

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chui Siu On *(Chairman and Managing Director)*

Mr. Ho Yu Hoi

Mr. Lai Man Kit

Mr. Li Chi Hang

Mr. Wong Kwok Keung

### Non-Executive Director

Mr. Ng Kin Nam *(Vice Chairman)*

### Independent Non-Executive Directors

Dr. Cheng Ngok

Mr. Choi Hon Ting, Derek

Mr. Wu Karl Kwok

## COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Wan Tak Wing, Gary (FCPA)

## AUDIT COMMITTEE

Dr. Cheng Ngok *(Chairman)*

Mr. Choi Hon Ting, Derek

Mr. Wu Karl Kwok

## REMUNERATION COMMITTEE

Mr. Chui Siu On *(Chairman)*

Mr. Lai Man Kit

Dr. Cheng Ngok

Mr. Choi Hon Ting, Derek

Mr. Wu Karl Kwok

## PRINCIPAL BANKERS

Bangkok Bank Public Company Limited

Citic Ka Wah Bank Limited

DBS Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

Industrial and Commercial Bank of China (Asia) Limited

Standard Chartered Bank (Hong Kong) Limited

United Overseas Bank Limited

## LEGAL ADVISERS TO THE COMPANY

Michael Li & Co

## AUDITORS

Ernst & Young

*Certified Public Accountants*

## LISTING VENUE

Main Board of The Stock Exchange of Hong Kong Limited

## STOCK CODE

0929

## REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## GROUP HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Yue Hu Cun

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Post code: 511335

Tel: (86) 20 8294 5929

Fax: (86) 20 8294 6929

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11th Floor, Block E1

Hoi Bun Industrial Building

No. 6 Wing Yip Street

Kwun Tong, Kowloon

Hong Kong

Tel: (852) 2688 5920

Fax: (852) 2688 6155

## PRINCIPAL PLACE OF BUSINESS IN MACAU

Alameda Dr. Calos D' Assumpcao,

No. 398, 9 Andar F, Macau

Tel: (853) 2875 0516

Fax: (853) 2875 0515

## PRINCIPAL PLACE OF BUSINESS IN THAILAND

99/1 Mu Phaholyothin Road, Sanubtueb,

Wangnoi, Ayutthaya 13170, Thailand

Tel: (66) 3572 3333

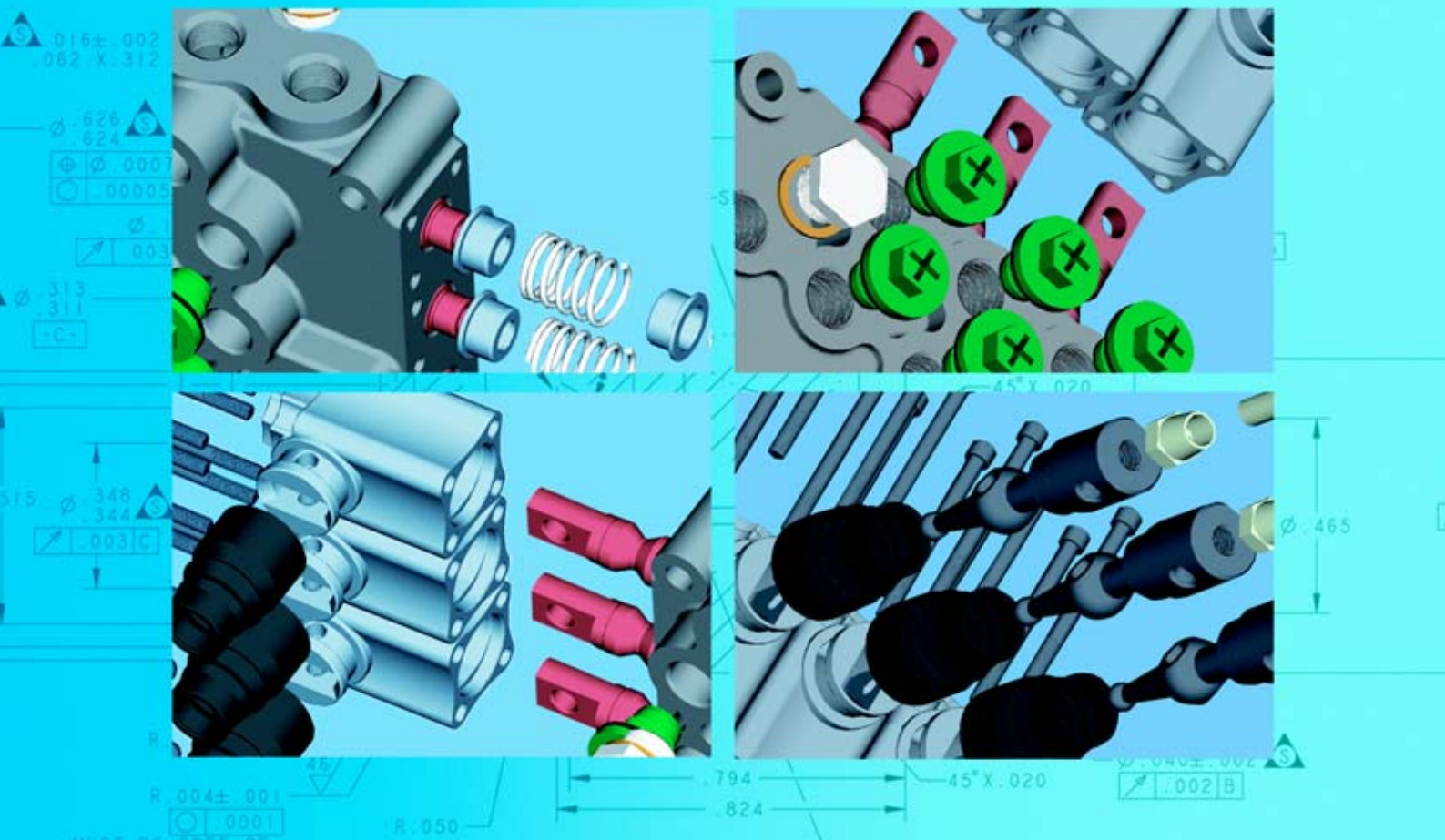
Fax: (66) 3572 3003

## WEBSITE

<http://www.ipegroup.com>

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# Financial Calendar and Shareholder Information



## FINANCIAL CALENDAR

2007 Interim dividend payable date	28 September 2007
Closure of register of members	21 September 2007 to 25 September 2007
2007 Interim results announced	4 September 2007
2006 Final dividend payable date	25 May 2007
2006 Final results announced	16 April 2007
2006 Interim results announced	12 September 2006
2005 Final results announced	10 April 2006
2005 Interim results announced	29 August 2005
2004 Final results announced	21 March 2005
Listing date	1 November 2004

## SHAREHOLDER INFORMATION

Company Name	IPE Group Limited
Listing Venue	Main Board of The Stock Exchange of Hong Kong Limited
Stock code	0929
Business Classification	Industrials
Listing Date & Price	1 November 2004/HK\$0.77 per share
Financial Year End	31 December
Trading Currency	HK Dollar
Number of Authorized Shares	1,200,000,000
Number of Issued Shares as at 30 June 2007	722,970,000
Par Value	HK\$0.10 per share
Board Lot	5,000
Principal Share Registrar and Transfer Office	Butterfield Fund Services (Cayman) Limited Butterfield House 68 Fort Street, P.O. Box 705, Grand Cayman, KY1-1107, Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong Tel: (852) 2862 8628 Fax: (852) 2865 0990 Website: <a href="http://www.computershare.com">http://www.computershare.com</a>
Corporate Communication	Strategic Financial Relations Limited Unit A, 29/F, Admiralty Centre 1, 18 Harcourt Road, Hong Kong Tel: (852) 2527 0490 Fax: (852) 2804 2789 Website: <a href="http://www.sprg.com.hk">http://www.sprg.com.hk</a>

# Corporate Profile



IPE Group Limited (the “Company” or “IPE”) was incorporated in the Cayman Islands as an exempted company with limited liability on 10 July 2002. The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing and selling of high precision metal components.

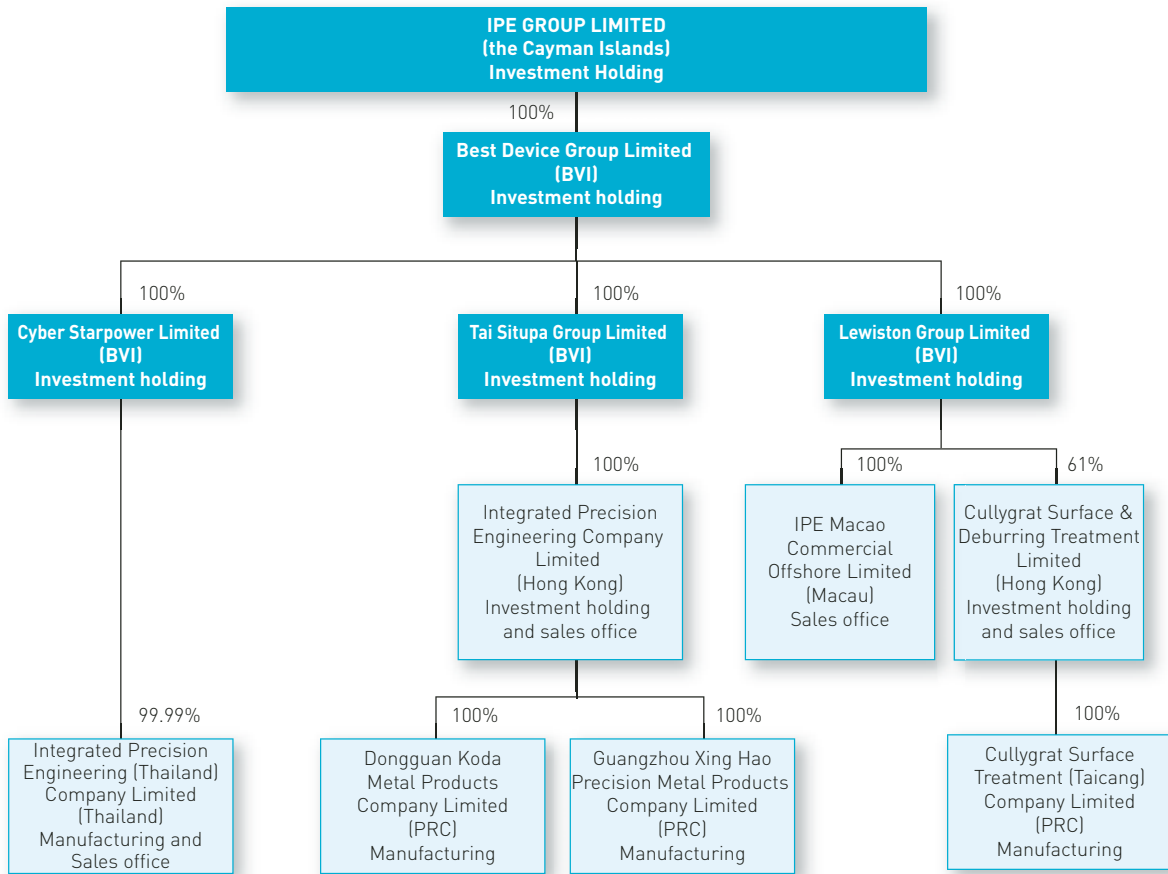
The Group started its high precision components business in 1990 in Singapore and has now developed into a multinational corporation with production plants located in the Mainland China and Thailand. By using specialised computer numerical controlled machines and other auxiliary machinery and equipment, the Group produces high precision metal components used in hard disk drives (“HDD”), hydraulic equipment, automotive parts, electronic and other devices.

The Group’s highly valued customers are top-tier multinational corporations in the information technology, fluid power, automotive and household electronic sectors where optimal precision is vital. With these long term business partners, the Group has grown steadily to become a listed company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 1 November 2004 (Stock Code: 0929). As at 30 June 2007, the Group had a workforce of 4,139 employees.

Looking ahead, IPE will continue to diversify the variety of its products and enhance its production capacity to meet the increasing needs of our customers while maintaining the Group’s persistent excellent product quality.

