EVA Precision Industrial Holdings Limited
億和精密工業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立之有限公司）

Stock Code 股份代號 : 838

2007 Interim Report
二零零七年中期報告

To become the Leader in the Precision Metal and Plastic Moulding and Components Manufacturing Industry

成為精密沖壓及注塑工業的領導者

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Zhang Hwo Jie (Chairman)
Mr. Zhang Jian Hua (Vice Chairman)
Mr. Zhang Yaohua (Chief Executive Officer)
Mr. Nomo Kenshiro

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

Dr. Lui Sun Wing (Chairman)
Mr. Choy Tak Ho
Mr. Leung Tai Chiu

REMUNERATION COMMITTEE

Mr. Zhang Hwo Jie (Chairman)
Dr. Lui Sun Wing
Mr. Choy Tak Ho

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Wong Hoi Chu Francis *FCCA CPA*

AUTHORISED REPRESENTATIVES

Mr. Zhang Hwo Jie
Mr. Wong Hoi Chu Francis *FCCA CPA*

HEAD OFFICE

Unit 8, 6th Floor, Greenfield Tower
Concordia Plaza
No. 1 Science Museum Road, Kowloon
Hong Kong

REGISTERED OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants

STOCK CODE

838

PRINCIPAL BANKERS

Hong Kong

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Standard Chartered Bank (Hong Kong) Limited
Dah Sing Bank, Limited
CITIC Ka Wah Bank Limited

Mainland China

China Merchants Bank
Agricultural Bank of China
Shenzhen Commercial Bank
Industrial and Commercial Bank of China
Shenzhen Development Bank Co., Ltd.

LEGAL ADVISOR

Jones Day

PRINCIPAL SHARE REGISTER AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
P.O. Box 513GT, Strathvale House
North Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTER AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

INVESTOR AND MEDIA RELATION

CCG Elite Investor Relations Limited

WEBSITE

www.eva-group.com
www.irasia.com/listco/hk/evaholdings

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**Unaudited 30 June 2007 HK$'000**	Audited 31 December 2006 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*5*	**486,660**	476,794
Leasehold land and land use rights	*5*	**50,761**	24,160
Prepayments	*6*	**73,831**	19,300
Other assets		**653**	653
		611,905	520,907
Current assets			
Inventories		**136,657**	101,102
Trade receivables	*7*	**173,125**	152,542
Prepayments and deposits		**12,632**	14,816
Financial assets at fair value through profit or loss		**3,685**	–
Pledged bank deposits		**7,082**	33,245
Cash and cash equivalents		**209,140**	55,990
		542,321	357,695
Current liabilities			
Trade payables	*8*	**132,369**	112,515
Accruals and other payables		**22,301**	33,356
Bank borrowings	*9*	**32,047**	140,722
Finance lease liabilities	*10*	**26,640**	29,542
Current income tax liabilities		**12,189**	10,814
		225,546	326,949
Net current assets		**316,775**	30,746
Total assets less current liabilities		**928,680**	551,653
Non-current liabilities			
Bank borrowings	*9*	**30,973**	18,497
Finance lease liabilities	*10*	**37,051**	34,560
		68,024	53,057
Net assets		**860,656**	498,596
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*11*	**72,000**	60,000
Reserves	*13*	**788,656**	438,596
Total equity		**860,656**	498,596

The notes are an integral part of this condensed interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Unaudited Six months ended 30 June 2007 HK$'000	2006 HK$'000
Revenue	4	**426,196**	283,745
Cost of goods sold	15	**(287,254)**	(192,995)
Gross profit		**138,942**	90,750
Other gains	14	**1,014**	3
Selling and distribution expenses	15	**(21,871)**	(16,119)
General and administrative expenses	15	**(38,759)**	(26,205)
Operating profit		**79,326**	48,429
Finance income	16	**791**	651
Finance costs	16	**(5,320)**	(4,016)
Profit before income tax		**74,797**	45,064
Income tax expense	17	**(5,515)**	(4,645)
Profit for the period, attributable to equity holders of the Company		**69,282**	40,419
Earnings per share for profit attributable to equity holders of the Company, expressed in HK cents per share	18		
– basic		**HK 10.8 cents**	HK 7.0 cents
– diluted		**HK 10.7 cents**	HK 7.0 cents
Dividends	19	**21,600**	12,000

The notes are an integral part of this condensed interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

		Unaudited		
		Attributable to equity holders of the Company		
		Share capital	Reserves	Total
	Note	HK$'000	HK$'000	HK$'000
Balance at 1 January 2007		60,000	438,596	498,596
Profit for the period/ Total recognised income		–	69,282	69,282
Employee share option scheme:				
– value of employee services		–	4,200	4,200
Issue of shares	*11(b)*	12,000	309,600	321,600
Share issuance costs		–	(11,422)	(11,422)
Dividend paid		–	(21,600)	(21,600)
		12,000	280,778	292,778
Balance at 30 June 2007		72,000	788,656	860,656
Balance at 1 January 2006		52,000	254,892	306,892
Profit for the period/ Total recognised income		–	40,419	40,419
Employee share option scheme:				
– value of employee services		–	152	152
Issue of shares	*11(a)*	8,000	102,400	110,400
Share issuance costs		–	(2,933)	(2,933)
Dividend paid		–	(15,600)	(15,600)
		8,000	84,019	92,019
Balance at 30 June 2006		60,000	379,330	439,330

The notes are an integral part of this condensed interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Note	Unaudited Six months ended 30 June 2007 HK$'000	2006 HK$'000
Cash flows from operating activities			
Cash generated from operations		**74,528**	51,113
Interest received		**791**	1,109
Interest paid		**(5,236)**	(4,405)
Income tax paid		**(4,140)**	(7,597)
Net cash generated from operating activities		**65,943**	40,220
Cash flows from investing activities			
Purchase of property, plant and equipment		**(35,340)**	(105,766)
Purchase of land use rights		**(24,196)**	–
Prepayments for land use rights and property, plant and equipment		**(50,445)**	(15,320)
Purchase of financial assets at fair value through profit or loss		**(2,675)**	–
Net cash used in investing activities		**(112,656)**	(121,086)
Cash flows from financing activities			
Proceeds from bank borrowings		**236,574**	128,746
Repayments of bank borrowings		**(332,773)**	(198,824)
Repayments of capital element of finance lease liabilities		**(18,679)**	(15,808)
Decrease in pledged bank deposits		**26,163**	85,415
Issue of shares	*11(b)*	**321,600**	110,400
Share issuance costs		**(11,422)**	(2,933)
Dividends paid		**(21,600)**	(15,600)
Net cash generated from financing activities		**199,863**	91,396
Net increase in cash and cash equivalents		**153,150**	10,530
Cash and cash equivalents at beginning of period		**55,990**	36,029
Cash and cash equivalents at end of period		**209,140**	46,559

The notes are an integral part to this condensed interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

EVA Precision Industrial Holdings Limited ("the Company") and its subsidiaries (together "the Group") are principally engaged in the design and fabrication of metal stamping and plastic injection moulds, and manufacturing of metal stamping and plastic injection components and lathing products.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 11 May 2005.

This condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated. It was approved for issue by the Board of Directors on 20 August 2007.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2007 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting'. The condensed interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2006.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2006, as described in the annual financial statements of the Group for that year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

3 ACCOUNTING POLICIES *(Continued)*

The following new interpretations that have been issued but are not yet effective and have not early adopted by the Group. Management considers they are not relevant to the Group.

- HK(IFRIC)-Int 7, "Applying the Restatement Approach under IAS/HKAS 29, Financial Reporting in Hyperinflationary Economies" (effective from annual periods beginning on or after 1 March 2006)
- HK(IFRIC)-Int 9, "Reassessment of Embedded Derivatives" (effective from annual periods beginning on or after 1 June 2006)
- HK(IFRIC)-Int 12, "Service Concession Arrangements" (effective from annual periods beginning on or after 1 January 2008)

The following new standards, amendments to standards and interpretations that have been issued are not yet effective. Management considers the adoption of these new standards, amendments to standards, and interpretations are not expected to have material impacts on the Group's financial statements.

