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

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

Stock Code 股份代號 : 838

INTERIM REPORT 2012 中期報告

聚力以億 齊之以和

GATHER AND HARMONISE BILLIONS OF STRENGTHS

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

HEAD OFFICE

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No.1 Science Museum Road, Kowloon, Hong Kong

REGISTERED OFFICE

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

COMPANY SECRETARY

Mr. Wong Hoi Chu Francis FCCA CPA

AUTHORISED REPRESENTATIVES

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

STOCK CODE

838

PRINCIPAL BANKERS

Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
CITIC Bank International
Chong Hing Bank Limited
Australia and New Zealand Banking Group Limited
KBC Bank Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited

Mainland China

Shenzhen Development Bank
Industrial and Commercial Bank of China
China CITIC Bank

LEGAL ADVISOR

Minter Ellison

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
P.O. Box 484, HSBC House
68 West Bay Road
Grand Cayman, KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	**Unaudited 30 June 2012 HK$'000**	Audited 31 December 2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**1,600,456**	1,404,846
Leasehold land and land use rights	7	**120,090**	121,525
Prepayments, deposits and other receivables	8	**163,236**	168,341
Goodwill	23	**2,545**	2,545
Other assets		**1,607**	1,607
		1,887,934	1,698,864
Current assets			
Inventories		**261,927**	302,398
Trade receivables	9	**423,241**	393,311
Prepayments, deposits and other receivables	8	**71,309**	69,226
Financial assets at fair value through profit or loss	10	**16,192**	16,708
Pledged bank deposits		**1,014**	2,418
Cash and cash equivalents		**1,134,827**	514,871
		1,908,510	1,298,932
Current liabilities			
Trade payables	11	**392,251**	388,280
Accruals and other payables		**134,235**	118,546
Bank borrowings	12	**428,692**	309,256
Finance lease liabilities	13	**27,956**	13,184
Current income tax liabilities		**29,096**	38,703
		1,012,230	867,969
Net current assets		**896,280**	430,963
Total assets less current liabilities		**2,784,214**	2,129,827

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	Note	**Unaudited 30 June 2012 HK$'000**	Audited 31 December 2011 HK$'000
Non-current liabilities			
Bank borrowings	12	**643,910**	62,364
Finance lease liabilities	13	**62,613**	63
Deferred taxation	14	**22,743**	22,988
		729,266	85,415
Net assets		**2,054,948**	2,044,412
EQUITY			
Capital and reserves			
Share capital	15	**175,870**	175,905
Reserves	17	**1,866,072**	1,855,024
Equity attributable to equity holders of the Company		**2,041,942**	2,030,929
Non-controlling interests		**13,006**	13,483
Total equity		**2,054,948**	2,044,412

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Note	Unaudited Six months ended 30 June 2012 HK$'000	2011 HK$'000
Revenue	6	**1,168,036**	879,071
Cost of sales	18	**(928,134)**	(641,215)
Gross profit		**239,902**	237,856
Other income		**19**	–
Other gains – net		**1,914**	26
Selling and marketing costs	18	**(48,376)**	(34,895)
General and administrative expenses	18	**(137,455)**	(79,701)
Operating profit		**56,004**	123,286
Finance income	19	**489**	1,428
Finance costs	19	**(8,703)**	(4,461)
Profit before income tax		**47,790**	120,253
Income tax expense	20	**(8,066)**	(14,498)
Profit for the period		**39,724**	105,755
Other comprehensive income for the period, net of tax		**(836)**	–
Total comprehensive income for the period		**38,888**	105,755

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Unaudited	
		Six months ended 30 June	
		2012	2011
	Note	**HK$'000**	HK$'000
Profit attributable to:			
– Equity holders of the Company		**40,201**	104,232
– Non-controlling interests		**(477)**	1,523
		39,724	105,755
Total comprehensive income attributable to:			
– Equity holders of the Company		**39,365**	104,232
– Non-controlling interests		**(477)**	1,523
		38,888	105,755
Earnings per share, expressed in HK cents per share	21		
– basic		**HK 2.3 cents**	HK 6.0 cents
– diluted		**HK 2.3 cents**	HK 6.0 cents
Dividend	22	**12,227**	31,637