# Group Structure

(Principal subsidiaries of the Company as at 4 September 2007)



# Corporate Milestone



Year	
2007	<p>Acquired 61% interests in Cullygrat Surface &amp; Deburring Treatment Limited and set up chemical deburring facilities in Taicang, Suzhou</p> <p>Integrated Precision Engineering (Thailand) Co., Ltd. ("IPE (Thailand)") accredited with ISO14001:2004</p> <p>Participated in a Sino-Italy joint venture which is engaged in the assembly of hydraulic valves and devices in China. IPE Group owns 15% interests in this joint venture</p>
2006	<p>Guangzhou Xing Hao Precision Metal Products Company Limited ("Xing Hao") was accredited TS16949 certification</p>
2005	<p>Qualified by Bosch, Delphi, Siemens VDO and TRW as an qualified automotive components vendor</p> <p>Xing Hao Factory No. 1 was put into operation in March 2005</p>
2004	<p>Established IPE Macao Commercial Offshore Limited ("IPE Macao") in Macau</p> <p>Listed on the Main Board of The Stock Exchange of Hong Kong Limited on 1 November 2004</p>
2003	<p>Acquired additional land of 166,667 square metres to enlarge production facilities of Xing Hao and construction of the new Guangzhou plant commenced</p>
2002	<p>IPE (Thailand)'s production facility was accredited ISO 9001 certification</p> <p>The production facility of Dongguan Koda Metal Products Company Limited ("Dongguan Koda") was accredited ISO 9001 and QS 9000 certifications</p> <p>Established Xing Hao in Mainland China</p>
1997	<p>Established IPE (Thailand) in Ayutthaya, Thailand</p> <p>Integrated Precision Engineering Pte. Ltd. ("IPE (Singapore)") was awarded the "Top 50 outstanding enterprise" by the Singapore Government</p>
1994	<p>Established Integrated Precision Engineering Company Limited in Hong Kong</p> <p>Established Dongguan Koda in Mainland China</p>
1990	<p>Established IPE (Singapore) in Singapore</p>

# Financial Highlights



## HALF YEARLY RESULTS BREAKDOWN ANALYSIS

	1H 2007 HK\$'000		2H 2006 HK\$'000		1H 2006 HK\$'000		2H 2005 HK\$'000		1H 2005 HK\$'000	
<b>REVENUE</b>	<b>360,411</b>	<b>100%</b>	306,757	100%	274,885	100%	228,226	100%	177,751	100%
Cost of sales										
Direct material	(124,718)	35%	(112,654)	37%	(81,447)	30%	(75,882)	33%	(57,475)	32%
Direct labour	(32,795)	9%	(27,497)	9%	(21,221)	8%	(19,540)	9%	(14,630)	8%
Depreciation	(47,674)	13%	(33,950)	11%	(30,238)	11%	(26,459)	12%	(13,975)	8%
Water & electricity	(18,513)	5%	(18,123)	6%	(14,823)	5%	(15,078)	7%	(8,898)	5%
Other manufacturing overheads	(39,793)	11%	(33,338)	11%	(38,136)	14%	(26,343)	11%	(24,068)	14%
	<b>(263,493)</b>	<b>73%</b>	(225,562)	74%	(185,865)	68%	(163,302)	72%	(119,046)	67%
Gross profit	<b>96,918</b>	<b>27%</b>	81,195	26%	89,020	32%	64,924	28%	58,705	33%
Other income and gains	<b>6,958</b>	<b>2%</b>	15,210	5%	6,144	2%	13,225	6%	4,902	3%
Selling and distribution costs	(9,055)	3%	(9,377)	3%	(7,365)	3%	(7,775)	3%	(5,877)	3%
Administrative expenses	(28,065)	8%	(25,573)	8%	(27,684)	10%	(28,108)	12%	(20,005)	11%
Other expenses	(3,371)	1%	(5,969)	2%	(2,955)	1%	(336)	0%	(278)	0%
Finance costs	(12,202)	3%	(11,377)	4%	(12,120)	4%	(8,511)	4%	(3,705)	2%
<b>PROFIT BEFORE TAX</b>	<b>51,183</b>	<b>14%</b>	44,109	14%	45,040	16%	33,419	15%	33,742	19%
Tax	(725)	0%	1,535	1%	(5,926)	2%	247	0%	(3,010)	2%
<b>PROFIT FOR THE PERIOD</b>	<b>50,458</b>	<b>14%</b>	45,644	15%	39,114	14%	33,666	15%	30,732	17%

## HALF YEARLY COST OF SALES ANALYSIS

	1H 2007	2H 2006	1H 2006	2H 2005	1H 2005
Direct material	47%	50%	44%	47%	48%
Direct labour	13%	12%	11%	12%	12%
Depreciation	18%	15%	16%	16%	12%
Water & electricity	7%	8%	8%	9%	8%
Other manufacturing overheads	15%	15%	21%	16%	20%
<b>TOTAL COST OF SALES</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

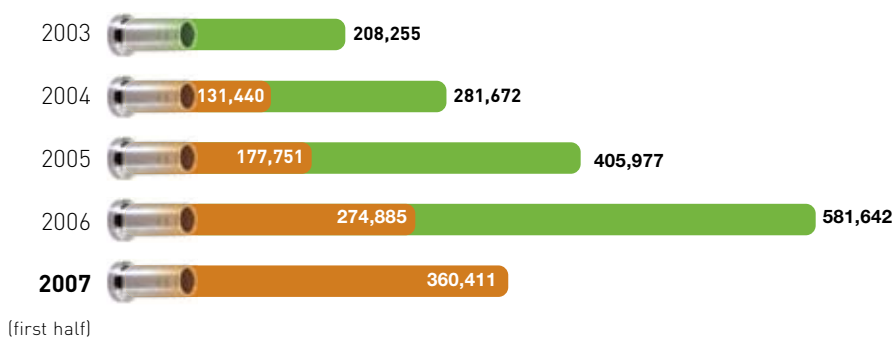




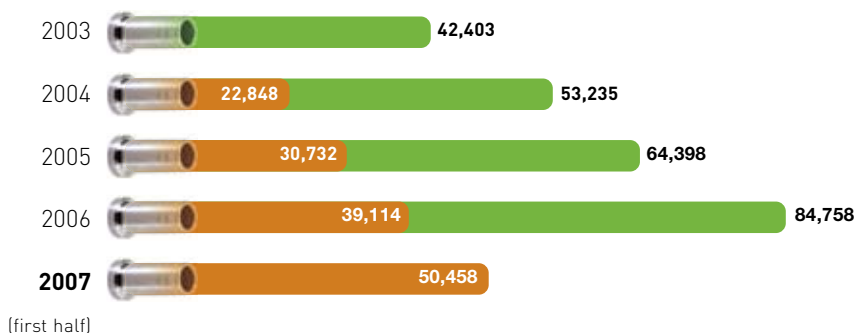
## TURNOVER AND SEGMENT INFORMATION

	1H 2007 HK\$'000		2H 2006 HK\$'000		1H 2006 HK\$'000		2H 2005 HK\$'000		1H 2005 HK\$'000	
HDD pivot components	148,495	41%	174,579	57%	140,684	51%	130,430	57%	95,017	54%
HDD spindle motor components	102,545	29%	72,222	24%	80,343	29%	56,536	25%	44,920	25%
HDD components	251,040	70%	246,801	81%	221,027	80%	186,966	82%	139,937	79%
Hydraulic equipment components	74,116	21%	45,792	15%	45,359	17%	33,797	15%	29,189	16%
Automotive components	15,970	4%	9,577	3%	1,675	1%	599	0%	427	0%
Others	19,285	5%	4,587	1%	6,824	2%	6,864	3%	8,198	5%
	<b>360,411</b>	<b>100%</b>	<b>306,757</b>	<b>100%</b>	<b>274,885</b>	<b>100%</b>	<b>228,226</b>	<b>100%</b>	<b>177,751</b>	<b>100%</b>

## REVENUE (HK\$'000)



## PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (HK\$'000)





## RATIO ANALYSIS

	Six months ended 30 June		Year ended 31 December		
	2007	2006	2006	2005	2004
<b>FINANCIAL POSITION:</b>					
Net current assets	<b>HK\$134 M</b>	HK\$178 M	HK\$137 M	HK\$16 M	HK\$23 M
Shareholders' fund	<b>HK\$885 M</b>	HK\$739 M	HK\$807 M	HK\$485 M	HK\$294 M
Net assets per share (HK\$)	<b>1.22</b>	1.02	1.12	0.81	0.59
<b>GEARING:</b>					
Total interest-bearing borrowing	<b>HK\$499 M</b>	HK\$376 M	HK\$386 M	HK\$360 M	HK\$131 M
Cash & cash equivalents	<b>HK\$130 M</b>	HK\$225 M	HK\$139 M	HK\$158 M	HK\$52 M
Net borrowings	<b>HK\$369 M</b>	HK\$152 M	HK\$247 M	HK\$202 M	HK\$79 M
Debt-to-equity ratio	<b>0.56</b>	0.51	0.48	0.74	0.44
Net debt-to-equity ratio	<b>0.42</b>	0.21	0.31	0.42	0.27
<b>KEY STATISTICS:</b>					
Gross profit margin	<b>26.9%</b>	32.4%	29.3%	30.5%	33.6%
EBITDA margin	<b>32.1%</b>	32.7%	32.5%	31.0%	30.7%
Net profit margin	<b>14.0%</b>	14.2%	14.6%	15.9%	18.9%
Return on shareholders' equity	<b>5.7%</b> <b>(Half Year)</b>	5.3% (Half Year)	13.1%	16.5%	23.4%
Current ratio	<b>1.32</b>	1.49	1.36	1.04	1.12
Days of inventory turnover (including raw materials, consumables, WIP and finished goods)	<b>137 days</b>	134 days	143 days	117 days	82 days
Days of inventory turnover (WIP only)	<b>45 days</b>	51 days	52 days	45 days	36 days
Days of inventory turnover (finished goods only)	<b>18 days</b>	15 days	14 days	14 days	23 days
Days of debtor turnover	<b>95 days</b>	91 days	92 days	91 days	91 days
<b>PER SHARE DATA:</b>					
Earning per share – basic	<b>HK7.0 cents</b>	HK6.0 cents	HK12.40 cents	HK11.36 cents	HK13.52 cents
Earning per share – diluted	<b>HK6.9 cents</b>	HK5.8 cents	HK12.11 cents	HK10.63 cents	HK13.49 cents



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June		Year ended 31 December		
	2007	2006 (restated)	2006	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>20,260</b>	16,802	73,347	31,264	43,136
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of property, plant and equipment	(126,734)	(158,896)	(297,668)	(199,269)	(82,481)
Prepaid land lease payments	-	-	-	(1,537)	-
Proceeds from disposal of property, plant and equipment	724	190	741	-	4
Investment in an unlisted equity investment	-	-	(150)	-	-
Disposal of a subsidiary	-	-	-	(173)	-
Decrease/(increase) in pledged fixed deposits with banks	-	-	-	11,506	(1,925)
Net cash outflow from investing activities	<b>(126,010)</b>	(158,706)	(297,077)	(189,473)	(84,402)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares	-	224,400	224,400	115,000	98,175
Share issue expenses	-	(12,073)	(12,073)	(3,516)	(26,362)
Repurchase of shares	(68)	-	(1,032)	-	-
Share options exercised	51	2,400	2,400	835	-
New bank loans and other borrowings	175,229	64,637	136,069	226,890	170,607
Repayment of bank loans and other borrowings	(66,694)	(41,166)	(85,607)	(22,740)	(128,478)
Capital element of finance lease rental payments	(15,537)	(14,888)	(31,516)	(19,373)	(12,941)
Dividends paid	(13,013)	(13,028)	(23,885)	(19,812)	(11,060)
(Decrease)/increase in trust receipt loans	-	-	-	(6,011)	3,987
Net cash inflow from financing activities	<b>79,968</b>	210,282	208,756	271,273	93,928
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(25,782)</b>	68,378	(14,974)	113,064	52,662
Cash and cash equivalents at beginning of period/year	138,670	152,340	152,340	38,095	(14,374)
Effect of foreign exchange rate changes, net	2,870	697	1,304	1,181	(193)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD/ YEAR</b>	<b>115,758</b>	221,415	138,670	152,340	38,095