- HKFRS 7, "Financial Instruments: Disclosure" (effective from annual periods beginning on or after 1 June 2007)
- HKFRS 8, "Operating Segments" (effective from annual periods beginning on or after 1 January 2009)
- HK(IFRIC)-Int 8, "Scope of IFRS/HKFRS 2, Share-based Payment" (effective from annual periods beginning on or after 1 May 2006)
- HK(IFRIC)-Int 10, "Interim Financial Reporting and Impairment" (effective from annual periods beginning on or after 1 November 2006)
- HK(IFRIC)-Int 11, "HKFRS 2 – Group and Treasury Share Transactions" (effective from annual periods beginning on or after 1 March 2007)
- Amendment to HKAS 1, "Capital disclosures" (effective from annual periods beginning on or after 1 June 2007)
- HKAS 23 Revised, "Borrowing Costs" (effective from annual periods beginning on or after 1 January 2009)

4 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Revenue		
Design and fabrication of metal stamping moulds	**44,544**	25,967
Manufacturing of metal stamping components and lathing products	**301,976**	223,756
Design and fabrication of plastic injection moulds	**16,505**	5,781
Manufacturing of plastic injection components	**50,482**	20,870
Others*	**12,689**	7,371
	426,196	283,745

* Others mainly represent sales of scrap materials.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

4 REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Primary reporting format – business segments

At 30 June 2007, the Group is organised into two main business segments:

(i) design and fabrication of metal stamping moulds and manufacturing of metal stamping components and lathing products ("Metal stamping"); and

(ii) design and fabrication of plastic injection moulds and manufacturing of plastic injection components ("Plastic injection").

The segment results and other segment items are as follows:

	Six months ended 30 June					
	2007			2006		
	Metal stamping HK$'000	**Plastic injection HK$'000**	**Total HK$'000**	Metal stamping HK$'000	Plastic injection HK$'000	Total HK$'000
Total gross segment sales	**362,123**	**67,785**	**429,908**	258,210	26,897	285,107
Inter-segment sales	**(3,130)**	**(582)**	**(3,712)**	(1,116)	(246)	(1,362)
Sales	**358,993**	**67,203**	**426,196**	257,094	26,651	283,745
Segment results	**64,579**	**13,898**	**78,477**	46,173	3,037	49,210
Unallocated income/ (expenses)			**849**			(781)
Finance income			**791**			651
Finance costs			**(5,320)**			(4,016)
Profit before income tax			**74,797**			45,064
Income tax expense			**(5,515)**			(4,645)
Profit for the period			**69,282**			40,419
Depreciation	**18,433**	**5,557**	**23,990**	11,959	1,349	13,308
Amortisation	**483**	**39**	**522**	253	26	279

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

4 REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Primary reporting format – business segments *(Continued)*

The segment assets and liabilities are as follows:

	As at 30 June 2007				As at 31 December 2006			
	Metal stamping HK$'000	**Plastic injection HK$'000**	**Un-allocated HK$'000**	**Total HK$'000**	Metal stamping HK$'000	Plastic injection HK$'000	Un-allocated HK$'000	Total HK$'000
Assets	**868,405**	**224,213**	**61,608**	**1,154,226**	729,435	149,135	32	878,602
Liabilities	**134,119**	**20,549**	**138,902**	**293,570**	163,605	8,027	208,374	380,006
Capital expenditure	**44,529**	**16,450**	**–**	**60,979**	176,894	40,345	–	217,239

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, inventories, trade receivables and operating cash.

Segment liabilities comprise operating liabilities but exclude income tax liabilities.

Capital expenditure comprises additions to property, plant and equipment and leasehold land and land use rights.

(c) Secondary reporting format – geographical segments

Analysis of the Group's sales by geographical segment is determined based on destination of shipments/delivery of goods. Analysis of the Group's segment assets and capital expenditure is determined based on the location where the assets are located.

No geographical segment analysis on the Group's sales, assets and capital expenditure is presented as substantially all of the Group's sales are derived from Mainland China/Hong Kong, and substantially all of the Group's assets were located in Mainland China/Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

5 CAPITAL EXPENDITURE

	Property, plant and equipment	**Leasehold land and land use rights**
	HK$'000	HK$'000
Six months ended 30 June 2007		
Opening net book amount at 1 January 2007	476,794	24,160
Additions	33,856	27,123
Depreciation/amortisation charge (Note 15)	(23,990)	(522)
Closing net book amount at 30 June 2007	486,660	50,761
Six months ended 30 June 2006		
Opening net book amount at 1 January 2006	298,064	17,232
Additions	126,856	–
Depreciation/amortisation charge (Note 15)	(13,308)	(279)
Closing net book amount at 30 June 2006	411,612	16,953

Certain leasehold land and buildings were secured for the Group's borrowings (see note 9). Certain property, plant and equipment were secured for finance lease liabilities (see note 10).

6 PREPAYMENTS

	As at	
	30 June 2007	31 December 2006
	HK$'000	HK$'000
Prepayments for purchase of		
– Land use rights	**21,585**	14,233
– Property, plant and equipment	**52,246**	5,067
	73,831	19,300

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

7 TRADE RECEIVABLES

The credit period granted by the Group to its customers is generally 30 to 90 days. The aging analysis of the trade receivables is as follows:

	As at	
	30 June 2007	31 December 2006
	HK$'000	HK$'000
0 to 90 days	**152,268**	130,743
91 to 180 days	**18,439**	20,195
181 to 365 days	**3,606**	2,792
	174,313	153,730
Less: Provision for impairment of trade receivables	**(1,188)**	(1,188)
	173,125	152,542

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers. The carrying amounts of trade receivables approximate their fair values.

During the six months ended 30 June 2007, the Group did not record any impairment loss on its trade receivables (2006: Nil).

8 TRADE PAYABLES

The aging analysis of trade payables is as follows:

	As at	
	30 June 2007	31 December 2006
	HK$'000	HK$'000
0 to 90 days	**126,437**	105,892
91 to 180 days	**5,818**	6,531
181 to 365 days	**114**	87
Over 365 days	**–**	5
	132,369	112,515

The carrying amounts of trade payables approximate their fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

9 BANK BORROWINGS

	As at 30 June 2007 HK$'000	As at 31 December 2006 HK$'000
Current		
Short-term bank loans	**25,000**	107,916
Trust receipts bank loans	**–**	25,763
Long-term bank loans, current portion	**6,667**	6,667
Mortgage loan, current portion	**380**	376
	32,047	140,722
Non-current		
Long-term bank loans, non-current portion	**26,000**	13,333
Mortgage loan, non-current portion	**4,973**	5,164
	30,973	18,497
	63,020	159,219

The maturity of bank borrowings is as follows:

	As at 30 June 2007 HK$'000	As at 31 December 2006 HK$'000
Within 5 years	**59,664**	155,652
Over 5 years	**3,356**	3,567
	63,020	159,219

Bank borrowings are denominated in Hong Kong dollars. The carrying amounts of bank borrowings approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

9 BANK BORROWINGS *(Continued)*

The effective interest rates of the Group's bank borrowings at the balance sheet dates were as follows:

	Short-term bank loans		Trust receipts bank loans		Long-term bank loans		Mortgage loan	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
Hong Kong dollars	**5.6%**	5.2%	**–**	5.3%	**6.1%**	5.6%	**5.2%**	5.3%
Chinese Renminbi	**–**	5.0%	**–**	–	**–**	–	**–**	–

As at 30 June 2007, bank borrowings were secured by pledged bank deposits of approximately nil (2006: HK$26,377,000), and pledges of leasehold land and buildings located in Hong Kong with a net book amounts of approximately HK$8,388,000 (2006: HK$8,604,000) and corporate guarantees provided by the Company to its subsidiaries.

10 FINANCE LEASE LIABILITIES

The Group's finance lease liabilities have maturity dates within five years and are repayable as follows:

	As at	
	30 June 2007	31 December 2006
	HK$'000	HK$'000
Within one year	**29,672**	32,368
In the second year	**22,092**	19,051
In the third to fifth year	**17,303**	17,855
	69,067	69,274
Less: Future finance charges on finance leases	**(5,376)**	(5,172)
Present value of finance lease liabilities	**63,691**	64,102

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

10 FINANCE LEASE LIABILITIES *(Continued)*

The present value of finance lease liabilities is as follows:

	As at	
	30 June 2007	31 December 2006
	HK$'000	HK$'000
Within one year	**26,640**	29,542
In the second year	**20,375**	17,455
In the third to fifth year	**16,676**	17,105
Total finance lease liabilities	**63,691**	64,102
Less: Amount included in current liabilities	**(26,640)**	(29,542)
	37,051	34,560

Finance lease liabilities are denominated in Hong Kong dollars. The carrying amounts of finance lease liabilities approximate their fair values.

