

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

*For the six months ended 30th June, 2006*

### 1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA")

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared in consistent with those followed in the Annual Report 2005 except the adoption of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") which are effective for accounting periods commencing on or after January 1, 2006. The adoption of the new HKFRSs has no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

The Group has not early applied the new standards, interpretations and amendments that have been issued but are not yet effective for the six months ended 30th June, 2006.

## INTERIM RESULTS

### 3. SEGMENTAL INFORMATION

The analysis of the turnover of the Group and the contribution to profit before taxation by principal activity was as follow:

	Turnover		Contribution to profit before taxation	
	Six months ended 30th June		Six months ended 30th June	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By Principal Activity:				
Continuing operations:				
Trading and distribution –				
Industrial products	1,066,743	847,933	96,681	72,776
Manufacturing –				
Industrial products	1,505,920	1,194,393	68,557	13,942
Others	20,943	21,868	(5,139)	3,266
	<b>2,593,606</b>	2,064,194	<b>160,099</b>	89,984
Impairment loss recognised in respect of medium-term leasehold factory premises in the PRC			(25,249)	–
Net impairment loss recognised in respect of freehold land and buildings in overseas			(3,170)	–
Gain on disposal of partial interest in a subsidiary			–	21,539
Loss on disposal of an associate			–	(227)
Share of result of an associate			(244)	–
Profit before taxation			<b>131,436</b>	111,296

## INTERIM RESULTS

### 4. TAXATION

	<b>Six months ended 30th June</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
The charge comprises:		
The Company and its subsidiaries		
Hong Kong	<b>22,396</b>	7,079
Other jurisdictions	<b>11,583</b>	10,162
	<b>33,979</b>	17,241

Hong Kong Profits Tax is calculated at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period of each member of the Group in Hong Kong. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

### 5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	<b>Six months ended 30th June</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Earnings for basic and diluted earnings per share	<b>85,491</b>	85,451
		<b>Number of shares</b>
	<b>2006</b>	2005
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>692,791,964</b>	692,791,964
Effect of dilutive potential ordinary shares:		
– options	<b>19,087,196</b>	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>711,879,160</b>	692,791,964

## INTERIM RESULTS

### 6. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK\$1,013,599,000 (At 31st December, 2005: HK\$886,118,000). The Group has a policy of allowing an average credit period of 60 days to its trade customers. The following is an aged analysis of trade receivables at the reporting date:

	<b>30th June 2006 HK\$'000</b>	31st December 2005 HK\$'000
0 to 30 days	<b>674,335</b>	548,339
31 to 60 days	<b>132,149</b>	127,866
61 to 90 days	<b>77,081</b>	64,086
Over 90 days	<b>130,034</b>	145,827
	<b>1,013,599</b>	886,118

### 7. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payable of HK\$690,925,000 (At 31st December, 2005: HK\$560,385,000). The following is an aged analysis of trade payables at the reporting date:

	<b>30th June 2006 HK\$'000</b>	31st December 2005 HK\$'000
0 to 30 days	<b>341,671</b>	197,629
31 to 60 days	<b>149,063</b>	86,879
61 to 90 days	<b>35,615</b>	38,985
Over 90 days	<b>164,576</b>	236,892
	<b>690,925</b>	560,385

### 8. SHARE CAPITAL

	<b>Number of ordinary shares of HK\$0.10 each</b>	Amount HK\$'000
Issued and fully paid:		
At 31st December, 2005 & At 30th June, 2006	<b>692,791,964</b>	69,279

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

## INTERIM RESULTS

### 9. RELATED PARTY TRANSACTIONS

During the period, the Group has entered into the following transactions with related parties:

	Six months ended		Amount due	Amount due
	30th June		from (to)	from (to)
	2006	2005	related	related
	HK\$'000	HK\$'000	parties	parties
			30th June	31st December
			2006	2005
			HK\$'000	HK\$'000
Trade sales (note a)	2,703	1,070	173	150
Ticketing and touring income (note a)	542	198	105	141
Ticketing and touring income (note b)	226	450	208	138
Ticketing and touring income (note c)	26	36	-	-
Trade purchases (note d)	-	12	-	-
Insurance expense (note c)	4,705	4,121	(219)	(311)
Rental expense (note a)	145	145	(24)	-
Loan interest expense (note a)	-	475	-	-

Notes:

- (a) Related parties are Mr. Senta Wong, his close family members and companies of which Mr. Senta Wong and his close family members are directors.
- (b) Related parties are Mr. John Ho or Mr. Edward Tsui and their close family members.
- (c) Related party is a company of which Mr. Arthur Luk, a director of a subsidiary of the Group in Taiwan, is a director.
- (d) Related party is a company which is a supervisor of a subsidiary of the Group in Taiwan.

The prices of the above transactions were determined by the Directors by reference to market prices for similar transactions.

### 10. COMMITMENTS AND CONTINGENT LIABILITIES

	30th June	31st December
	2006	2005
	HK\$'000	HK\$'000
Capital expenditure in respect of acquisition of fixed assets contracted for but not provided in the financial statements	28,350	-