Over 1,000  
parts

# Management Discussion and Analysis

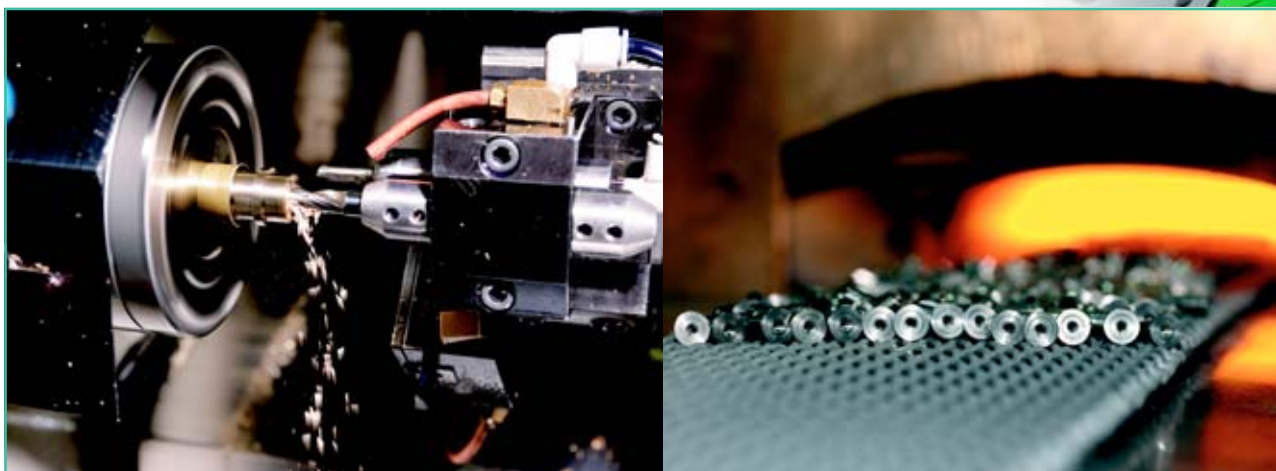
## BUSINESS REVIEW

During the period under review, the Group recorded a 31.1% increase in consolidated turnover to HK\$360,411,000. Turnover analysis by product category is shown as follows:

	Six months ended 30 June				
	2007 (Unaudited)		2006 (Unaudited)		Growth %
	HK\$'000	%	HK\$'000	%	
HDD pivot components	148,495	41.2%	140,684	51.2%	5.6%
HDD spindle motor components	102,545	28.5%	80,343	29.2%	27.6%
HDD components	251,040	69.7%	221,027	80.4%	13.6%
Hydraulic equipment components	74,116	20.6%	45,359	16.5%	63.4%
Automotive components	15,970	4.4%	1,675	0.6%	853.4%
Others	19,285	5.3%	6,824	2.5%	182.6%
	<b>360,411</b>	<b>100%</b>	<b>274,885</b>	<b>100%</b>	<b>31.1%</b>

The most significant gain in revenue during the first half year of 2007 was the increase in sales of hydraulic equipment components. Sales of automotive components also jumped 8.5 times the amount in the corresponding period of 2006, thanks to the new automotive injection nozzles components and throttle shafts projects rolled out gradually in the first half of 2007.

The Company continued to make solid progress in diversifying its customer base and product ranges. The proportion of turnover generated from HDD components sector dropped to 69.7% (2006 first half: 80.4%) while the proportion of turnover generated by non-HDD sectors increased significantly to 30.3% of the Group's total turnover in the first half of 2007 (2006 first half: 19.6%).



## “One-Stop” Service

### FINANCIAL REVIEW

#### Gross profit and gross profit margin

	Six months ended 30 June			Year ended 31 December			
	2007 (Unaudited)		2006 (Unaudited)		2006 (Audited)		
	HK\$'000	% of turnover	HK\$'000	% of turnover	% change	HK\$'000	% of turnover
Turnover	360,411		274,885		31.1%	581,642	
Direct material	124,718	34.6%	81,447	29.6%	53.1%	194,101	33.4%
Direct labour	32,795	9.1%	21,221	7.7%	54.5%	48,718	8.4%
Depreciation	47,674	13.2%	30,238	11.0%	57.7%	64,188	11.0%
Water and electricity	18,513	5.1%	14,823	5.4%	24.9%	32,946	5.6%
Other manufacturing overheads	39,793	11.1%	38,136	13.9%	4.3%	71,474	12.3%
	263,493	73.1%	185,865	67.6%	41.8%	411,427	70.7%
Gross Profit	96,918		89,020		8.9%	170,215	
Gross Profit Margin	26.9%		32.4%			29.3%	



## Quality is the Key to Success

During the period under review, prices of imported stainless steel, copper and aluminum fluctuated significantly but the negative impact could not be totally transferred on customers. As such the Group's metal consumption costs in the first half of 2007 increased by 53.1% when compared with the corresponding period in 2006 although the increase in turnover during the first half of 2007 was just 31.1%. The Group continued to invest in new machinery and equipment and building up additional work force to make sure it could cater for future orders. However, since such investments including new production lines and processes could only begin mass production after test runs and being qualified by customers, they did not generate immediate cash revenue for the period. The surge in depreciation cost by 57.7% and labour cost by 54.5% against the corresponding period of 2006, and increase in metal costs together led to the drop in the Group's gross profit margin from 32.4% in the first half of 2006 to 26.9% in the first half of 2007.

### **Other income and gains**

Other income and gains mainly comprised foreign exchange gains of HK\$5,872,000 as a result of settlements paid in Japanese Yen and Thai Baht (2006 first half: HK\$3,304,000) and bank interest income of HK\$512,000 (2006 first half: HK\$2,374,000).

### **Selling and distribution costs**

During the period under review, selling and distribution costs increased by 22.9% to HK\$9,055,000, which was mainly attributable to the increase in export freight costs and marketing costs, along with the 31.1% increase in turnover.

### **Administrative expenses**

Administrative expenses increased only slightly by 1.4% to HK\$28,065,000 when compared with the first half of 2006, in spite of the more than 31.1% increase in turnover, thanks to the Group's continuous effort to trim costs.



Modern Production Facilities with Strong R&D Capabilities

### Finance costs

For the first half of 2007, the Group recorded finance costs of HK\$12,202,000 as compared to HK\$12,120,000 in the first half of 2006, representing an increase of 0.7%. Average bank borrowing cost was approximately 5.5% per annum in the first half of 2007 (2006 first half: 6.6% per annum) which reflected the Group's ability to secure lower cost funding.

### Profit attributable to ordinary equity holders of the Company

Profit attributable to ordinary equity holders of the Company increased from HK\$39,114,000 for the previous corresponding period to HK\$50,458,000 for the six months ended 30 June 2007. Net profit margin reduced slightly to 14.0% (2006 first half: 14.2%), which was mainly attributable to the drop in gross profit margin as a result of increase in metal costs, depreciation costs and labour costs during the period under review.

### Financial position, cash flow and borrowings

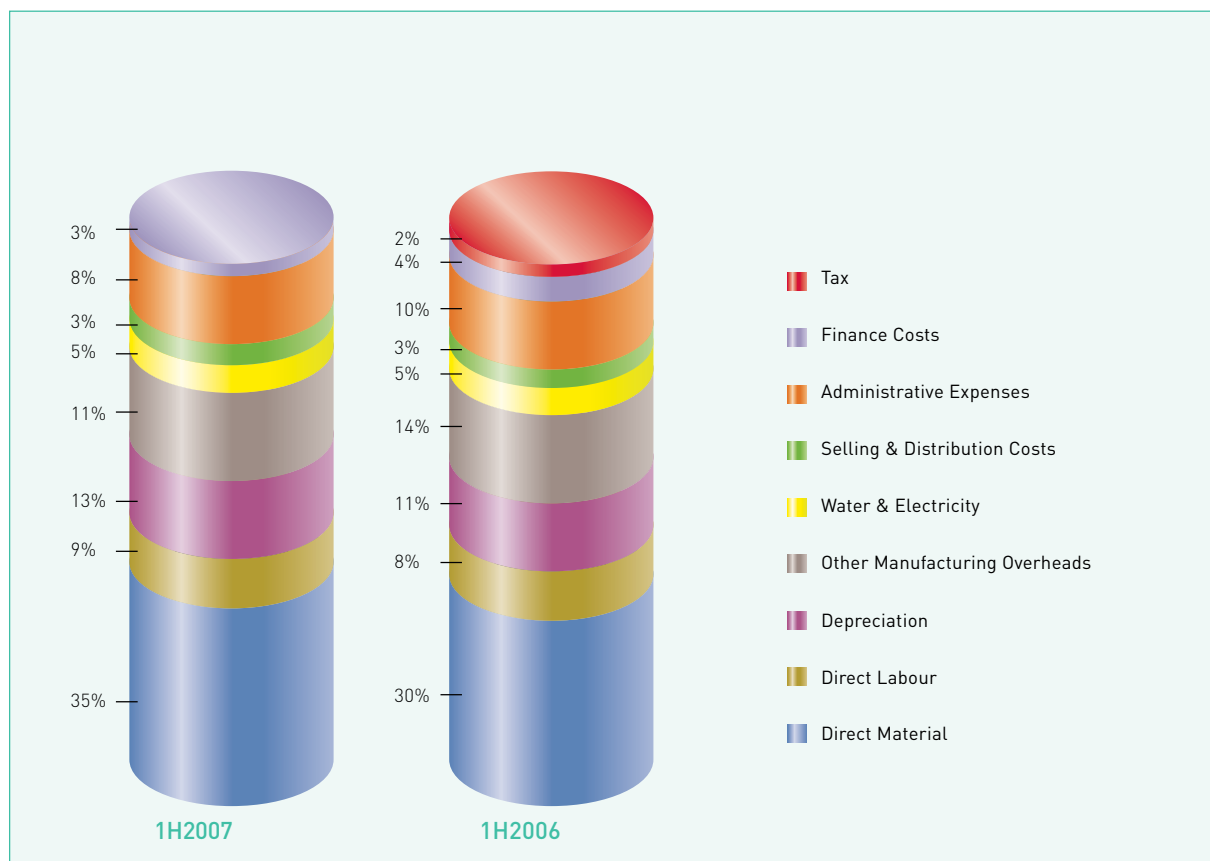
The consolidated total net assets of the Group reached HK\$884,554,000 as at 30 June 2007, representing an increase of 9.6%, as compared to HK\$807,183,000 as at 31 December 2006.

Net asset per share increased from HK\$1.12 as at 31 December 2006 to HK\$1.22 as at 30 June 2007, as a result of net profit earned from the operation in the first half of 2007 together with the increase in exchange fluctuation reserve resulting from appreciation of Renminbi and Thai Baht during the period.

The Group was building up a new pool of machinery and equipment to meet increasing demands for hydraulic components and automotive components. In the first half of 2007 the Group paid HK\$126,734,000 for the acquisition of plant and equipment (2006 first half: HK\$158,896,000) and the capital expenditure was financed by a net increase of term and other loan facilities of HK\$113,181,000 during the period.

Consolidated total bank and other borrowings increased to HK\$498,966,000 as at 30 June 2007 and net debt to equity ratio increased from 30.6% as at 31 December 2006 to 41.7% as at 30 June 2007.





Cost and Expenses Analysis (% of Revenue)

**Treasury activities, currency exposure and management**

Majority of the Group’s cash is held in Hong Kong dollar time deposits and US dollar deposits. The Group’s revenue is mainly denominated in US dollars, while major raw materials, machineries and manufacturing overheads are settled in Japanese Yen, Renminbi, Thai Baht and Hong Kong dollars. The Group’s foreign currency exposure mainly arises from payments to overseas suppliers and machinery vendors. The Group will closely monitor foreign exchange risks and use forward exchange contracts to hedge against risk exposure when necessary. Open and unsettled forward exchange contracts held by the Group amounted to HK\$35,880,000 as at 30 June 2007.