As at 30 June 2007, the effective interest rate of the Group's finance lease liabilities was 7.5% per annum (2006: 6.8% per annum).

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessors in the event of default. The net book amount of the leased assets is approximately HK$131,132,000 (2006: HK$128,759,000). The finance lease liabilities are additionally secured by corporate guarantees provided by the Company in respect of these liabilities of approximately HK$33,149,000 (2006: HK$40,932,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

11 SHARE CAPITAL

	Note	Number of shares	Nominal value
		(thousand)	HK$'000
Authorised:			
At 31 December 2006 and 30 June 2007		1,000,000	1,000,000
Issued and fully paid:			
At 1 January 2006		520,000	52,000
Issue of shares	*(a)*	80,000	8,000
At 31 December 2006		600,000	60,000
Issue of shares	*(b)*	120,000	12,000
At 30 June 2007		720,000	72,000

Notes:

(a) On 28 February 2006, the Company issued 80,000,000 ordinary shares of HK$0.1 each at HK$1.38 per share by way of a placement, and raised gross proceeds of HK$110,400,000.

(b) On 18 April 2007, the Company issued 120,000,000 ordinary shares of HK$0.1 each at HK$2.68 per share by way of a placement, and raised gross proceeds of HK$321,600,000.

12 SHARE OPTION SCHEME

In 2005, the Company has adopted a share option scheme ("Share Option Scheme"). Under the Share Option Scheme, the Company's directors may, at their sole discretion, grant to any employee of the Group the right to take up options to subscribe for shares of the Company at the highest of (i) the closing price of shares of the Company as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on the day of the offer of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not, in aggregate, exceed 30% of the relevant shares or securities of the Company in issue from time to time.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

12 SHARE OPTION SCHEME *(Continued)*

On 18 May 2007, the shareholders of the Company approved the refreshment of the 10% limit under the Share Option Scheme. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 72,000,000 shares, representing 10% of the shares of the Company in issue as at 18 May 2007.

In February 2007, a total of 22,050,000 options (31,200,000 options were granted in 2006) were granted to the Company's directors and employees with an exercise price of HK$1.96 per share. No options were exercised and a total of 500,000 options were lapsed during the interim period ended 30 June 2007 (A total of 1,400,000 options were lapsed during the year ended 31 December 2006). Share options outstanding at 30 June 2007 have the following expiry dates and exercise prices:

Expiry date	**Exercise price** HK$ per share	**Share options** '000
22 June 2010	1.70	28,550
11 August 2010	1.71	750
2 February 2009	1.96	9,600
2 February 2011	1.96	12,450

The fair values of 12,450,000 options and 9,600,000 options granted on 16 February 2007 were approximately HK$4,675,000 and HK$2,510,000, respectively. The significant inputs into the model were the exercise price shown above, standard deviation of expected share price returns ranging 27.14% to 32.17%, expected life of options of 1 to 3.5 years, expected dividend paid out rate of 2.17%, and annual risk-free interest rate ranging from 4.002% to 4.072%.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

13 RESERVES

	Share premium HK$'000	Capital reserve (i) HK$'000	Statutory reserves (ii) HK$'000	Share options equity reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 January 2007	174,547	(735)	22,107	3,188	239,489	438,596
Profit for the period	–	–	–	–	69,282	69,282
Employee share option scheme						
– value of employee services	–	–	–	4,200	–	4,200
Issue of shares	309,600	–	–	–	–	309,600
Share issuance costs	(11,422)	–	–	–	–	(11,422)
Dividend paid	–	–	–	–	(21,600)	(21,600)
Balance at 30 June 2007	472,725	(735)	22,107	7,388	287,171	788,656
Balance at 1 January 2006	75,080	(735)	13,657	–	166,890	254,892
Profit for the period	–	–	–	–	40,419	40,419
Employee share option scheme						
– value of employee services	–	–	–	152	–	152
Issue of shares	102,400	–	–	–	–	102,400
Share issuance costs	(2,933)	–	–	–	–	(2,933)
Dividend paid	–	–	–	–	(15,600)	(15,600)
Balance at 30 June 2006	174,547	(735)	13,657	152	191,709	379,330
Profit for the period	–	–	–	–	68,230	68,230
Employee share option scheme						
– value of employee services	–	–	–	3,036	–	3,036
Dividend paid	–	–	–	–	(12,000)	(12,000)
Transfer to statutory reserves	–	–	8,450	–	(8,450)	–
Balance at 31 December 2006	174,547	(735)	22,107	3,188	239,489	438,596

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

13 RESERVES *(Continued)*

Notes:

(i) Capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

(ii) In accordance with the articles of association of the relevant subsidiaries established in Mainland China and the Mainland China rules and regulations, the Mainland China subsidiaries are required to transfer not less than 10% of their net profit as stated in the financial statements prepared under Mainland China accounting regulations to statutory reserves before the corresponding Mainland China subsidiaries can distribute any dividend. Such a transfer is not required when the amount of statutory reserves reach 50% of the corresponding subsidiaries' registered capital. The statutory reserve shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval by the resolutions of the corresponding subsidiaries' shareholders in general meetings, the corresponding subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure.

During the six months ended 30 June 2007, no transfer of statutory reserves has been made from the Group's profit for the period. The Mainland China subsidiaries of the Group, however, have retained sufficient funds for such purpose and these transfers will be made at the end of the year in accordance with the articles of association of these Mainland China subsidiaries.

14 OTHER GAINS

	Six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Fair value gains on financial assets at fair value through profit or loss	**1,010**	–
Others	**4**	3
	1,014	3

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

15 INCOME STATEMENT ITEMS BY NATURE

Income statement items included in cost of sales, selling and distribution expenses and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Raw materials and consumables used	**216,572**	151,185
Production overhead costs (excluding labour and depreciation expenses)	**20,447**	8,235
Staff costs, including directors' emoluments and share option costs	**55,057**	37,455
Depreciation of property, plant and equipment	**23,990**	13,308
Amortisation of leasehold land and land use rights	**522**	279
Write-downs of inventories to net realisable value	**758**	101
Net exchange gains	**(1,211)**	(1,222)

16 FINANCE INCOME/COSTS

	Six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Finance income		
Interest income from bank deposits	**791**	651
Finance costs		
Interest on:		
Bank borrowings wholly repayable within five years	**2,815**	1,853
Bank borrowings not wholly repayable with five years	**110**	120
Finance lease liabilities	**2,395**	2,043
	5,320	4,016

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

17 INCOME TAX EXPENSE

	Six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Current taxation		
– Hong Kong profits tax	**2,324**	1,977
– Mainland China enterprise income tax	**3,191**	2,668
	5,515	4,645

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits for the six months ended 30 June 2007 (2006: 17.5%).

(ii) Mainland China enterprise income tax

The subsidiaries established in Shenzhen, Guangdong Province, Mainland China and Suzhou, Jiangsu Province, Mainland China are subject to Mainland China enterprise income tax at a rate of 15% for the six months ended 30 June 2007 (2006: 15%). Yihe Precision Hardware (Shenzhen) Co., Ltd., Yihe Precision Plastic and Electronic Products (Shenzhen) Co., Ltd. and EVA Precision Industrial (Suzhou) Limited are production enterprises with operating periods of more than ten years and, in accordance with the relevant income tax regulations of Mainland China, are exempted from enterprise income tax for two years starting from the first year of profitable operations after offsetting prior year tax losses, followed by a 50% reduction in enterprise income tax for the next three years. The first profitable year after offsetting prior year tax losses of Yihe Precision Hardware (Shenzhen) Co., Ltd. was 2003. Yihe Precision Plastic and Electronic Products (Shenzhen) Co., Ltd and EVA Precision Industrial (Suzhou) Limited were established in July 2004 and August 2005, respectively, and had no profits subject to tax from their respective dates of incorporation to 30 June 2007.

