

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, 2008 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, 2009. 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 the current interim period, the Group has applied, for the first time, the following new/revised HKFRS issued by the HKICPA, which are effective for the Group’s financial year beginning 1st January, 2009.

HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendments to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In 2009, the following new standard has been issued but is not effective for 2009 and has not been early adopted:

Effective for annual periods beginning on or after 1st July, 2009

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners

Effective for transfers on or after 1st July, 2009

HK(IFRIC) – Int 18	Transfer of Assets from Customers
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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.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group has adopted HKFRS 8 "Operating segments" with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, "Segment reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

At 30th June, 2009, 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
- (4) manufacturing of printed circuit board

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3. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

The Group determines its operating segments based on the internal reports reviewed by the management that are used to make strategic decisions. Segment results represent the profit (loss) for the period in each operating segment. This is the measure reported to the Group's management for the purpose of resource allocation and assessment of segment performance.

The segment results for the period ended 30th June, 2009 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	118,796	149,232	215,646	206,332	1,401	-	691,407
Inter-segment sales	1,303	19	213	-	2,630	(4,165)	-
Total revenue	120,099	149,251	215,859	206,332	4,031	(4,165)	691,407
Inter-segment sales are charged at prevailing market rates							
RESULT							
Segment result	3,710	781	(24,865)	26,346	1,977	409	8,358
Unallocated corporate expenses							(12,335)
Loss from operations							(3,977)
Finance costs							(8,468)
Investment income							1,133
Share of results of associates							3,775
Loss before taxation							(7,537)

| NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS |

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

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

**Sales revenue by
geographical market
Six months ended 30th June,
2009 2008
HK\$'000 HK\$'000**

Hong Kong	272,702	350,499
Other regions in the People's Republic of China	353,769	534,156
Other Asia-Pacific countries	43,235	87,903
Europe	13,120	22,970
North America	8,581	15,487
	691,407	1,011,015

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4. (LOSS) PROFIT FROM OPERATIONS

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
(Loss) profit from operations has been arrived at after charging:		
Depreciation and amortisation		
Depreciation and amortisation on:		
Owned assets	24,655	26,604
Assets held under finance leases	1,793	1,615
Leasehold land and land use rights	379	609
Loss on disposal of property, plant and equipment	943	1,954
Fair value loss on derivative financial instruments	-	172
	-	172

5. TAXATION

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	479	1,502
Overseas taxation	2,093	3,315
Deferred taxation	-	524
	2,572	5,341

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) on the estimated assessable profits for the period.

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

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6. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per ordinary share is based on the Group's (loss) 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,	
	2009	2008
Weighted average number of shares in issue during the period	709,930,692	710,022,692
(Loss) profit attributable to the equity holders of the Company	(HK\$18,147,000)	HK\$20,184,000
(Loss) earnings per share	(2.56 cents)	2.84 cents

7. PROPERTY, PLANT AND EQUIPMENT

During the period, the group has acquired property, plant and equipment amounting to approximately HK\$33,203,000.

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\$444,345,000 (31st December, 2008: approximately HK\$503,042,000) and their ageing analysis is as follows:

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
0 to 3 months	313,111	331,820
4 to 6 months	29,871	68,847
7 to 9 months	16,520	36,523
Over 9 months	84,843	65,852
	444,345	503,042

| 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\$386,689,000 (31st December, 2008: approximately HK\$448,014,000) and their ageing analysis is as follows:

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
0 to 3 months	296,820	281,025
4 to 6 months	59,724	139,722
7 to 9 months	13,530	14,671
Over 9 months	16,615	12,596
	386,689	448,014

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, 2009 and 30th June, 2009	1,000,000,000	400,000
Issued and fully paid:		
At 1st July, 2008	710,022,692	284,009
Repurchase of own shares	(92,000)	(37)
At 1st January, 2009 and 30th June, 2009	709,930,692	283,972

| NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS |

12. OPERATING LEASE COMMITMENTS

The Group as lessee

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Minimum lease payments made during the period under operating leases in respect of:		
Land and buildings	7,434	7,451
Plant and machinery	-	14
	7,434	7,465

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, 2009	31st December, 2008
	HK\$'000	HK\$'000
Within one year	12,623	10,896
In the second to fifth year inclusive	30,381	26,446
Over five years	22,011	28,162
	65,015	65,504

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\$41,000 (2008: approximately HK\$24,000) was approximately HK\$194,000 (2008: approximately HK\$208,000).

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, 2009	31st December, 2008
	HK\$'000	HK\$'000
Within one year	685	298
In the second to fifth year inclusive	61	61
	746	359

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13. CAPITAL COMMITMENTS

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Capital expenditure:		
Authorised but not contracted for	-	-
Contracted but not provided for	2,652	2,652
	2,652	2,652

14. CONTINGENT LIABILITIES

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Guarantees given to financial institutions in respect of credit facilities utilized by outsiders	9,097	9,097

15. 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, 2009 HK\$'000	31st December, 2008 HK\$'000
Plant and machinery	34,728	34,716
Bank deposits (<i>Note</i>)	34,033	120,698
	68,761	155,414

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 |

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	Six months ended	
	30th June,	
	2009	2008
	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>)	1,412	1,407
Companies controlled by certain directors:		
Management fee paid (<i>note i</i>)	498	498
EDP charges received (<i>note i</i>)	26	–
Associates:		
Sales of finished good (<i>note i</i>)	51	–
Sub-contracting charges received (<i>note i</i>)	1,320	–
EDP charges received (<i>note i</i>)	64	–
Purchases (<i>note i</i>)	5,911	–

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

	30th June,	31st December,
	2009	2008
	HK\$'000	HK\$'000
Substantial shareholder and its subsidiaries:		
Balances due from the Group (<i>note ii</i>)	166	401
Balances due to the Group (<i>note ii</i>)	26	12
Non-controlling shareholders:		
Balances due from the Group (<i>note ii</i>)	383	383
Balances due to the Group (<i>note ii</i>)	825	825
Associates:		
Balance due from the Group (<i>note ii</i>)	61,719	61,742
Balances due to the Group (<i>note ii</i>)	78,367	95,288

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.