**Capital commitments for property, plant and equipment**

The Group is expanding its production facilities in the Guangzhou plant and Dongguan plant in China and the Bangkok plant in Thailand to cater for anticipated customer orders and to provide “one-stop” service to global customers. The amount of capital commitments contracted but not provided for was HK\$58,728,000 as at 30 June 2007 and is expected to be financed by internal cash reserve and unused banking facilities available to the Group.

**Human resources**

The Company, together with its subsidiaries, had a workforce of 4,139 as at 30 June 2007, an increase of 1.3% when compared to 4,087 employees as at 31 December 2006. Staff cost (excluding directors’ emoluments) amounted to HK\$44,161,000 in the first half of 2007 (2006 first half: HK\$30,167,000). Employees are offered competitive salaries with bonuses awarded on performance basis.

# Prospects



Apart from positioning itself as an upstream high precision metal components supplier for diverse industries including hydraulic, automotive and HDD, the Group is also working closely with customers in making sub-assembled parts for customers' final assembly and distribution to end users. To make sure its operations work seamless to provide "one-stop" service to global customers, the Group has strengthened its metal forming division, plastic injection division, tools making division, die casting division and heat treatment division.

Growth in hydraulic and automotive components sectors has been particularly strong as more global customers are choosing to source more components from Asia to save procurement costs and stay competitive in the market. Demand for high precision hydraulic components in the Mainland China has also been surging as a result of the growing number of passenger cars, vehicles and hydraulic device being assembled in the country. We expect that non-HDD business will grow very fast in the next few years and will account for a majority of our income stream very soon.

The Group is in the high precision components business which has high entry barriers including extensive qualification requirements, micron tolerance requirements, heavy capital investment and the continuous development and implementation of control and quality assurance processes. However, the Group, being a leader in the business, is able to implement projects at very competitive prices and in relatively short lead time. We will focus on continuous research and development to strengthen our competitive edges.

We are building up a stronger platform for future business opportunities and we are still buying new equipment and technology aggressively during 2007 while such new capacity will not generate immediate return and cash inflow. Once such new capacity is put into use gradually and new hydraulic components projects and automotive components projects kick off, we foresee the return on investment will improve accordingly and at the same time generate a stronger cash inflow from operations.

# Directors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. Chui Siu On**, aged 47, is the Chairman, an executive and managing Director and chairman of the executive committee and remuneration committee of the Company. He is one of the founders of the Group. Besides, he is the director and shareholder of Tottenhill Limited, the controlling shareholder of the Company. Mr. Chui is responsible for the overall strategic planning of the Group and establishes operational objectives and assignments. He has over 31 years of experience in the field of mechanical engineering and precision automation and has extensive experience in design and manufacture of automation equipment, precision mechanical components and machinery parts. Mr. Chui also holds positions in a number of associations as follows:

Association	Position
Guangdong Chamber of Foreign Investors (廣東外商公會)	Director
Guangdong Commercial Chamber of High-Technology Estate (廣東高科技產業商會)	Vice Chairman

**Mr. Ho Yu Hoi, Mark**, aged 43, is an executive Director and a member of the executive committee of the Company. Besides, he is the director and shareholder of Tottenhill Limited, the controlling shareholder of the Company. He joined the Group in 1992 and has 24 years of experience in the field of computer aided design and manufacturing. Mr. Ho is currently responsible for overall marketing strategies and implementation of the strategic plans and goals of the Group. He also oversees the personnel and administration affairs of the Group.

**Mr. Lai Man Kit**, aged 47, is an executive Director and a member of the executive committee and remuneration committee of the Company. Besides, he is the director and shareholder of Tottenhill Limited, the controlling shareholder of the Company. He joined the Group in 1992 and is currently based in China headquarters responsible for the overall management of the production facilities in China. He has 32 years of experience in the field of machine augmentation and manufacturing automation.

**Mr. Li Chi Hang**, aged 37, is an executive Director and a member of the executive committee of the Company. Besides, he is the director and shareholder of Tottenhill Limited, the controlling shareholder of the Company. Mr. Li joined the Group in 1992 and is currently based in China headquarters responsible for the Group's product development and new projects implementation. Mr. Li has over 18 years of experience in the field of machine augmentation and manufacturing automation.

**Mr. Wong Kwok Keung**, aged 44, is an executive Director and a member of the executive committee of the Company. He joined the Group in 1996 and is now responsible for the Group's new projects implementation and handling all technical issues arising from daily operation. He completed his study in Haking Wong Technical Institute in 1982 and has over 27 years of experience in the manufacturing industry.

### Non-Executive Director

**Mr. Ng Kin Nam**, aged 48, is the Vice Chairman and the non-executive Director. Besides, he is the director and shareholder of Tottenhill Limited, the controlling shareholder of the Company. Mr. Ng does not involve in the day-to-day management of the Group. He has 32 years of experience in the electrical product manufacturing industry and is the founder of "Reputed Industrial Co. Ltd.", a manufacturer of connectors for electronic devices. In August 2002, Mr. Ng was appointed as an executive director of Peaktop International Holdings Limited (Stock Code: 925), a company listed on the Main Board of the Stock Exchange engaging in design, manufacture and sale of decorative products. He also holds positions in a number of associations as follows:

Association	Position
Eastern District Industries & Commerce Association (東區工商業聯會)	Honorable President
Jin Jiang Clans Association (H.K.) Ltd. (香港晉江同鄉會)	Life Honorable President
Ng Clan's Association (香港吳氏宗親總會)	Vice President
The HK Fujian Charitable Education Fund (福建希望工程基金會)	Honorable President
Guangdong Chamber of Foreign Investors (廣東外商公會)	Director

### Independent Non-Executive Directors

**Dr. Cheng Ngok**, aged 61, is an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee of the Company. He joined the Group in 2003. Dr. Cheng graduated from the National Taiwan University with a Bachelor of Science degree in Medical Technology in 1970 and then obtained a Doctor degree of Medicine, Surgery and Obstetrics, a Diploma certification in Orthopaedic Surgery and a PH.D. degree (Doctor of Biomedical Science) from Catholic University of Leuven, Belgium in 1978, 1983 and 1984 respectively. After graduation, he worked as an Orthopaedic Surgeon in Europe between 1978 and 1984. Then, he returned to Hong Kong and took up the position of a lecturer in the Department of Orthopaedics and Traumatology in the Chinese University of Hong Kong until 1986. Dr. Cheng has been a member of the Hospital Governing Committee of Alice Ho Miu Ling Nethersole Hospital since April 1997 and a member of the Cluster Tender Board in New Territories East Cluster, Hospital Authority since 2003. In addition, he is also a medical practitioner in Hong Kong and holds directorship in two private companies engaging in medical diagnostic laboratory and manufacturing of medical devices.

**Mr. Choi Hon Ting, Derek**, aged 38, is an independent non-executive Director and a member of the audit committee and remuneration committee of the Company. He joined the Group in 2004. Mr. Choi graduated from Purdue University in the US with a Bachelor degree in Engineering in Food Processing in 1991. After graduation, he worked as project manager, deputy general manager and executive director of Balama Prima Engineering Company Limited which businesses included highway construction, underground construction and environmental engineering. Since 1996, he has been a director of C&C Technology Inc. which is a company listed on the Toronto Stock Exchange. Mr. Choi was also a former vice-chairman, chairman and executive secretary of the China Hong Kong Society for Trenchless Technology. Mr. Choi elected as executive sub-committee member of International Society for Trenchless Technology in 2004.

**Mr. Wu Karl Kwok**, aged 43, is an independent non-executive Director and a member of the audit committee and remuneration committee of the Company. He joined the Group in 2004. Mr. Wu holds a Bachelor of Arts degree in business administration from the University of Washington and is a Certified Public Accountant (USA). He has over 19 years of international working experience in accounting, financial planning and control, business development, logistic, project management and contract administration in various industries. Mr. Wu currently works in an international trust company. Prior to that, he had been a financial controller and company secretary for UDL Holdings Limited, a company listed on the Main Board of the Stock Exchange, and the chief financial officer and company secretary of Innovis Holdings Limited (currently known as Sino Haijing Holdings Limited), a company listed on the Growth Enterprise Market of the Stock Exchange. Mr. Wu also used to be a project director of a private engineering and construction company in Hong Kong and served there for seven years. Before that, he worked for a private trading company, an international architectural and interior consultancy firm and a manufacturing company for a total of nine years principally responsible for financial controlling and business development.

### SENIOR MANAGEMENT

**Mr. Yip Mie Leong, Chester**, aged 45, is the Business Development Director of the Group. Mr. Yip joined the Group in September 2006 and is responsible for the implementation of new projects and formulation of quality assurance strategies of the Group. Mr. Yip holds a Bachelor Degree in Engineering. He has served 18 years in Storage and OEM Industries and has accumulated extensive marketing and technical knowledge in mechanical component manufacturing process and assembly of electro-mechanical components.

**Mr. Lim Koy Cheong**, aged 41, is the Manufacturing Director of the Group. Mr. Lim joined the Group in 1994 and is responsible for the overall management of IPE (Thailand). He graduated from Singapore Ngee Ann Polytechnic with a diploma in Mechanical Engineering and has over 19 years of experience in the manufacturing industry.

**Mr. Lau Siu Chung**, aged 42, is the Sales and Marketing Director of the Group. Mr. Lau joined the Group in 1997 and has over 12 years of experience in marketing and sales of precision components and industrial equipments.

**Ms. Chiu Tak Chun**, aged 42, is the General Manager of Integrated Precision Engineering Company Limited. Ms. Chiu joined the Group in 1996. She was granted a graduate diploma in management from the International Professional Managers Association, United Kingdom and has over 14 years of experience in office administration. Ms. Chiu is a fellow member of the International Professional Managers Association.

**Mr. Chui Siu Hung**, aged 38, is the Deputy General Manager of Guangzhou Xing Hao. He joined the Group in 1994 and is responsible for the supervision of engineering department in China and implementation of special hydraulic components projects. He graduated from the Hong Kong Institute of Vocational Education with a certificate in Communication and Computer Studies and has over 14 years of experience in the manufacturing industry. He is the younger brother of Mr. Chui Siu On, the Chairman of the Group.

**Mr. Jiang Fei**, aged 35, is the Manager supervising the Group's heat treatment division in the China headquarter. He joined the Group in 1995 after graduation from 華南理工大學 (South China University of Technology) with a graduate diploma in Mechanical Engineering. He has over 11 years of experience in the manufacturing industry and is now the manager in charge of the heat treatment projects in China headquarters.

### COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

**Mr. Wan Tak Wing, Gary**, aged 40, is the Chief Financial Officer, Company Secretary and Qualified Accountant of the Company. He joined the Group in October 2003 and is responsible for the Group's financial, investor relationship, company secretarial and legal affairs. Mr. Wan holds a Bachelor degree in Accountancy and Finance from City of Birmingham Polytechnic of England and is a fellow member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Mr. Wan was an executive director of two publicly listed companies in Hong Kong and has over 18 years of experience in audit, corporate finance, business development and investors relationship.

## INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK\$0.020 per ordinary share for the six months ended 30 June 2007 (2006 first half: HK\$0.015 per ordinary share). The interim dividend will be paid in cash on or around 28 September 2007 to shareholders whose names appear on the Register of Members of the Company at the close of business on 25 September 2007.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 21 September 2007 to Tuesday, 25 September 2007 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 June 2007, unregistered holders of shares of the Company should ensure that all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712 – 1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 20 September 2007.

## GENERAL DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

As detailed in the Company's press announcement dated 24 June 2005, a loan facility was arranged by Standard Chartered Bank (Hong Kong) Limited as the coordinating arranger and accepted by Integrated Precision Engineering Company Limited, a subsidiary of the Company, as the borrower (the "Loan Facility"). Pursuant to the Loan Facility, a term loan facility of the sum of HK\$200,000,000 was made available to the Group for a term of three years commencing from 24 June 2005.