(iii) Overseas income taxes

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and, accordingly, is exempted from the Cayman Islands income tax. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from the British Virgin Islands income tax.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

18 EARNINGS PER SHARE

Basic

	Six months ended 30 June	
	2007	2006
Profit attributable to equity holders of the Company (HK$'000)	**69,282**	40,419
Weighted average number of ordinary shares in issue ('000)	**642,431**	574,365
Basic earnings per share (HK cents per share)	**10.8**	7.0

Diluted

	Six months ended 30 June	
	2007	2006
Profit attributable to equity holders of the Company (HK$'000)	**69,282**	40,419
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**642,431**	574,365
Adjustment for share options ('000)	**6,622**	546
Weighted average number of ordinary shares for diluted earnings per share ('000)	**649,053**	574,911
Diluted earnings per share (HK cents per share)	**10.7**	7.0

19 DIVIDENDS

	Six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Proposed interim dividend of HK3.0 cents (2006: HK2.0 cents) per ordinary share	**21,600**	12,000

At a meeting held on 20 August 2007, the directors proposed an interim dividend of HK3 cents per ordinary share for the six months ended 30 June 2007. This condensed consolidated financial information do not reflect this dividend payable.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

20 CAPITAL COMMITMENTS

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	As at	
	30 June 2007	31 December 2006
	HK$'000	HK$'000
Contracted but not provided for		
– Purchase of land use rights	**7,503**	7,277
– Construction of buildings	**32,152**	879
– Purchase of plant and machinery	**80,720**	12,477
	120,375	20,633

21 RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

The Group is controlled by Prosper Empire Limited (incorporated in the British Virgin Islands), which owns 54.17% (2006: 65%) of the Company's shares as at 30 June 2007. The ultimate parent Company of the Group is Prosper Empire Limited.

The following transactions were carried out with related parties:

(a) The Hong Kong Inland Revenue Department ("HKIRD") advised EVA Limited, a wholly owned subsidiary of the Group, that it was conducting a tax audit to re-examine the offshore claim lodged by EVA Limited and its related companies. In this connection, EVA Limited and EVA Holdings Limited, wholly owned subsidiaries of the Group, proposed a settlement with the HKIRD in July 2005 in respect of their tax liabilities for the years of assessment 1998/1999 to 2003/2004. EVA Limited and EVA Holdings Limited was required to place a deposit of HK$1,000,000 to the HKIRD during the year ended 31 December 2005 and made estimated tax payments of approximately HK$22,000 and HK$165,000 to the HKIRD during the year ended 31 December 2006 and the six months ended 30 June 2007 respectively, which was paid by Mr. Zhang Hwo Jie, a director and substantial beneficial shareholder of the Company, under a tax indemnity arrangement in connection with a group reorganisation in April 2005 in contemplation with the listing of the Company's shares on The Stock Exchange of Hong Kong Limited. The outcome of the tax audit has not been finalised up to the date of approval of these condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

21 RELATED-PARTY TRANSACTIONS *(Continued)*

(a) *(Continued)*

The HKIRD issued estimated protective assessments to EVA Limited and EVA Holdings Limited in respect of the years of assessment from 1998/1999 to 2000/2001, which are subject to the aforementioned tax audit. The two companies have objected to these estimated assessments as, in the opinion of the directors of the companies, these estimated assessments are excessive.

This matter relates to tax liabilities of the Group's subsidiaries before a group reorganisation in April 2005 in contemplation with the listing of Company's shares on The Stock Exchange of Hong Kong Limited and certain directors/substantial shareholders of the Company have agreed to indemnify the Group for any additional tax liabilities in respect of periods prior to the reorganisation. In this connection, any additional tax liabilities would be settled and borne by the directors/substantial shareholders of the Company.

(b) Key management compensation

	Six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Wages, salaries and allowances	**3,278**	3,322
Share-based payments	**1,078**	41
Retirement benefits – defined contribution	**27**	23
	4,383	3,386

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2007, the Group was principally engaged in (i) the design and fabrication of precision metal stamping and plastic injection moulds; (ii) manufacturing of precision metal stamping and plastic injection components and (iii) lathing of metal components. A review of the Group's operations for the six months ended 30 June 2007 is as follows:

Metal division

During the six months ended 30 June 2007, the turnover of the Group's metal division increased by 39.6% to approximately HK$358,993,000 as compared to that of approximately HK$257,094,000 for the six months ended 30 June 2006. During the period, the Group's metal division continued to focus on serving renowned Japanese office automation equipment brand owners including Toshiba, Konica Minolta, Canon, Kyocera Mita, Fuji Xerox, Ricoh, Epson and Brother. Sales to Japanese customers accounted for approximately 84.5% of the Group's total sales for the six months ended 30 June 2007 (For the six months ended 30 June 2006: 89.0%)

As a service provider to reputable international brand owners, management believes that the Group's business is strongly influenced by the characteristics of its major customer group. Management believes that the key characteristics of Japanese and international brand owners, which are currently the Group's major customer group, include (i) a strong emphasis on product quality, in particular for office automation equipment such as copiers, printers and multi functional peripherals whose components require high precision standards to ensure the effective functioning of the equipment; (ii) emphasis on production efficiency to minimize production lead time and just-in-time inventory management and (iii) a strong involvement in the production process of its suppliers to ensure product quality and frequent mutual communications with a view to improving the production efficiency of its suppliers. To meet the stringent requirements of its customers, the Group has been following the Japanese style of management since the early stage of its establishment, which includes the implementation of the Japanese 7S management framework (Strategy; Structure; Systems; Style; Staff; Super-ordinate goals and Skills). Further, to manufacture components with high precision standards for its customers, the Group had invested in high quality equipment and a substantial portion of the Group's production machinery are first-tier equipment produced by international renowned brand names such as Aida, Sodick, Agie, Nomura, Sumitomo and Mitsubishi. The Group also maintains a strong quality control team with a headcount of 318 employees and other engineers and technicians of 620 employees as at 30 June 2007.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Metal division (Continued)

Such investment in quality and production management has proven to be beneficial to the Group. During the six months ended 30 June 2007, the sales of the Group's metal division to most of its major Japanese customers increased significantly. Apart from Japanese customers, the remaining 15.5% of sales of the Group was derived from reputable Hong Kong or international companies during the six months ended 30 June 2007. To broaden its customer base, the Group will continue to source new customers. However, it is the policy of the Group to be selective in the sourcing of new customers and management will take into account a number of factors which include the pricing of products and credibility of potential customers in its decision making process.

Plastic division

The first production line of the Group's plastic division was established in late 2004. The Group decided to expand into plastic business because, while part of the office automation equipment sold by its customers are made of metal parts and components, plastic components account for the remaining portion. Management believes that the expansion into plastic business will not only provide the momentum for the Group's future growth, but also enable the Group to provide a more comprehensive service to its customers and reduce the costs of its customers in logistic and quality control aspects that arise from their current practices to outsource the production of metal and plastic components to different suppliers.

Management believes that the Group's plastic division is in a strong position to develop businesses from existing customers because (i) it is the trend for major office automation equipment brand owners to outsource more orders to comprehensive production service providers which are able to cover both metal and plastic components with a view to reducing the overall logistic costs and production lead time and (ii) the Group's reputation for quality production had already been established by its metal division. During the six months ended 30 June 2007, the Group's plastic division continued to strengthen its foothold in the market. Turnover of the Group's plastic division for the six months ended 30 June 2007 amounted to approximately HK$67,203,000, representing an increase of approximately 152% as compared to that for the six months ended 30 June 2006. Operating profit of the Group's plastic division was approximately HK$13,898,000 for the six months ended 30 June 2007, as compared to an operating profit of approximately HK$3,037,000 for the six months ended 30 June 2006.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

HUMAN RESOURCES

As at 30 June 2007, the total number of employees of the Group was 3,596, representing a growth of 20.2% as compared to 2,991 employees as at 31 December 2006. The increase in headcount was primarily due to the continuous expansion of the Group during the six months ended 30 June 2007.

The Group considers its employees, in particular the skilled technicians and production management members, as its core assets since the Group's future success relies on the strengthening of its product quality and management on a continuing basis. Remuneration policy is reviewed regularly, making reference to the prevailing legal framework, market conditions and performance of the Group and individual staff. However, apart from providing attractive remuneration packages, management believes that the creation of a harmonious working environment suitable for the development of employees' potential is also important for attracting and retaining qualified staff for its future success, in particular in a business environment where shortage of labour exists. Various employee activities were organized to inspire the team spirit of the Group's staff, which includes the organization of company outings and sport activities in which the Group's employees, top management (including executive directors) and customers participated. Substantial resources were also devoted to improve the factory and dormitory environment of the Group with a view to providing an attractive working and living environment for the Group's employees.

FOREIGN CURRENCY EXPOSURE

A substantial portion of the Group's customers are reputable international brand owners with worldwide distribution networks. At the same time, a majority of the Group's suppliers are international raw material producers designated by the Group's customers. Accordingly, most of the Group's sales and cost of sales are currently made in Hong Kong dollars and US dollars. During the six months ended 30 June 2007, approximately 36%, 56% and 8% (For the six months ended 30 June 2006: 43%, 54% and 3%) of the Group's sales and approximately 23%, 56% and 21% (For the six months ended 30 June 2006: 35%, 53% and 12%) of the Group's purchases were denominated in Hong Kong dollars, US dollars and Renminbi, respectively.

