial Statements

17. Transactions and balances with related parties

During the period, the Group had significant transactions with the following related parties:

	Six months ended	
	30th June,	
	2008	2007
	HK\$'000	HK\$'000
Substantial shareholder and its subsidiaries:		
EDP charges received (<i>note i</i>)	92	92
Management fee paid (<i>note i</i>)	1,410	1,407
Companies controlled by certain directors:		
Management fee paid (<i>note i</i>)	498	498
EDP charges received (<i>note i</i>)	–	26

At the balance sheet date, the Group has balances with the following related parties:

	30th June, 2008		31st December, 2007	
	HK\$'000		HK\$'000	
Substantial shareholder and its subsidiaries:				
Balances due from the Group (<i>note ii</i>)	898		637	
Balances due to the Group (<i>note ii</i>)	16		118	
Minority shareholders:				
Balances due from the Group (<i>note ii</i>)	383		383	
Balances due to the Group (<i>note ii</i>)	1,263		944	
Associates:				
Balance due from the Group (<i>note ii</i>)	1,317		48,703	
Balances due to the Group (<i>note ii</i>)	29,438		45,187	

Notes:

- (i) The prices of the transactions were determined by the directors with reference to prices for similar transactions with unrelated third parties.
- (ii) The balances are unsecured, interest free and have no fixed repayment term.