It is one of the conditions of the Loan Facility that Mr. Chui Siu On, Mr. Ng Kin Nam and Mr. Ho Yu Hoi, the directors of the Company, must beneficially own (directly or indirectly) in aggregate at least 40% (which was revised from 45% to 40% as announced by the Company's press announcement dated 12 April 2006) of the issued share capital of the Company; Mr. Chui Siu On must be (directly or indirectly) the single largest beneficial shareholder of the Company; and Mr. Chui Siu On must maintain control of the Company throughout the life of the Loan Facility. A breach of the aforesaid condition will constitute an event of default under the Loan Facility and cancel all or any part of commitments under the Loan Facility and all amounts outstanding under the Loan Facility will immediately become due and payable.

As the above specific performance obligation as imposed under the Loan Facility continues to exist as at 30 June 2007, the Company is required to make the above disclosure pursuant to Rule 13.21 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"). In addition, the above performance obligation has been duly satisfied up to the date of the approval of these financial statements.

## SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution in writing of the sole shareholder dated 12 October 2004 which became effective on 1 November 2004, the date on which the shares of the Company were listed on the Stock Exchange. Unless otherwise cancelled or amended, the Scheme will remain in force for 10 years from 12 October 2004.

The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Under the Scheme, the directors of the Company are authorised at their absolute discretion, to invite any directors (including the executive, non-executive and independent non-executive directors) and full-time employees of any member of the Group and any advisors, consultants, distributors, contributors, suppliers, agents, customers, joint venture business partners, promoters, service providers of any member of the Group who is eligible to participate in the Scheme, to take up options to subscribe for shares in the Company.

## Other Information

### SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the Scheme during the period:

Name or category of participant	Number of share options					At 30 June 2007	Date of grant of share options*	Exercise period of share options	Price of the Company's shares***		
	At 1 January 2007	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period				Exercise price of share options** HK\$ per share	Immediately before the exercise date HK\$ per share	At exercise date of options HK\$ per share
Directors											
Mr. Chui Siu On	800,000	-	-	-	-	800,000	27-07-05	27-07-05 to 31-12-08	1.41	-	-
	800,000	-	-	-	-	800,000	27-07-05	01-07-06 to 31-12-08	1.41	-	-
	1,400,000	-	-	-	-	1,400,000	27-07-05	01-07-07 to 31-12-08	1.41	-	-
	<u>3,000,000</u>	-	-	-	-	<u>3,000,000</u>					
Mr. Ho Yu Hoi	1,400,000	-	-	-	-	1,400,000	27-07-05	27-07-05 to 31-12-08	1.41	-	-
	1,400,000	-	-	-	-	1,400,000	27-07-05	01-07-06 to 31-12-08	1.41	-	-
	2,200,000	-	-	-	-	2,200,000	27-07-05	01-07-07 to 31-12-08	1.41	-	-
	<u>5,000,000</u>	-	-	-	-	<u>5,000,000</u>					
Mr. Lai Man Kit	1,400,000	-	-	-	-	1,400,000	27-07-05	27-07-05 to 31-12-08	1.41	-	-
	1,400,000	-	-	-	-	1,400,000	27-07-05	01-07-06 to 31-12-08	1.41	-	-
	2,200,000	-	-	-	-	2,200,000	27-07-05	01-07-07 to 31-12-08	1.41	-	-
	<u>5,000,000</u>	-	-	-	-	<u>5,000,000</u>					
Mr. Li Chi Hang	1,400,000	-	-	-	-	1,400,000	27-07-05	27-07-05 to 31-12-08	1.41	-	-
	1,400,000	-	-	-	-	1,400,000	27-07-05	01-07-06 to 31-12-08	1.41	-	-
	2,200,000	-	-	-	-	2,200,000	27-07-05	01-07-07 to 31-12-08	1.41	-	-
	<u>5,000,000</u>	-	-	-	-	<u>5,000,000</u>					
Mr. Wong Kwok Keung	400,000	-	-	-	-	400,000	30-11-04	30-11-04 to 31-12-08	0.78	-	-
	450,000	-	-	-	-	450,000	30-11-04	01-01-06 to 31-12-08	0.78	-	-
	450,000	-	-	-	-	450,000	30-11-04	01-01-07 to 31-12-08	0.78	-	-
	450,000	-	-	-	-	450,000	30-11-04	01-01-08 to 31-12-08	0.78	-	-
	280,000	-	-	-	-	280,000	27-07-05	01-01-06 to 31-12-08	1.41	-	-
	600,000	-	-	-	-	600,000	27-07-05	01-01-07 to 31-12-08	1.41	-	-
	920,000	-	-	-	-	920,000	27-07-05	01-01-08 to 31-12-08	1.41	-	-
	<u>3,550,000</u>	-	-	-	-	<u>3,550,000</u>					
Mr. Ng Kin Nam	500,000	-	-	-	-	500,000	27-07-05	27-07-05 to 26-07-10	1.41	-	-
Dr. Cheng Ngok	500,000	-	-	-	-	500,000	27-07-05	27-07-05 to 26-07-10	1.41	-	-
Mr. Wu Karl Kwok	500,000	-	-	-	-	500,000	27-07-05	27-07-05 to 26-07-10	1.41	-	-
Mr. Choi Hon Ting, Derek	500,000	-	-	-	-	500,000	27-07-05	27-07-05 to 26-07-10	1.41	-	-
	<u>23,550,000</u>	-	-	-	-	<u>23,550,000</u>					

### SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options					At 30 June 2007	Date of grant of share options*	Exercise period of share options	Price of the Company's shares***			
	At 1 January 2007	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period				Exercise price of share options** <i>HK\$ per share</i>	Immediately before the exercise date <i>HK\$ per share</i>	At exercise date of options <i>HK\$ per share</i>	
<b>Members of senior management and other employees of the Group</b>												
In aggregate	2,975,000	-	-	-	-	2,975,000	30-11-04	30-11-04 to 31-12-08	0.78	-	-	
	4,180,000	-	-	-	-	4,180,000	30-11-04	01-01-06 to 31-12-08	0.78	-	-	
	5,065,000	-	(65,000)	-	-	5,000,000	30-11-04	01-01-07 to 31-12-08	0.78	1.30	1.29	
	5,065,000	-	-	-	(25,000)	5,040,000	30-11-04	01-01-08 to 31-12-08	0.78	-	-	
	3,000,000	-	-	-	-	3,000,000	04-02-05	04-02-05 to 31-12-07	1.09	-	-	
	1,315,000	-	-	-	(25,000)	1,290,000	27-07-05	27-07-05 to 31-12-08	1.41	-	-	
	3,155,000	-	-	-	(25,000)	3,130,000	27-07-05	01-01-06 to 31-12-08	1.41	-	-	
	4,775,000	-	-	-	(25,000)	4,750,000	27-07-05	01-01-07 to 31-12-08	1.41	-	-	
	6,245,000	-	-	-	(25,000)	6,220,000	27-07-05	01-01-08 to 31-12-08	1.41	-	-	
	3,000,000	-	-	-	-	3,000,000	13-09-06	01-01-08 to 31-12-12	1.35	-	-	
	<u>38,775,000</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>(125,000)</u>	<u>38,585,000</u>						
<b>Suppliers of services</b>												
In aggregate	350,000	-	-	-	-	350,000	30-11-04	30-11-04 to 31-12-08	0.78	-	-	
	450,000	-	-	-	-	450,000	30-11-04	01-01-06 to 31-12-08	0.78	-	-	
	450,000	-	-	-	-	450,000	30-11-04	01-01-07 to 31-12-08	0.78	-	-	
	450,000	-	-	-	-	450,000	30-11-04	01-01-08 to 31-12-08	0.78	-	-	
	7,000,000	-	-	-	-	7,000,000	04-02-05	04-02-05 to 31-12-07	1.09	-	-	
	500,000	-	-	-	-	500,000	27-07-05	27-07-05 to 31-12-08	1.41	-	-	
	280,000	-	-	-	-	280,000	27-07-05	01-01-06 to 31-12-08	1.41	-	-	
	420,000	-	-	-	-	420,000	27-07-05	01-01-07 to 31-12-08	1.41	-	-	
	550,000	-	-	-	-	550,000	27-07-05	01-01-08 to 31-12-08	1.41	-	-	
	<u>10,450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,450,000</u>						
<b>Total</b>	<u>72,775,000</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>(125,000)</u>	<u>72,585,000</u>						

Notes to the reconciliation of share options outstanding during the period:

- \* The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- \*\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- \*\*\* The price of the Company's shares disclosed immediately before the exercise date of the share options is the weighted average of the Stock Exchange closing prices immediately before the dates on which the options were exercised over all of the exercises of options within the disclosure line.



### SHARE OPTION SCHEME (Continued)

In the current period, share option benefits expense of approximately HK\$1,446,000 has been recognised in income statement.

The 65,000 share options exercised during the period resulted in the issue of 65,000 ordinary shares of the Company and new share capital of HK\$6,500 and share premium of HK\$44,000 (before issue expenses), as further detailed in note 22 to the financial statements.

At the balance sheet date, the Company had 72,585,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 72,585,000 additional ordinary shares of the Company and additional share capital of HK\$7,258,500 and share premium of HK\$78,780,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 72,525,000 share options outstanding under the Scheme, which represented approximately 10.03% of the Company's shares in issue as at that date.

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2007, the interests and short positions of the directors, in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Main Board of the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

(A) Long positions in ordinary shares of the Company:

Name of director	Capacity and nature of interest	Notes	Number of ordinary shares in the Company	Percentage of the Company's issued share capital
Mr. Chui Siu On	Through controlled corporation	1	352,500,000	48.757%
	Directly beneficially owned		4,895,000	0.677%
	Through spouse	2	100,000	0.014%
			<u>357,495,000</u>	<u>49.448%</u>
Mr. Ng Kin Nam	Directly beneficially owned		7,670,000	1.061%
	Through spouse	3	800,000	0.111%
			<u>8,470,000</u>	<u>1.172%</u>
Mr. Ho Yu Hoi	Directly beneficially owned		4,550,000	0.629%

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

*(Continued)*

(A) Long positions in ordinary shares of the Company: *(Continued)*

Notes:

- These shares were owned by Tottenham Limited, the entire issued share capital of which was owned as to approximately 51.3% by Mr. Chui Siu On, 25.0% by Mr. Ng Kin Nam, 13.9% by Mr. Ho Yu Hoi, 6.0% by Mr. Lai Man Kit and 3.8% by Mr. Li Chi Hang. By virtue of his 51.3% shareholding in Tottenham Limited, Mr. Chui Siu On was deemed to be interested in the entire 352,500,000 shares of the Company owned by Tottenham Limited pursuant to Part XV of the SFO.
- The shares held by Ms. Leung Wing Yi, the wife of Mr. Chui Siu On, were also disclosed as Ms. Leung's personal interest in the section headed "Substantial shareholders' and other persons' interests in shares and underlying shares" below. Mr. Chui Siu On was deemed to be interested in these 100,000 shares of the Company held by his wife pursuant to Part XV of the SFO.
- These shares were held by Ms. Angeleslao, Jocelyn O, the wife of Mr. Ng Kin Nam. Accordingly, Mr. Ng Kin Nam was deemed to be interested in these 800,000 shares of the Company held by his wife pursuant to Part XV of the SFO.

(B) Long positions in the ordinary shares of associated corporation – Tottenham Limited, the Company's holding company:

Name of director	Capacity and nature of interest	Number of ordinary shares in Tottenham Limited	Percentage of Tottenham Limited's issued share capital
Mr. Chui Siu On	Directly beneficially owned	180,832,500	51.3%
Mr. Ng Kin Nam	Directly beneficially owned	88,125,000	25.0%
Mr. Ho Yu Hoi	Directly beneficially owned	48,997,500	13.9%
Mr. Lai Man Kit	Directly beneficially owned	21,150,000	6.0%
Mr. Li Chi Hang	Directly beneficially owned	13,395,000	3.8%

(C) Long positions in the underlying shares of the Company – physically settled unlisted equity derivatives:

Name of director	Capacity and nature of interest	Number of underlying shares in respect of the share options granted	Percentage of the underlying shares over the Company's issued share capital
Mr. Chui Siu On	Directly beneficially owned	3,000,000	0.415%
Mr. Ng Kin Nam	Directly beneficially owned	500,000	0.069%
Mr. Ho Yu Hoi	Directly beneficially owned	5,000,000	0.692%
Mr. Lai Man Kit	Directly beneficially owned	5,000,000	0.692%
Mr. Li Chi Hang	Directly beneficially owned	5,000,000	0.692%
Mr. Wong Kwok Keung	Directly beneficially owned	3,550,000	0.491%
Dr. Cheng Ngok	Directly beneficially owned	500,000	0.069%
Mr. Choi Hon Ting, Derek	Directly beneficially owned	500,000	0.069%
Mr. Wu Karl Kwok	Directly beneficially owned	500,000	0.069%

Note: Details of the above share options as required to be disclosed by the Listing Rules have been disclosed in the above section headed "Share Option Scheme".