Management is aware of the potential foreign currency risk that may arise from the continuous appreciation of Renminbi by the PRC government. Although a majority of the Group's purchases are denominated in Hong Kong dollars and US dollars currently, the Group had taken actions to manage its foreign currency exposure. In particular, despite the Group's substantial business operations in the Mainland China, all of the Group's borrowings were denominated in Hong Kong dollars instead of Renminbi. Management will evaluate the Group's foreign currency exposure on a continuing basis and take further actions to minimize the Group's exposure whenever necessary.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL REVIEW

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

	Six months ended 30 June			
	2007		2006	
	HK$'000	**%**	HK$'000	%
By business segment				
Turnover				
Metal division				
Design and fabrication of metal stamping moulds	**44,544**	**10.5%**	25,967	9.2%
Manufacturing of metal stamping components and lathing products	**301,976**	**70.9%**	223,756	78.9%
Others (Note 1)	**12,473**	**2.9%**	7,371	2.6%
	358,993		257,094	
Plastic division				
Design and fabrication of plastic injection moulds	**16,505**	**3.9%**	5,781	2.0%
Manufacturing of plastic injection components	**50,482**	**11.8%**	20,870	7.3%
Others (Note 1)	**216**	**–**	–	–
	67,203		26,651	
Total	**426,196**		283,745	
Segment results				
Metal division	**64,579**		46,173	
Plastic division	**13,898**		3,037	
Operating profit	**78,477**		49,210	
Finance income	**791**		651	
Finance costs	**(5,320)**		(4,016)	
Income tax expenses	**(5,515)**		(4,645)	
Unallocated income (expenses)	**849**		(781)	
Profit attributable to equity holders of the Company	**69,282**		40,419	

Note 1: Others mainly represent sales of scrap materials

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL REVIEW *(Continued)*

Turnover

Metal division

Turnover of the Group's metal division increased by approximately 39.6% from approximately HK$257,094,000 for the six months ended 30 June 2006 to approximately HK$358,993,000 for the six months ended 30 June 2007. With the continuous development of the Group's production management and its reputation among prominent international brand owners, the Group experienced an increase in sale orders from its existing customers during the six months ended 30 June 2007. Those customers which only provided sale orders to the Group on a trial basis previously also started to provide large scale orders to the Group, which contributed to the significant increase in revenue generated by the Group's metal division during the six months ended 30 June 2007.

Plastic division

A substantial portion of the components inside the office automation equipment are made of plastics. As such, with a view to reducing the additional logistic costs and excess production lead time that arise from the current practices of outsourcing the production of metal and plastic components to different suppliers, it is a trend for major office automation equipment brand owners to outsource more orders to comprehensive production service providers which are able to cover both metal and plastic components. Further, since the Group's reputation for quality production had already been established by its metal division, the Group's plastic division is in a strong position to develop businesses from existing customers. As such, the turnover of the Group's plastic division increased significantly from approximately HK$26,651,000 for the six months ended 30 June 2006 to approximately HK$67,203,000 for the six months ended 30 June 2007.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL REVIEW *(Continued)*

Gross profit

The Group achieved a gross profit of approximately HK$138,942,000 for the six months ended 30 June 2007, representing an increase of approximately 53.1% as compared to a gross profit of approximately HK$90,750,000 for the six months ended 30 June 2006. Gross profit margin for the six months ended 30 June 2007 was approximately 32.6%, which increased as compared to that of approximately 31.9% for the six months ended 30 June 2006. The slight increase in gross profit margin was primarily because the Group's revenue from the design and fabrication of metal stamping and plastic injection moulds increased significantly by approximately 92.3% from approximately HK$31,748,000 for the six months ended 30 June 2006 to approximately HK$61,049,000 for the six months ended 30 June 2007 and its proportion to total turnover increased from approximately 11.2% for the six months ended 30 June 2006 to approximately 14.4% for the six months ended 30 June 2007. At the same time, with the significant increase in revenue from the design and fabrication of metal stamping and plastic injection moulds, the proportion of revenue from the manufacturing of metal stamping and plastic injection components and lathing products to total turnover was diluted from approximately 86.2% for the six months ended 30 June 2006 to approximately 82.7% for the six months ended 30 June 2007 although its amount increased by approximately 44.1% from approximately HK$244,626,000 for the six months ended 30 June 2006 to approximately HK$352,458,000 for the six months ended 30 June 2007. Since the gross profit margin from the design and fabrication of moulds is generally higher than that from manufacture of components and lathing products, the significant increase in revenue from the design and fabrication of moulds had resulted in a slight increase in the Group's overall gross profit margin for the six months ended 30 June 2007.

Segment results

For the six months ended 30 June 2007, segment result of the Group's metal division amounted to approximately HK$64,579,000, representing a 39.9% increase as compared to that of approximately HK$46,173,000 for the six months ended 30 June 2006. This increase was primarily brought by the surge of turnover of the Group's metal division during the period. The operating profit margin of the Group's metal division for the six months ended 30 June 2007 was approximately 18.0%, which was comparable to that for the six months ended 30 June 2006.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL REVIEW *(Continued)*

Segment results *(Continued)*

Segment result of the Group's plastic division for the six months ended 30 June 2007 was approximately HK$13,898,000, which increased by approximately 357.6% as compared to that of approximately HK$3,037,000 for the six months ended 30 June 2006. Operating profit margin of the Group's plastic division for the six months ended 30 June 2007 was approximately 20.7%, which increased as compared to that of approximately 11.4% for the six months ended 30 June 2006. During the six months ended 30 June 2007, the Group's plastic division started to obtain large scale orders from its customers and the Group's plastic division benefited from economy of scale which improved its operating profit margin.

Finance costs

The Group's finance costs for the six months ended 30 June 2007 amounted to approximately HK$5,320,000, which increased by approximately 32.5% as compared to that of approximately HK$4,016,000 for the six months ended 30 June 2006. During the six months ended 30 June 2007, the Group's scale of operations continued to expand. Prior to the completion of a share placement in April 2007, the Group had relied on bank borrowings to finance the expansion of the Group. Accordingly, the Group's finance costs increased during the six months ended 30 June 2007.

Income tax expenses

During the six months ended 30 June 2007, income tax expenses amounted to approximately HK$5,515,000. Effective tax rate (defined as the percentage of income tax expenses as compared to profit before income tax) for the six months ended 30 June 2007 was approximately 7.4%, which decreased as compared to that of approximately 10.3% for the six months ended 30 June 2006. During the six months ended 30 June 2007, Yihe Precision Plastic and Electronic Products (Shenzhen) Co., Ltd. and EVA Precision Industrial (Suzhou) Limited, the principal subsidiaries of the Group's plastic business and operations in Suzhou respectively, were exempted from PRC enterprise income tax. Since the profit recorded by Yihe Precision Plastic and Electronic Products (Shenzhen) Co., Ltd. and EVA Precision Industrial (Suzhou) Limited increased during the six months ended 30 June 2007, the Group's overall effective tax rate was diluted from approximately 10.3% for the six months ended 30 June 2006 to approximately 7.4% for the six months ended 30 June 2007.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL REVIEW *(Continued)*

Profit attributable to equity holders of the Company

During the six months ended 30 June 2007, profit attributable to equity holders of the Company amounted to approximately HK$69,282,000, which increased by approximately 71.4% as compared to approximately HK$40,419,000 for the six months ended 30 June 2006. Net profit margin of the Group for the six months ended 30 June 2007 was approximately 16.3%, which increased as compared to that of 14.2% for the six months ended 30 June 2006. The 2.1% increase in net profit margin of the Group was mainly caused by (i) the change in product mix of the Group and the increase in the proportion of revenue from design and fabrication of metal stamping and plastic injection moulds to total turnover which slightly improved the Group's overall gross profit margin; and (ii) the reduction of overall effective tax rate of the Group for the six months ended 30 June 2007.

