

## DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to pay an interim dividend of 8 cents per share plus an interim special dividend of 3 cents per share (2005: an interim dividend of 8 cents per share plus an interim special dividend of 3 cents per share) to the shareholders of the Company whose names appear in the Register of Members of the Company on October 20, 2006.

It is expected that dividend warrants will be dispatched to the shareholders of the Company on or before November 2, 2006.

The Register of Members of the Company will be closed from October 16, 2006 to October 20, 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim and interim special dividends, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrars in Hong Kong, Secretaries Limited, at the 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, October 13, 2006.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SUMMARY OF RESULTS

The Group's revenue and profit attributable to the equity holders of the Company for the six months period ended June 30, 2006 amounted to approximately HK\$1,027,991,000 and HK\$134,806,000 (2005: HK\$1,078,239,000 and HK\$141,303,000) respectively, marginally lower than that of the same period in 2005 but have shown significant improvements in comparison with the second half of 2005. Basic earnings per share for the period were 24.06 cents (2005: 25.22 cents).

### DYEING AND FINISHING MACHINE MANUFACTURING

*Fong's National Engineering Company, Limited, Fong's National Engineering (Shenzhen) Co., Ltd., THEN Maschinen GmbH, THEN Maschinen (HK) Limited, Goller Textilmaschinen GmbH, Goller (HK) Limited, Xorella AG and Xorella Hong Kong Limited*

For the period under review, the revenue from this segment as a whole was similar to that of the corresponding period in 2005 as a result of a moderate slowdown in sales in the China market while solid growth in the overseas markets balanced the set back. In addition, sales in the China market have already shown improvements as compared to the second half of 2005. The revenue amounted to approximately HK\$598,685,000 (2005: HK\$635,420,000), representing a decrease of 6% as compared with the same period in 2005. It accounted for approximately 58% of the Group's consolidated revenue. The segment results dropped 26% to approximately HK\$75,168,000 (2005: HK\$101,920,000).