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

#### (Continued)

In addition to the above, as at 30 June 2007, certain directors of the Company held shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying with the previous requirements of a minimum of two shareholders.

Save as disclosed above, as at 30 June 2007, none of the directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2007, the following persons (not being directors or chief executives of the Company) with interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

(A) Long positions in the ordinary shares of the Company:

Name of substantial shareholders	Notes	Capacity and nature of interest	Number of ordinary shares in the Company	Percentage of the Company's issued share capital
Tottenham Limited	(a)	Directly beneficially owned	352,500,000	48.757%
Ms. Leung Wing Yi	(b)	Directly beneficially owned Through spouse	100,000 357,395,000	0.014% 49.434%
			357,495,000	49.448%
Fidelity International Limited		Investment manager	36,440,000	5.040%

Notes:

- (a) The interest of Tottenham Limited was also disclosed as the interest of Mr. Chui Siu On in the above section headed "Directors' interests and short positions in shares and underlying shares".
- (b) These shares were disclosed as the personal and corporate interests of Mr. Chui Siu On, the husband of Ms. Leung Wing Yi, in the section headed "Directors' interests and short positions in shares and underlying shares" above. Ms. Leung Wing Yi was deemed to be interested in these shares owned by her husband pursuant to Part XV of the SFO.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES *(Continued)*

(B) Long positions in the underlying shares of the Company – physically settled unlisted equity derivatives:

Name of substantial shareholder	Capacity and nature of interest	Number of underlying shares in respect of the share options granted	Percentage of the underlying shares over the Company's issued share capital
Ms. Leung Wing Yi	Through spouse	3,000,000	0.415%

*Note:* Ms. Leung Wing Yi was deemed to be interested in 3,000,000 share options of the Company owned by her husband, Mr. Chui Siu On, pursuant to Part XV of the SFO. Details of such share options as required to be disclosed by the Listing Rules have been disclosed in the above section headed "Share Option Scheme".

Save as disclosed above, as at 30 June 2007, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the headings "Share option scheme" and in the "Directors' interests and short positions in shares and underlying shares" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director, or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company repurchased its 55,000 listed shares on the Stock Exchange during the six months ended 30 June 2007. Such shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by HK\$5,500, the nominal value of these shares.

Details of the repurchase are summarised as follows:

Date of repurchase	Number of shares repurchased	Repurchase price per share		Total consideration HK\$'000
		Highest HK\$	Lowest HK\$	
2 January 2007	55,000	1.24	1.21	68

Except as disclosed above, neither the Company, nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

### CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except that there is no separation of the roles of Chairman and Chief Executive Officer. Mr. Chui Siu On currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies. As such, it is beneficial to the business prospects of the Company.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the Model Code.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Own Code and the Model Code throughout the six months ended 30 June 2007.

### COMPLIANCE WITH WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") in respect of the dealings in the Company's securities by employees who are likely to be in possession of unpublished price-sensitive information of the Company or its securities.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the six months ended 30 June 2007.

### AUDIT COMMITTEE

The Audit Committee of the Company, comprising the three independent non-executive directors, namely Dr. Cheng Ngok (Chairman of the Audit Committee), Mr. Choi Hon Ting, Derek and Mr. Wu Karl Kwok, has reviewed with senior management of the Group the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the Company's interim report for the six months ended 30 June 2007.

### APPRECIATION

The Board would like to take this opportunity to thank our shareholders for their continued support and the fellow directors and our staff for their contributions to the Group.

On behalf of the Board

**Chui Siu On**

*Chairman*

4 September 2007

# Condensed Consolidated Income Statement

Six months ended 30 June 2007 – unaudited

	Notes	Six months ended 30 June	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
<b>REVENUE</b>	4&5	<b>360,411</b>	274,885
Cost of sales		<b>(263,493)</b>	(185,865)
Gross profit		<b>96,918</b>	89,020
Other income and gains	5	<b>6,958</b>	6,144
Selling and distribution costs		<b>(9,055)</b>	(7,365)
Administrative expenses		<b>(28,065)</b>	(27,684)
Other expenses		<b>(3,371)</b>	(2,955)
Finance costs	6	<b>(12,202)</b>	(12,120)
<b>PROFIT BEFORE TAX</b>	7	<b>51,183</b>	45,040
Tax	8	<b>(725)</b>	(5,926)
<b>PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		<b>50,458</b>	39,114
<b>INTERIM DIVIDEND</b>	9	<b>14,459</b>	10,857
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	10		
Basic		<b>HK7.0 cents</b>	HK6.0 cents
Diluted		<b>HK6.9 cents</b>	HK5.8 cents

# Condensed Consolidated Balance Sheet

As at 30 June 2007 – unaudited

	Notes	At 30 June 2007 (Unaudited) HK\$'000	At 31 December 2006 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	901,560	836,426
Prepaid land lease payments		36,394	35,681
Investment properties		16,755	16,755
Loan to an unlisted equity investment	12	2,850	1,350
Goodwill	13	1,950	–
Deferred tax assets		957	975
Other non-current assets		238	286
Available-for-sale investment	14	150	150
Total non-current assets		<u>960,854</u>	<u>891,623</u>
<b>CURRENT ASSETS</b>			
Inventories	15	200,443	196,094
Trade receivables	16	208,483	166,993
Derivative financial instruments	17	270	–
Prepayments, deposits and other receivables		15,790	12,970
Cash and cash equivalents	18	129,882	138,703
Total current assets		<u>554,868</u>	<u>514,760</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	19	63,722	97,382
Other payables and accruals		61,990	109,039
Tax payable		2,190	4,304
Derivative financial instruments	17	1,459	946
Interest-bearing bank and other borrowings	20	291,901	166,121
Total current liabilities		<u>421,262</u>	<u>377,792</u>
<b>NET CURRENT ASSETS</b>		<u>133,606</u>	<u>136,968</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,094,460</u>	<u>1,028,591</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	20	207,065	219,664
Deferred tax liabilities		2,841	1,744
Total non-current liabilities		<u>209,906</u>	<u>221,408</u>
Net assets		<u>884,554</u>	<u>807,183</u>
<b>EQUITY</b>			
Equity attributable to ordinary equity holders of the Company			
Issued capital	22	72,297	72,296
Reserves		795,848	721,874
Proposed dividend		14,459	13,013
		<u>882,604</u>	<u>807,183</u>
Minority interest		1,950	–
<b>TOTAL EQUITY</b>		<u>884,554</u>	<u>807,183</u>

# Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2007 – unaudited

	Attributable to ordinary equity holders of the Company													
	Issued share capital		Share premium	Contributed surplus	Statutory			Share options reserve	Exchange fluctuation reserve	Retained profits	Proposed dividends	Sub-total	Minority interests	Total
	HK\$'000	HK\$'000			surplus reserve	public welfare fund	Capital redemption reserve							
At 1 January 2007	72,296	352,527	(1,116)	8,045	287	86	11,492	47,921	302,632	13,013	807,183	-	807,183	
Exchange realignment	-	-	-	-	-	-	-	36,546	-	-	36,546	-	36,546	
Net profit for the period	-	-	-	-	-	-	-	-	50,458	-	50,458	-	50,458	
2006 final dividend paid	-	-	-	-	-	-	-	-	-	(13,013)	(13,013)	-	(13,013)	
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,950	1,950	
Forfeiture of options	-	-	-	-	-	-	(11)	-	11	-	-	-	-	
Repurchase of shares	(6)	-	-	-	-	-	-	-	-	-	(6)	-	(6)	
Premium on repurchase of shares	-	(62)	-	-	-	-	-	-	-	-	(62)	-	(62)	
Capital redemption reserve arising from repurchase of shares	-	-	-	-	-	6	-	-	(6)	-	-	-	-	
Exercise of share options	7	44	-	-	-	-	-	-	-	-	51	-	51	
Equity-settled share option arrangement	-	-	-	-	-	-	1,447	-	-	-	1,447	-	1,447	
2007 interim dividend proposed	-	-	-	-	-	-	-	-	(14,459)	14,459	-	-	-	
<b>At 30 June 2007</b>	<b>72,297</b>	<b>352,509*</b>	<b>(1,116)*</b>	<b>8,045*</b>	<b>287*</b>	<b>92*</b>	<b>12,928*</b>	<b>84,467*</b>	<b>338,636*</b>	<b>14,459</b>	<b>882,604</b>	<b>1,950</b>	<b>884,554</b>	

\* These reserve accounts comprise the consolidated reserves of HK\$795,848,000 in the condensed consolidation balance sheet.



# Condensed Consolidated Cash Flow Statement

Six months ended 30 June 2007 – unaudited

		Six months ended 30 June	
		2007 (Unaudited)	2006 (Restated) (Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Notes</i>			
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>20,260</b>	16,802
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(126,734)</b>	(158,896)
Proceeds from disposal of property, plant and equipment		<b>724</b>	190
Net cash outflow from investing activities		<b>(126,010)</b>	(158,706)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		–	224,400
Share issue expenses		–	(12,073)
Repurchase of shares		<b>(68)</b>	–
Share options exercised		<b>51</b>	2,400
New bank loans and other borrowings		<b>175,229</b>	64,637
Repayment of bank loans and other borrowings		<b>(66,694)</b>	(41,166)
Capital element of finance lease rental payments		<b>(15,537)</b>	(14,888)
Dividends paid		<b>(13,013)</b>	(13,028)
Net cash inflow from financing activities		<b>79,968</b>	210,282
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(25,782)</b>	68,378
Cash and cash equivalents at beginning of period		<b>138,670</b>	152,340
Effect of foreign exchange rate changes, net		<b>2,870</b>	697
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>115,758</b>	221,415
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	18	<b>67,868</b>	77,010
Non-pledged time deposits with original maturity of less than three months when acquired	18	<b>62,014</b>	147,709
		<b>129,882</b>	224,719
Bank overdrafts	20	<b>(14,124)</b>	(3,304)
		<b>115,758</b>	221,415

# Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

## 1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 10 July 2002 under the Companies Law. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 November 2004.

The principal activities of the Group are the manufacture and sale of precision metal components for hard disk drives ("HDD"), hydraulic equipment, automotive parts and components for other applications.

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries for the period ended 30 June 2007. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

## 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2007.

The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transaction <sup>2</sup>
HK(IFRIC)-INT 12	Service concession arrangements <sup>3</sup>

*Note:*

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008

The directors of the Company anticipate that the application of these HKFRSs will have no material impact on the results and financial position of the Group.

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 4. TURNOVER AND SEGMENT INFORMATION

Segment information is presented by way of two segment formats:

- (i) on a primary segment reporting basis, by geographical segment; and
- (ii) on a secondary segment reporting basis, by business segment.