By geographical location

	Six months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Turnover		
Shenzhen operations	**380,032**	283,745
Suzhou operations	**46,164**	–
	426,196	283,745
Profit attribution to equity holders of the Company		
Shenzhen operations	**63,018**	43,838
Suzhou operations	**6,264**	(3,419)
	69,282	40,419

As indicated on the above, a substantial portion of the Group's turnover for the six months ended 30 June 2007 was still derived from the Group's Shenzhen Production Plant since the Group's new Suzhou Production Plant only commenced commercial operations in late 2006 and therefore the Suzhou Production Plant was still under initial development stage during the six months ended 30 June 2007. However, the Suzhou Production Plant was able to contribute turnover of approximately HK$46,164,000 and net profit of approximately HK$6,264,000 during the six months ended 30 June 2007, representing approximately 10.8% and 9.0% of the Group's total turnover and net profit respectively during the same period.

LIQUIDITY, FINANCIAL RESOURCES AND RATIOS

For the six months ended 30 June 2007, the Group recorded net cash generated from operating activities amounting to approximately HK$65,943,000, representing an increase of approximately 64.0% as compared to that of approximately HK$40,220,000 for the six months ended 30 June 2006. The increase in net cash generated from operating activities was primarily caused by the increase in the turnover and profit of the Group during the six months ended 30 June 2007. Net cash used for investing activities amounted to approximately HK$112,656,000 for six months ended 30 June 2007, which was primarily related to capital expenditure incurred for the continuous expansion of the Group's scale of operations. In addition, the Group recorded an increase in net cash generated from financing activities from approximately HK$91,396,000 for the six months ended 30 June 2006 to approximately HK$199,863,000 for the six months ended 30 June 2007, which was primarily caused by the receipt of the net proceeds from the Group's share placement during the period.

Bank loans as at 30 June 2007 were denominated in Hong Kong dollars with fixed or floating interest rates and were used for financing the Group's operations and expansion. Treasury activities are controlled by senior management members with an objective of achieving a balance between the Group's expansion needs and its financial stability. An analysis of the Group's key liquidity and capital adequacy ratios as at 30 June 2007 are as follows:

	30 June 2007	31 December 2006
Inventory turnover days (Note 1)	**86**	78
Debtors' turnover days (Note 2)	**74**	81
Creditors' turnover days (Note 3)	**83**	87
Current ratio (Note 4)	**2.40**	1.09
Net debt-to-equity ratio (Note 5)	**Net cash**	0.27

Note:

1. Calculation of inventory turnover days is based on the ending inventories divided by cost of goods sold and multiplied by the number of days during the period/year.

2. Calculation of debtors' turnover is based on the ending balance of trade receivables divided by turnover and multiplied by the number of days during the period/year.

3. Calculation of creditors' turnover is based on the ending balance of trade payables divided by cost of goods sold and multiplied by the number of days during the period/year.

4. Current ratio is calculated based on the Group's total current assets divided by total current liabilities.

5. Net debt-to-equity ratio is calculated based on the total balance of bank borrowings and finance lease liabilities less cash and bank balances divided by shareholders' equity.

LIQUIDITY, FINANCIAL RESOURCES AND RATIOS *(Continued)*

Inventory turnover days

Substantially all of the Group's Japanese customers have their own designated raw material suppliers. These Japanese customers generally require the Group to purchase raw materials from their designated suppliers for the manufacture of metal and plastic components and delivery and pricing of raw materials are negotiated based on three-way communications among the Group, its customers and suppliers. This practice enables the Group to manage its inventories in an efficient manner despite a continuous increase in its turnover and business scale. The Group's inventory turnover days for the six months ended 30 June 2007 was approximately 86 days, which increased by 8 days as compared to that for the year ended 31 December 2006 owing to the accumulation of inventories with a view to handling the expected increase in the Group's turnover in the second half of 2007.

Debtors' and creditors' turnover days

During the six months ended 30 June 2007, the Group's debtors' and creditors' turnover days decreased from approximately 81 days and 87 days for the year ended 31 December 2006 to approximately 74 days and 83 days respectively owing to the continuous improvement of the Group's cash flow management during the period.

Current ratio and net debt-to-equity ratio

During the six months ended 30 June 2007, the Group received net proceeds from share placement amounting to approximately HK$310,178,000 which improved the Group's equity base during the period. Coupled with the continuous inflow of cash from operations, the Group's current ratio improved and changed from approximately 1.09 as at 31 December 2006 to approximately 2.40 as at 30 June 2007. The Group was also in net cash position as at 30 June 2007.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2007, the charges on the Group's assets included (i) bank deposits of approximately HK$7,082,000 which were pledged in favour of a contractor of construction work as deposits for construction costs; (ii) pledge of leasehold land and buildings located in Hong Kong with net book value of approximately HK$8,388,000 for securing bank borrowings and (iii) mortgage of equipment under finance lease liabilities with net book value of HK$131,132,000 for securing finance lease liabilities.

OUTLOOK

During the six months ended 30 June 2007, the Group had continued its plan to transform itself from a metal mould and component manufacturers to a fully integrated one-stop service provider. As part of the Group's expansion plan, the Group's Suzhou Production Plant commenced commercial operations in late 2006 and was under initial development stage during the six months ended 30 June 2007.

The Group's new Suzhou Production Plant primarily focuses on serving various Japanese and other multi-national brand owners located in the Yangtze River Delta Region. These Japanese and multi-national brand owners are the target customers of the Group's new Suzhou Production Plant taking into account (i) their credibility; (ii) the potential scale of their future sale orders and (iii) the higher profitability which is likely to be obtained by serving multi-national brand owners than small scale local manufacturers owing to more stringent quality and production requirements of Japanese and multi-national brand owners. Taking into account the concentration of multi-national brand owners in the Yangtze River Delta Region, management sees great potential in this market and expect the new Suzhou Production Plant will provide strong momentum for the continuous growth of the Group in the future. Although the Suzhou Production Plant was still under initial development stage, it had generated turnover of approximately HK$46,164,000 and net profit of approximately HK$6,264,000 during the six months ended 30 June 2007, representing approximately 10.8% and 9.0% of the Group's total turnover and net profit respectively during the same period.

Taking into account the huge potentials for the Group's business in the Yangtze River Delta region and the continuous transfer of high end production processes by the Group's customers from overseas countries to China, the construction of phase two of the Group's Suzhou Production Plant with a construction area of approximately 64,000 square metres is expected to commence in the second half of 2007, with completion targeted for the second half of 2008.

As part of the Group's plan to transform itself into a fully integrated one-stop service provider, the Group had continued to develop its plastic division during the six months ended 30 June 2007. The Group decided to expand its plastic business because, while part of the office automation equipment sold by its customers is made of metal components, plastic components account for the remaining portion. With the continuous development of the Group's plastic division, turnover generated by the Group's plastic division during the six months ended 30 June 2007 increased by approximately 152.2% to approximately HK$67,203,000, as compared to the turnover of approximately HK$26,651,000 for the six months ended 30 June 2006.

OUTLOOK *(Continued)*

The Group's customers normally require the Group to design and manufacture the relevant moulds prior to the mass production of metal stamping and plastic injection components. Accordingly, the manufacturing capability and quality standards for the production of moulds are crucial determinants for securing large-scale sale orders from customers for the subsequent production of metal stamping and plastic injection components, in particular under the current trend that the Group's customers will update their product models on a more frequent basis and accordingly require their suppliers to complete the relevant moulds within a shorter period of time. With a view to increasing the Group's production capacity of moulds, the Group is the process of establishing a mould research and development centre in Shenzhen. The construction of factory buildings of the mould research and development centre had been completed in May 2007 and it is expected to commence commercial operations in the last quarter of 2007. With an expanded mould production capability, the Group will not only be able to accommodate more component orders but an expanded mould production capability can also enable the Group to produce and sell moulds on a standalone basis to customers who retain production plants in overseas countries.

The Group's existing Shenzhen Production Plant is located in the eastern bank of the Pearl River Delta region. With a view to better serving the Group's existing customers and developing businesses from new customers located in the western bank of the Pearl River Delta region, the Group currently plans to establish a new production plant in Zhongshan, Guangdong Province, the PRC. The construction of the new Zhongshan Production Plant with a construction area of approximately 34,000 square metres had commenced in July 2007 and is expected to be completed in mid 2008. At its initial stage of operations, the Group's new Zhongshan Production Plant will primarily focus on serving existing customers located in the western bank of the Pearl River Delta Region, in particular Canon's production plants in Zhongshan and Zhuhai which are principally engaged in the assembly of laser beam printers and are currently served by the Group's existing production plant in Shenzhen. The establishment of a new production plant in Zhongshan which is in the proximity of the Group's customers located in the western bank of the Pearl River Delta region will not only reduce the transportation costs of the Group and its customers, but can also strengthen the Group's business relationship with its existing customers which will finally translate into larger business volume for the Group. At a later stage of its operations, the Group's Zhongshan Production Plant will also strive to develop new customers located in the western bank of the Pearl River Delta region.

OUTLOOK *(Continued)*

Currently the Group primarily serves the office automation equipment market. Taking into account (i) the Group primarily focused on the production of metal stamping moulds and components previously with other business opportunities relating to the office automation equipment market which include the manufacture of relevant plastic injection components and moulds and the provision of assembly services to office automation equipment brand owners remained relatively unexplored and (ii) outsourcing by Japanese brand owners to non-Japanese suppliers is still fairly new with a majority of the components used by the Group's customers still being manufactured by suppliers with Japanese background, management believes that there are still ample opportunities for the continuous expansion of the Group in the office automation equipment market. However, at the same time, the Group continuously searches for growth opportunities in other industries such as the automobile, home appliance and medical equipment markets. However, taking into consideration (i) there are still ample opportunities for the expansion of the Group in the existing office automation equipment market and (ii) the substantial time that may be required for the successful establishment of solid business relationship with reputable brand owners in other industries, management will continue to focus a majority of its resources in the office automation equipment market and expects a substantial portion of its orders continues to come from office automation equipment brand owners in near future.

CONNECTED TRANSACTIONS

The following connected transaction, which also constitutes related party transaction set out in Note 21 to the condensed interim financial information, was entered into during the six months ended 30 June 2007:

Deeds of tax indemnity provided by the directors and shareholders in favour of the Group

As disclosed in the Company's Prospectus dated 29 April 2005, on 28 April 2005, the Company entered into a deed of tax indemnity with Prosper Empire Limited which is a 54.17% shareholder of the Company and Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua who are directors and beneficial shareholders of the Company (together the "Indemnifiers") under which each of the Indemnifiers has jointly and severally undertaken to indemnify the Group in connection with, inter alia, any taxation falling on any member of the Group (other than those established subsequent to the listing of the Company) resulting from any income, profits, gains, transactions, events, matters, things or businesses earned, accrued, received, entered into, carried on, or occurring on or before the listing date of the Company on 11 May 2005. This deed of tax indemnity was approved by the Board of Directors on 20 April 2005.

CONNECTED TRANSACTIONS *(Continued)*

Deeds of tax indemnity provided by the directors and shareholders in favour of the Group *(Continued)*

The Hong Kong Inland Revenue Department ("HKIRD") had issued protective assessments to EVA Limited and EVA Holdings Limited, wholly owned subsidiaries of the Company, in respect of the years of assessment from 1998/99 to 2000/01. The HKIRD is currently in the process of re-examining the tax position of these two companies in particular their offshore profits tax claims lodged on a 50:50 basis. Up to date, the result of the tax audit has not been finalised by the HKIRD but, in this connection, EVA Limited and EVA Holdings Limited had paid approximately HK$142,000 and HK$23,000 respectively during the six months ended 30 June 2007 in respect of the estimated tax charged by the HKIRD for the year of assessment 2000/01. The total sum of approximately HK$165,000 had been indemnified and reimbursed by the indemnifiers in accordance with afore-mentioned deed of tax indemnity during the six months ended 30 June 2007.

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

On 25 May 2007, EVA Precision Industrial (Suzhou) Limited (the "Borrower"), a wholly owned subsidiary of the Company, has entered into two loan facilities agreements (the "Facilities Agreements") with DBS Bank Ltd., Shanghai Branch (the "Lender") for certain loan facilities. Pursuant to the Facilities Agreements, the Lender agreed to make available to the Borrower two loans for the amount of HK$20,000,000 and HK$60,000,000 respectively, amounting to a total amount of HK$80,000,000 subject to the terms and conditions contained therein. The facilities are for a term of four years commencing from the date of first utilization of the loan facilities. As one of the conditions for the Lender to enter into the Facilities Agreements and to continue to provide the loan facilities, and as a continuing security for the payment and discharge to the Lender on demand of all moneys, obligations and liabilities owing or incurred by the Borrower to the Lender, the following specific performance obligations are imposed on the directors and the controlling shareholder of the Company:

(i) Mr. Zhang Hwo Jie, the controlling shareholder of the Company, shall remain as the chairman of the board of directors of the Company; and

(ii) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain to hold not less than 51% of the issued shares of the Company.

A breach of any of the aforesaid obligations will constitute an event of default under the Facilities Agreements which may result in the cancellation of all or any part of the commitments under the Facilities Agreements and all borrowed amounts outstanding becoming immediately due and payable.

SHARE OPTIONS

The Company conditionally adopted a share option scheme (the "Share Option Scheme") on 20 April 2005 which became unconditional on 11 May 2005. Details of the movements of the share options under the Share Option Scheme for the six months ended 30 June 2007 and up to the date of this report were as follows:

	As at 1 January 2007	Granted on 16 February 2007	Lapsed during the period from 1 January 2007 to 30 June 2007	As at 30 June 2007	Exercised during the period from 1 July 2007 up to the date of this report	As at the date of this report	Share price immediately before offer date HK$	Exercise price HK$
Executive directors								
Zhang Hwo Jie								
– Granted on 21 June 2006	1,300,000	–	–	1,300,000	–	1,300,000	1.72	1.70
– Granted on 16 February 2007	–	1,200,000	–	1,200,000	–	1,200,000	1.95	1.96
Zhang Jian Hua								
– Granted on 21 June 2006	1,300,000	–	–	1,300,000	–	1,300,000	1.72	1.70
– Granted on 16 February 2007	–	1,400,000	–	1,400,000	–	1,400,000	1.95	1.96
Zhang Yaohua								
– Granted on 21 June 2006	1,300,000	–	–	1,300,000	–	1,300,000	1.72	1.70
– Granted on 16 February 2007	–	1,400,000	–	1,400,000	–	1,400,000	1.95	1.96
Nomo Kenshiro								
– Granted on 21 June 2006	900,000	–	–	900,000	–	900,000	1.72	1.70
– Granted on 16 February 2007	–	300,000	–	300,000	–	300,000	1.95	1.96
Independent non-executive directors								
Lui Sun Wing								
– Granted on 21 June 2006	300,000	–	–	300,000	(60,000)	240,000	1.72	1.70
– Granted on 16 February 2007	–	300,000	–	300,000	–	300,000	1.95	1.96
Choy Tak Ho								
– Granted on 21 June 2006	300,000	–	–	300,000	–	300,000	1.72	1.70
– Granted on 16 February 2007	–	300,000	–	300,000	–	300,000	1.95	1.96
Leung Tai Chiu								
– Granted on 21 June 2006	300,000	–	–	300,000	–	300,000	1.72	1.70
– Granted on 16 February 2007	–	300,000	–	300,000	–	300,000	1.95	1.96
Employees of the Group								
In aggregate								
– Granted on 21 June 2006	23,150,000	–	(300,000)	22,850,000	(290,000)	22,560,000	1.72	1.70
– Granted on 10 August 2006	950,000	–	(200,000)	750,000	–	750,000	1.68	1.71
– Granted on 16 February 2007	–	7,250,000	–	7,250,000	–	7,250,000	1.95	1.96
– Granted on 16 February 2007	–	9,600,000	–	9,600,000	–	9,600,000	1.95	1.96
	29,800,000	22,050,000	(500,000)	51,350,000	(350,000)	51,000,000		

SHARE OPTIONS *(Continued)*

The fair value of the options granted on 21 June 2006 and 10 August 2006 with outstanding balances as at 30 June 2007 of 28,550,000 options and 750,000 options were HK$12,204,000 and HK$309,000, respectively. The fair value of 12,450,000 options and 9,600,000 options granted on 16 February 2007 and outstanding as at 30 June 2007 were HK$4,675,000 and HK$2,510,000, respectively. These fair values were calculated using the Black-Scholes valuation model and the significant inputs into the model were as follows:

	Exercise price HK$	**Expected volatility**	**Expected life**	**Risk-free rate**	**Dividend paid-out rate**
Granted on 21 June 2006					
– 28,550,000 options outstanding as at 30 June 2007	1.70	30%	1.5 to 3.5 years	4.5%	Nil
Granted on 10 August 2006					
– 750,000 options outstanding as at 30 June 2007	1.71	30%	1.5 to 3.5 years	4.5%	Nil
Granted on 16 February 2007					
– 12,450,000 options outstanding as at 30 June 2007	1.96	27.14% to 30.89%	1.5 to 3.5 years	4.046% to 4.072%	2.17%
– 9,600,000 options outstanding as at 30 June 2007	1.96	32.17%	1 year	4.002%	2.17%

The expected volatility is based on historic volatility adjusted for any expected changes to future volatility based on publicly available information. Dividend paid-out rate is based on historical dividend paid-out rate. Changes in these subjective input assumptions could affect the fair value estimate.