#### (a) Geographical segments

	Six months ended 30 June 2007 (Unaudited)							Total HK\$'000
	Thailand HK\$'000	Malaysia HK\$'000	Mainland China and Hong Kong HK\$'000	North America HK\$'000	Europe HK\$'000	Other countries HK\$'000	Elimination HK\$'000	
Segment revenue:								
Sales to external customers	147,998	71,657	55,816	27,934	48,817	8,189	-	360,411
Intersegment sales	24,264	-	41	-	-	-	(24,305)	-
Other revenue	4,427	-	2,019	-	-	-	-	6,446
Total revenue	<u>176,689</u>	<u>71,657</u>	<u>57,876</u>	<u>27,934</u>	<u>48,817</u>	<u>8,189</u>	<u>(24,305)</u>	<u>366,857</u>
Segment results	<u>50,353</u>	<u>16,348</u>	<u>14,337</u>	<u>6,373</u>	<u>11,137</u>	<u>1,868</u>	<u>(6,535)</u>	93,881
Interest income								512
Unallocated expenses								(31,436)
Interest expenses								(11,774)
Profit before tax								51,183
Tax								(725)
Profit attributable to ordinary equity holders of the Company								<u>50,458</u>

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 4. TURNOVER AND SEGMENT INFORMATION (Continued)

#### (a) Geographical segments (Continued)

	Six months ended 30 June 2006 (Restated) (Unaudited)							Total HK\$'000
	Thailand HK\$'000	Malaysia HK\$'000	Mainland China and Hong Kong HK\$'000	North America HK\$'000	Europe HK\$'000	Other countries HK\$'000	Elimination HK\$'000	
Segment revenue:								
Sales to external customers	134,558	64,754	25,765	11,965	31,469	6,374	-	274,885
Intersegment sales	36,559	-	4,384	-	-	-	(40,943)	-
Other revenue	3,501	-	103	-	-	166	-	3,770
Total revenue	<u>174,618</u>	<u>64,754</u>	<u>30,252</u>	<u>11,965</u>	<u>31,469</u>	<u>6,540</u>	<u>(40,943)</u>	<u>278,655</u>
Segment results	<u>58,277</u>	<u>17,867</u>	<u>8,130</u>	<u>3,301</u>	<u>8,683</u>	<u>1,924</u>	<u>(13,259)</u>	84,923
Interest income								2,374
Unallocated expenses								(30,639)
Interest expenses								(11,618)
Profit before tax								45,040
Tax								(5,926)
Profit attributable to ordinary equity holders of the Company								<u>39,114</u>

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 4. TURNOVER AND SEGMENT INFORMATION (Continued)

#### (b) Business segments

	Six months ended 30 June 2007 (Unaudited)				
	HDD	Hydraulic	Automotive	Others	Total
	Components HK\$'000	Equipment Components HK\$'000	Components HK\$'000	HK\$'000	HK\$'000
Turnover	<u>251,040</u>	<u>74,116</u>	<u>15,970</u>	<u>19,285</u>	<u>360,411</u>
Segment results	<u>53,916</u>	<u>25,083</u>	<u>4,297</u>	<u>4,567</u>	<u>87,863</u>
Unallocated income					6,446
Interest income					512
Unallocated expenses					<u>(31,436)</u>
Profit from operations					<u>63,385</u>

	Six months ended 30 June 2006 (Unaudited)				
	HDD	Hydraulic	Automotive	Others	Total
	Components HK\$'000	Equipment Components HK\$'000	Components HK\$'000	HK\$'000	HK\$'000
Turnover	<u>221,027</u>	<u>45,359</u>	<u>1,675</u>	<u>6,824</u>	<u>274,885</u>
Segment results	<u>62,464</u>	<u>16,046</u>	<u>536</u>	<u>2,609</u>	81,655
Unallocated income					3,770
Interest income					2,374
Unallocated expenses					<u>(30,639)</u>
Profit from operations					<u>57,160</u>

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the period.

An analysis of the Group's revenue, other income and gains is as follows:

	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>		
Sale of goods and materials	<b>360,411</b>	274,885
<b>Other income</b>		
Bank interest income	<b>512</b>	2,374
Sundry income	<b>574</b>	356
	<b>1,086</b>	2,730
<b>Gains</b>		
Foreign exchange gains, net	<b>5,872</b>	3,304
Gain on disposal of property, plant and equipment, net	<b>-</b>	110
	<b>5,872</b>	3,414
	<b>6,958</b>	6,144

### 6. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	<b>9,542</b>	7,845
Interest on finance leases	<b>2,232</b>	3,647
Financial arrangement fees	<b>428</b>	502
Other interest	<b>-</b>	126
	<b>12,202</b>	12,120

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Cost of inventories sold*	263,493	185,865
Depreciation	51,851	32,298
Recognition of prepaid land lease payments	405	396
Equity-settled share option expense**	1,446	1,989
Auditors' remuneration	827	773
Research and development costs	2,354	1,245
Fair value (gains)/losses, net:		
Derivative financial instruments – transactions not qualifying as hedges		
Interest rate swap	(306)	1,485
Forward currency contracts	549	–
	<u>243</u>	<u>1,485</u>
Loss on disposal of property, plant and equipment, net	283	–
Write-back of provision against inventory obsolescence	(2,774)	–
	<u><u>283</u></u>	<u><u>–</u></u>

Notes:

\* The cost of inventories sold for the period includes an amount of approximately HK\$68,081,000 (HK\$51,848,000 for the six months ended 30 June 2006) mainly relating to the employee benefits expense, depreciation and operating lease charges.

\*\* The equity-settled share option expense for the period is included in "Administrative expenses" on the face of the condensed consolidated income statement.

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 8. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (17.5% for the six months ended 30 June 2006) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	-	471
Over-provision in prior years	(3,254)	(1,330)
Current tax – Elsewhere		
Charge for the period	2,912	2,510
Deferred tax	(342)	1,651
	1,067	4,275
Total tax charge for the period	725	5,926

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Profit before tax	51,183	45,040
Tax at the applicable tax rates	13,398	10,725
Lower tax rate for local authorities	(3,889)	(1,288)
Expenses not deductible for tax	4,903	9,192
Income not subject to tax	(15,274)	(11,745)
Over-provision in the prior year	(3,254)	(1,330)
Tax losses not recognised	4,841	372
Tax charge at the Group's effective rate of 1.4% (2006: 13.2%)	725	5,926



## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 8. TAX (Continued)

According to the income tax law of the PRC on Enterprises with Foreign Investment and Foreign Enterprises, Dongguan Koda Metal Products Company Limited (“Dongguan Koda”) and Guangzhou XingHao Precision Metal Products Company Limited (“Xing Hao”), two wholly-owned subsidiaries of the Company established in the Dongguan Coastal Economic Open Zone and Zengcheng Xiancun Lantian Economic Open Zone, respectively, are subject to corporate income tax at a rate of 24%, and are exempt from PRC corporate income tax for the first two profitable years of their operations, and thereafter, are eligible for a 50% relief from PRC corporate income tax for the following three years. On 13 November 2003, Dongguan Koda obtained a further approval from the local tax authority that it would be subject to a tax rate of 10% for the three years ended 31 December 2006. Pursuant to relevant tax laws and regulations in the PRC, Dongguan Koda will be entitled to prolong its reduced enterprise income tax rate of 10% from 2007 onwards if the export amount of Dongguan Koda achieves 70% or above of its annual turnover. Xing Hao began its first profitable year in the year ended 31 December 2004 and it was subject to a tax rate of 12% during the period ended 30 June 2007 (12% for the six months ended 30 June 2006).

Integrated Precision Engineering (Thailand) Company Limited (“IPE Thailand”), a company incorporated in Thailand, is subject to income tax in Thailand at a rate of 30% on the estimated assessable profits arising in or derived from Thailand. IPE Thailand has two production factories, Factory I and Factory II (Phase 1) and Factory II (Phase 2). IPE Thailand is exempted from income tax for a period of three years from 2 June 2000 to 1 June 2003 for income generated from Factory I due to the promotion privileges granted under the Investment Promotion Act B.E. 2520 by the Board of Investment, a government authority, in Thailand. The Board of Investment also granted IPE Thailand an exemption from income tax for a period of three years from 3 January 2003 to 2 January 2006 for income generated from Factory II (Phase 1). IPE Thailand is subject to income tax for Factory I and Factory II (Phase 1) after the tax holiday. For Factory II (Phase 2), the Board of Investment granted IPE Thailand an exemption from income tax as well for a period of six to eight years from 31 July 2005 to 30 July 2011 or 2013 for income generated therefrom. IPE Thailand can entitle to an additional one year of tax exemption after the aforementioned tax holiday if certain conditions are met.

Under Decree-Law no.58/99/M, companies in Macau incorporated under that Law (referred to as the “58/99/M Companies”) are exempted from Macau complementary tax (Macau income tax) as long as they do not sell their products to a Macau resident company. IPE Macao Commercial Offshore Limited, a subsidiary of the Group in Macau, is qualified as a 58/99/M Company.

The deferred taxation charge mainly related to the tax effect of temporary difference attributable to difference of depreciation allowances for tax purposes and depreciation charged in the financial statements.

### 9. INTERIM DIVIDEND

	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interim dividend of HK\$0.020 (2006: HK\$0.015) per ordinary share	<b>14,459</b>	10,857

At the Board meeting held on 4 September 2007, the directors declared an interim dividend of HK\$0.020 per ordinary share. This interim dividend is not reflected as a dividend payable in these Condensed Consolidated Financial Statements, but will be reflected as an appropriation of retained profits for the six months ended 30 June 2007.

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the period, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share are based on:

	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	<b>50,458</b>	39,114
	<u>50,458</u>	<u>39,114</u>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>722,947</b>	647,113
Effect of dilution – weighted average number of ordinary shares:		
Share options	<b>9,535</b>	23,054
	<u>9,535</u>	<u>23,054</u>
	<b>732,482</b>	670,167
	<u>732,482</u>	<u>670,167</u>

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 11. PROPERTY, PLANT AND EQUIPMENT

Unaudited	Freehold land and buildings	Leasehold improvement	Plant and machinery	Furniture and fixtures	Motor vehicles	Con- struction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost:							
At 1 January 2007	228,518	5,240	765,479	15,765	13,990	55,191	1,084,183
Additions	431	-	12,308	1,767	-	65,180	79,686
Transfer (out)/in	-	-	31,039	637	631	(32,307)	-
Disposals	(699)	-	(1,311)	(3)	-	-	(2,013)
Exchange realignment	10,359	-	39,041	738	364	1,595	52,097
<b>At 30 June 2007</b>	<b>238,609</b>	<b>5,240</b>	<b>846,556</b>	<b>18,904</b>	<b>14,985</b>	<b>89,659</b>	<b>1,213,953</b>
Accumulated depreciation:							
At 1 January 2007	(19,698)	(3,532)	(210,231)	(5,525)	(8,771)	-	(247,757)
Depreciation provided during the period	(7,145)	(180)	(42,263)	(1,466)	(797)	-	(51,851)
Disposals	69	-	902	3	-	-	974
Exchange realignment	(1,119)	-	(12,205)	(309)	(126)	-	(13,759)
<b>At 30 June 2007</b>	<b>(27,893)</b>	<b>(3,712)</b>	<b>(263,797)</b>	<b>(7,297)</b>	<b>(9,694)</b>	<b>-</b>	<b>(312,393)</b>
At 30 June 2007:							
Cost	238,609	5,240	846,556	18,904	14,985	89,659	1,213,953
Accumulated depreciation	(27,893)	(3,712)	(263,797)	(7,297)	(9,694)	-	(312,393)
<b>Net carrying amount</b>	<b>210,716</b>	<b>1,528</b>	<b>582,759</b>	<b>11,607</b>	<b>5,291</b>	<b>89,659</b>	<b>901,560</b>

### 12. LOAN TO AN UNLISTED EQUITY INVESTMENT

The loan to the unlisted equity investment is unsecured, interest-free and has no fixed terms of repayment. The carrying amount of the loan approximates to its fair value. In the opinion of the directors, the loan is not expected to be repaid within the next twelve months.

### 13. GOODWILL

On 13 March 2007, the Group subscribed for 61 new shares of HK\$1 each of Cullygrat Surface & Deburring Treatment Limited ("Cullygrat"), a company incorporated in Hong Kong, with a total subscription price of HK\$5,000,000. One of the then directors of Cullygrat is a senior management personnel of the Group. After the subscription, the Group held a 61% equity interest in Cullygrat and Cullygrat was deemed to be acquired by the Company. Cullygrat is an investment holding company which was incorporated during the period for setting up an operation in Mainland China for engaging in the provision of processing services for the manufacture of industrial products. The deemed acquisition generated a goodwill of HK\$1,949,976, which has been capitalised and will be tested for impairment at least annually.

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 13. GOODWILL (Continued)

The fair values of the identifiable assets and liabilities of Cullygrat as at the date of the deemed acquisition and the corresponding carrying amounts immediately before the deemed acquisition were as follows:

	<i>HK\$'000</i>
Cash consideration	5,000
Less: fair value/carrying amount of net assets acquired	(3,050)
	<hr/>
Goodwill on acquisition	1,950
	<hr/> <hr/>

### 14. AVAILABLE-FOR-SALE INVESTMENT

	<b>At 30 June 2007 (Unaudited) HK\$'000</b>	At 31 December 2006 (Audited) HK\$'000
Unlisted equity investment, at cost	<b>150</b>	150
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2007, an unlisted equity investment with a carrying amount of HK\$150,000 (2006: HK\$150,000) was stated at cost because the range of reasonable fair value estimates is not significant that the directors are of the opinion that its fair value cannot be measured reliably.

### 15. INVENTORIES

	<b>At 30 June 2007 (Unaudited) HK\$'000</b>	At 31 December 2006 (Audited) HK\$'000
Raw materials	<b>76,809</b>	73,579
Consumables	<b>32,706</b>	32,549
Work in progress	<b>65,383</b>	76,984
Finished goods	<b>32,957</b>	22,673
	<hr/>	<hr/>
	<b>207,855</b>	205,785
Less: Provision for obsolete and slow-moving inventories	<b>(7,412)</b>	(9,691)
	<hr/> <hr/>	<hr/> <hr/>
	<b>200,443</b>	196,094

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 16. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers where payments in advance are normally required. The credit period generally ranges from 30 to 120 days, but longer credit terms will be granted to certain major customers with the approval of directors. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	<b>At 30 June 2007 (Unaudited) HK\$'000</b>	At 31 December 2006 (Audited) HK\$'000
Within 1 month	<b>73,147</b>	61,485
1 to 2 months	<b>62,586</b>	52,673
2 to 3 months	<b>49,248</b>	36,726
3 to 4 months	<b>16,622</b>	11,457
4 to 12 months	<b>6,880</b>	4,652
	<b>208,483</b>	166,993

The carrying amounts of trade receivables approximate to their fair value.

### 17. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>At 30 June 2007 (Unaudited) HK\$'000</b>	At 31 December 2006 (Audited) HK\$'000
Derivative financial instruments – transactions not qualifying as hedges		
Assets		
Interest rate swap*	<b>270</b>	–
Liabilities		
Interest rate swap*	–	36
Forward currency contracts**	<b>1,459</b>	910
	<b>1,459</b>	946

The carrying amounts of the interest rate swap and forward currency contracts are the same as their fair values.

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 17. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

\* At 30 June 2007, the Group had an interest rate swap agreement with a bank to manage its interest rate exposure in connection with the Group's long term banking facilities which did not meet the criteria for hedge accounting. A notional amount of HK\$100,000,000 (2006: HK\$100,000,000) with floating rate was swapped into fixed rate. The agreement lasts for three years and will expire in August 2008.

\*\* At 30 June 2007, the Group had entered into forward currency contracts to manage its exchange rate exposures which did not meet the criteria for hedge accounting. The agreement requires the Group to buy Japanese Yen with US dollars at a pre-agreed exchange rate on pre-determined dates up to October 2007.

### 18. CASH AND CASH EQUIVALENTS

	<b>At 30 June 2007 (Unaudited) HK\$'000</b>	At 31 December 2006 (Audited) HK\$'000
Cash and bank balances	<b>67,868</b>	96,726
Non-pledged time deposits	<b>62,014</b>	41,977
Cash and cash equivalents	<b>129,882</b>	138,703

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one to seven days depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

### 19. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	<b>At 30 June 2007 (Unaudited) HK\$'000</b>	At 31 December 2006 (Audited) HK\$'000
Within 1 month	<b>30,485</b>	36,241
1 to 2 months	<b>16,946</b>	24,593
2 to 3 months	<b>10,315</b>	22,647
3 to 4 months	<b>4,538</b>	11,170
4 to 12 months	<b>1,402</b>	2,668
Over 1 year	<b>36</b>	63
	<b>63,722</b>	97,382

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 90 days. The carrying amounts of trade and bills payables approximate to their fair values.

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 20. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	At 30 June 2007 (Unaudited)			At 31 December 2006 (Audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank loans – unsecured	5.02–6.12	2008	217,946	5.23–6.75	2007	135,248
Finance lease payables (note 21)	2.95–8	2008	30,979	2.95–8	2007	30,840
Bank revolving loan – unsecured	5.12–5.87	On demand	25,600	–	–	–
Bank overdrafts – unsecured	4.66–8.25	On demand	14,124	5–8	On demand	33
Trust receipt loan – unsecured	5.74–5.88	2007	3,252	–	–	–
			<b>291,901</b>			<b>166,121</b>
Non-current						
Bank loans – unsecured	5.02–6.12	2008–2012	179,076	5.23–6.75	2008–2012	175,999
Finance lease payables (note 21)	2.95–8	2008–2009	27,989	2.95–8	2008–2009	43,665
			<b>207,065</b>			<b>219,664</b>
			<b>498,966</b>			<b>385,785</b>

	At 30 June 2007 (Unaudited) HK\$'000	At 31 December 2006 (Audited) HK\$'000
Analysis into:		
Bank loans and overdrafts repayables:		
Within one year or on demand	260,922	135,281
In the second year	101,443	132,389
In the third to fifth years, inclusive	77,633	40,557
Beyond five years	–	3,053
	<b>439,998</b>	<b>311,280</b>
Other borrowings repayable:		
Within one year	30,979	30,840
In the second year	21,901	29,555
In the third to fifth years, inclusive	6,088	14,110
	<b>58,968</b>	<b>74,505</b>
	<b>498,966</b>	<b>385,785</b>

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 20. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Interest rates for all the Group's borrowings were floating. The carrying amounts of the Group's borrowings approximate to their fair values.

### 21. FINANCE LEASE PAYABLES

The Group leases certain of its machineries for its high precision metal component business. These leases are classified as finance leases and have remaining lease terms ranging from one to three years.

At 30 June 2007, the total future minimum lease payments under finance leases and their present values were as follows:

Group	<b>Minimum lease payments 30 June 2007 (Unaudited) HK\$'000</b>	Minimum lease payments 31 December 2006 (Audited) HK\$'000	<b>Present value of minimum lease payments 30 June 2007 (Unaudited) HK\$'000</b>	Present value of minimum lease payments 31 December 2006 (Audited) HK\$'000
Amounts payable:				
Within one year	<b>34,069</b>	34,747	<b>30,979</b>	30,840
In the second year	<b>23,043</b>	31,461	<b>21,901</b>	29,555
In the third to fifth years, inclusive	<b>6,243</b>	14,607	<b>6,088</b>	14,110
Total minimum finance lease payments	<b>63,355</b>	80,815	<b>58,968</b>	74,505
Future finance charges	<b>(4,387)</b>	(6,310)		
Total net finance lease payables	<b>58,968</b>	74,505		
Portion classified as current liabilities <i>(note 20)</i>	<b>(30,979)</b>	(30,840)		
Non-current portion <i>(note 20)</i>	<b>27,989</b>	43,665		



## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 22. SHARE CAPITAL

	At 30 June 2007 (Unaudited) HK\$'000	At 31 December 2006 (Audited) HK\$'000
Shares		
Authorised:		
1,200,000,000 (31 December 2006: 1,200,000,000) ordinary shares of HK\$0.1 each	<u>120,000</u>	<u>120,000</u>
Issued and fully paid:		
722,970,000 (31 December 2006: 722,960,000) ordinary shares of HK\$0.1 each	<u>72,297</u>	<u>72,296</u>

The movements in share capital for the period ended 30 June 2007 and year ended 31 December 2006 were as follows:

	<i>Notes</i>	Number of shares in issue	Issued share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
(Audited)					
At 1 January 2006		601,070,000	60,107	151,021	211,128
Placement of new shares	<i>(a)</i>	120,000,000	12,000	212,400	224,400
Share options exercised	<i>(b)</i>	2,750,000	275	2,125	2,400
Repurchase of shares	<i>(c)</i>	<u>(860,000)</u>	<u>(86)</u>	<u>(946)</u>	<u>(1,032)</u>
		722,960,000	72,296	364,600	436,896
Share issue expenses		<u>–</u>	<u>–</u>	<u>(12,073)</u>	<u>(12,073)</u>
At 31 December 2006 and 1 January 2007		722,960,000	72,296	352,527	424,823
(Unaudited)					
Share options exercised	<i>(d)</i>	65,000	7	44	51
Repurchase of shares	<i>(e)</i>	<u>(55,000)</u>	<u>(6)</u>	<u>(62)</u>	<u>(68)</u>
<b>At 30 June 2007</b>		<u><b>722,970,000</b></u>	<u><b>72,297</b></u>	<u><b>352,509</b></u>	<u><b>424,806</b></u>

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 22. SHARE CAPITAL (Continued)

A summary of the transactions with reference to the above movements in the Company's issued share capital is as follows:

- (a) During 2006, the Group placed 120,000,000 new shares at the subscription price of HK\$1.87 per share, resulting in a total cash consideration, before expenses, of HK\$224,400,000.
- (b) The subscription rights attaching to 2,750,000 share options were exercised during 2006 at the subscription price of HK\$0.78 or HK\$1.41 per share, resulting in the issue of 2,750,000 shares of HK\$0.1 each for a total cash consideration, before expenses, of HK\$2,400,000.
- (c) The Company repurchased its own shares on the Stock Exchange during 2006. The shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium on the repurchase was charged against share premium. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to the capital redemption reserve.
- (d) The subscription rights attaching to 65,000 share options were exercised during the period ended 30 June 2007 at the subscription price of HK\$0.78 per share, resulting in the issue of 65,000 shares of HK\$0.1 each for a total cash consideration, before expenses, of HK\$50,700.
- (e) The Company repurchased its own shares on the Stock Exchange during the period ended 30 June 2007. The shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium on the repurchase was charged against share premium. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to the capital redemption reserve.

Details of the repurchase of shares during the period are summarised as follows:

Date of repurchase	Number of shares repurchased	Repurchase price per share		Total consideration <i>HK\$'000</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
2 January 2007	55,000	1.24	1.21	68

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 23. CAPITAL COMMITMENTS

The capital commitments of the Group were as follows:

	At 30 June 2007 (Unaudited) HK\$'000	At 31 December 2006 (Audited) HK\$'000
Authorized but not contracted for:		
– Renovation of buildings	–	261
Contracted but not provided for:		
Property, plant and equipment		
– Plant and machinery	55,696	40,530
– Construction in progress	3,032	9,662
	<u>58,728</u>	<u>50,192</u>
Capital contribution		
– An unlisted equity investment	–	150
	<u>58,728</u>	<u>50,342</u>

### 24. OPERATING LEASE ARRANGEMENTS

#### As lessee

The Group leases certain of its office equipment under operating lease arrangements. Leases for office equipment are negotiated for terms ranging from one to three years. None of these leases include contingent rentals.

At 30 June 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 June 2007 (Unaudited) HK\$'000	At 31 December 2006 (Audited) HK\$'000
Within one year	235	209
In the second to fifth years, inclusive	143	168
	<u>378</u>	<u>377</u>

## Notes to the Condensed Consolidated Financial Statements

Six months ended 30 June 2007 – unaudited

### 25. BANK FACILITIES

The Group had aggregate banking facilities of approximately HK\$826,271,000 and HK\$747,559,000 as at 30 June 2007 and 31 December 2006 respectively, for term loans, overdrafts and trade financing.

### 26. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities of the Group not provided for in the financial statements were as follows:

	<b>At 30 June 2007 (Unaudited) HK\$'000</b>	At 31 December 2006 (Audited) HK\$'000
Guarantees given to an electricity company	<b><u>1,143</u></b>	<u>1,021</u>

### 27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

### 28. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed consolidated financial statements on pages 28 to 50 were approved and authorised for issue by the Board of Directors on 4 September 2007.