SHARE OPTIONS *(Continued)*

All options referred to the above are subject to vesting schedules and exercise periods as follows:

% of the options granted	Vesting date	Exercise period
With respect to 28,550,000 options granted on 21 June 2006 and outstanding as at 30 June 2007		
20%	22 June 2007	22 June 2007 to 22 June 2010
30%	23 June 2008	23 June 2008 to 22 June 2010
50%	22 June 2009	22 June 2009 to 22 June 2010
With respect to 750,000 options granted on 10 August 2006 and outstanding as at 30 June 2007		
20%	13 August 2007	13 August 2007 to 11 August 2010
30%	11 August 2008	11 August 2008 to 11 August 2010
50%	11 August 2009	11 August 2009 to 11 August 2010
With respect to 12,450,000 options granted on 16 February 2007 and outstanding as at 30 June 2007		
20%	4 February 2008	4 February 2008 to 2 February 2011
30%	2 February 2009	2 February 2009 to 2 February 2011
50%	2 February 2010	2 February 2010 to 2 February 2011
With respect to 9,600,000 options granted on 16 February 2007 and outstanding as at 30 June 2007		
100%	4 February 2008	4 February 2008 to 2 February 2009

DISCLOSURE OF INTERESTS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2007, the interests and/or short positions of the directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have taken under such provisions of the SFO), and/or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to be notified to the Company and The Stock Exchange of Hong Kong Limited were as follows:

(i) Long position in shares of the Company

Name of director	Corporate interests	Personal interests	Interest of spouse	Personal interests in underlying shares held under equity derivatives (Note 1)	Total interests	Approximate percentage of interest in the Company as at 30 June 2007
Mr. Zhang Hwo Jie	390,000,000 (Note 2)	6,086,000	–	2,500,000	398,586,000	55.36%
Mr. Zhang Jian Hua	–	8,044,000	–	2,700,000	10,744,000	1.49%
Mr. Zhang Yaohua	–	8,938,000	400,000	2,700,000	12,038,000	1.67%
Mr. Nomo Kenshiro	–	–	1,700,000	1,200,000	2,900,000	0.40%
Dr. Lui Sun Wing	–	–	–	600,000	600,000	0.08%
Mr. Choy Tak Ho	–	–	–	600,000	600,000	0.08%
Mr. Leung Tai Chiu	–	400,000	–	600,000	1,000,000	0.14%

Notes:

1. These interests represent the directors' beneficial interests in the underlying shares in respect of share options granted by the Company to the directors as beneficial owners, details of which are set out in the section headed "Share Options" above.

2. Mr. Zhang Hwo Jie holds 36% of the entire issued capital of Prosper Empire Limited, which is interested in 54.17% of the entire issued capital of the Company as at 30 June 2007. Under the SFO, Mr. Zhang Hwo Jie is deemed to be interested in the shares held by Prosper Empire Limited.

DISCLOSURE OF INTERESTS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATION *(Continued)*

(ii) Long position in shares of Prosper Empire Limited, an associated corporation of the Company

Name of director	Capacity	Approximate percentage of interest in Prosper Empire Limited as at 30 June 2007
Mr. Zhang Hwo Jie	Personal interests	36%
Mr. Zhang Yaohua	Personal interests	33%
Mr. Zhang Jian Hua	Personal interests	31%

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, the interests or short positions of the persons (other than a director or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register of interests kept by the Company under section 336 of the SFO were as follows:

Name	Capacity	Number of shares	Number of underlying shares held under equity derivatives	Total interests	Approximate percentage of interest
Prosper Empire Limited	Beneficial owner	390,000,000	–	390,000,000	54.17%
Ms. Shen Chan Jie Lin	Interest of spouse (Note)	396,086,000	2,500,000	398,586,000	55.36%

Note:

Under the SFO, Ms. Shen Chan Jie Lin is deemed to be interested in the shares and underlying shares held by Mr. Zhang Hwo Jie, who is interested in 36% of the issued share capital of Prosper Empire Limited. The interests disclosed by Ms. Shen Chan Jie Lin included the 390,000,000 shares of the Company held by Prosper Empire Limited.

SHARE PLACEMENT

On 18 April 2007, Prosper Empire Limited entered into a placing agreement pursuant to which Prosper Empire Limited agreed to place 120,000,000 existing ordinary shares with an aggregate nominal value of HK$12,000,000 owned by Prosper Empire Limited at a price of HK$2.68 per share to not less than six independent investors. The placing price represented (i) a discount of approximately 9.76% to the closing price of HK$2.97 per share as quoted on The Stock Exchange of Hong Kong Limited on 17 April 2007, being the last full trading day before the date of the placing agreement and (ii) a discount of approximately 8.22% to the closing price of HK$2.92 per share as quoted on The Stock Exchange of Hong Kong Limited for the last five consecutive trading days up to and including 17 April 2007 and (iii) a premium of approximately 222.89% over net asset value per share of approximately HK$0.83 as at 31 December 2006 as shown in the audited consolidated balance sheet of the Group as at 31 December 2006. On the same day, Prosper Empire Limited entered into a subscription agreement with the Company for the subscription of 120,000,000 new ordinary shares with an aggregate nominal value of HK$12,000,000 at HK$2.68 which is equivalent to the placing price. The net subscription price, after deducting the costs of the relevant transactions, amounted to approximately HK$2.58 per share. The placing shares represented approximately 20% of the then existing issued share capital of the Company and approximately 16.67% of the Company's issued share capital as enlarged by the subscription and the consequent issuance of 120,000,000 new shares. The relevant transactions are completed in April 2007 and the net proceeds of approximately HK$310,178,000 were received by the Company in April 2007.

The net proceeds of approximately HK$310,178,000 will be applied by the Group as to (i) HK$180,000,000 to the setting up of the Group's new mould research and development centre in Shenzhen, the PRC, which is currently under construction and is expected to be completed in the latter half of 2007 and (ii) HK$130,178,000 to the establishment of a new production plant in Zhongshan, the PRC and phase two of the Group's production base in Suzhou, the PRC, both of which are expected to be completed in 2008. As at 30 June 2007, approximately HK$43,894,000 and HK$1,934,000 of the net proceeds had been utilized for (i) the setting up of the new mould research and development centre in Shenzhen and (ii) the establishment of a new production plant in Zhongshan and phase two of the Group's production base in Suzhou, respectively. The remaining balances of approximately HK$200,000,000 and HK$64,350,000 are placed on short-term deposits for future uses and tentatively used for repayment of short-term bank borrowings with a view to reducing the finance costs of the Group, respectively. However, in respect of the short-term bank borrowings which were tentatively repaid using the net proceeds from share placement, the Group continues to retain the relevant bank facilities and therefore such bank borrowings can be redrawn at any time to finance the planned capital expenditure of the Group.

PURCHASES, SALE AND REDEMPTION OF THE SHARES

Save for the placement of shares by the Company on 18 April 2007 as mentioned above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2007.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands where the Company is incorporated.

DIVIDEND

The Board declared an interim dividend of HK3.0 cents per ordinary shares, totaling HK$21,600,000 for the six months ended 30 June 2007 to eligible shareholders whose names appear on the register of members of the Company on 7 September 2007. The interim dividends will be payable in cash on or about 17 September 2007.

The register of members of the Company will be closed from Tuesday, 4 September 2007 to Friday, 7 September 2007, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the proposed interim dividend for the six months ended 30 June 2007, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 September 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited . Having made specific enquiry of all directors, all directors confirm that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2007 and up to the date of this report.

CORPORATE GOVERNANCE

The Company and the directors confirm, to the best of their knowledge, that the Company has compiled with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2007 and up to the date of this report.

AUDIT COMMITTEE

The Company has set up an audit committee (the "Committee"), in accordance with the requirements of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, for the purpose of reviewing and providing supervision on the financial reporting process and internal control system of the Group. The Committee comprises the three independent non-executive directors with Dr. Lui Sun Wing as the chairman. The Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters with management including a review of the condensed interim financial information for the six months ended 30 June 2007.

By order of the Board
Zhang Hwo Jie
Chairman

Hong Kong, 20 August 2007

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