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Unaudited Attributable to equity holders of the Company Share capital HK$'000	 Reserves HK$'000	 Non-controlling interests HK$'000	 Total HK$'000
Balance at 1 January 2012		**175,905**	**1,855,024**	**13,483**	**2,044,412**
Comprehensive income					
Profit for the period		**–**	**40,201**	**(477)**	**39,724**
Other comprehensive income:					
Currency translation differences		**–**	**(836)**	**–**	**(836)**
Total comprehensive income for the period		**–**	**39,365**	**(477)**	**38,888**
Transactions with owners					
Dividend paid		**–**	**(28,144)**	**–**	**(28,144)**
Repurchase of shares	15&17	**(35)**	**(173)**	**–**	**(208)**
		(35)	**(28,317)**	**–**	**(28,352)**
Balance at 30 June 2012		**175,870**	**1,866,072**	**13,006**	**2,054,948**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

		Unaudited			
		Attributable to equity holders of the Company			
	Note	Share capital HK$'000	Reserves HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2011		81,629	1,499,437	9,330	1,590,396
Comprehensive income					
Profit for the period		–	104,232	1,523	105,755
Total comprehensive income for the period		–	104,232	1,523	105,755
Transactions with owners					
Employee share option scheme:					
– value of employee services		–	36	–	36
– proceeds from share issued		118	508	–	626
Dividend paid		–	(44,005)	–	(44,005)
Proceeds from issuance of shares pursuant to the warrant subscription	15&17	1,400	27,020	–	28,420
Proceeds from issuance of shares pursuant to the placement and subscription arrangement	15&17	4,734	279,289	–	284,023
Bonus issue of shares	15&17	87,881	(87,881)	–	–
		94,133	174,967	–	269,100
Balance at 30 June 2011		175,762	1,778,636	10,853	1,965,251

The notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Unaudited Six months ended 30 June 2012 HK$'000	2011 HK$'000
Cash flows from operating activities		
Cash generated from operations	**145,485**	70,280
Interest received	**489**	1,428
Interest paid	**(8,818)**	(4,405)
Income tax paid	**(17,824)**	(15,414)
Net cash generated from operating activities	**119,332**	51,889
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired	**–**	(2,500)
Purchases of property, plant and equipment	**(27,421)**	(125,346)
Deposits for purchases of property, plant and equipment	**(152,552)**	(61,034)
Proceeds from sales of property, plant and equipment	**400**	–
Net cash used in investing activities	**(179,573)**	(188,880)
Cash flows from financing activities		
Proceeds from bank borrowings	**818,000**	90,000
Inception of finance lease	**26,333**	–
Repayments of bank borrowings	**(117,018)**	(39,360)
Repayments of capital element of finance lease liabilities	**(19,854)**	(17,582)
Decrease in pledged bank deposits	**1,404**	4,090
Proceeds from exercise of share options	**–**	626
Dividends paid	**(28,144)**	(44,005)
Proceeds from share issued from warrants exercise	**–**	28,420
Proceeds from share issued from placing and subscription	**–**	284,023
Net cash generated from financing activities	**680,721**	306,212
Net increase in cash and cash equivalents	**620,480**	169,221
Cash and cash equivalents at the beginning of period	**514,871**	501,074
Exchange losses on cash and cash equivalent	**(524)**	–
Cash and cash equivalents at the end of the period	**1,134,827**	670,295

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

1 GENERAL INFORMATION

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

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

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

The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated, and was approved for issue on 21 August 2012.

The condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34, "Interim financial reporting". It should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

Taxes on income in the interim period are accrued using the tax rates that would be applicable to expected total annual earnings.

(a) New standards, amendments and interpretations to existing standards effective for the financial year beginning 1 January 2012 but not relevant to the Group

• HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
• HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets
• HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets

3 ACCOUNTING POLICIES (CONTINUED)

(a) New standards, amendments and interpretations to existing standards effective for the financial year beginning 1 January 2012 but not relevant to the Group (Continued)

There are no other new standards, amendments or interpretation that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

(b) The following new standards, amendments and interpretations to existing standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

		Effective for accounting periods beginning on or after
• HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
• HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
• HKFRS 9	Financial instruments	1 January 2015
• HKFRS 10	Consolidated financial statements	1 January 2013
• HKFRS 11	Joint arrangements	1 January 2013
• HKFRS 12	Disclosure of interests in other entities	1 January 2013
• HKFRS 13	Fair value measurements	1 January 2013
• HK (IFRIC)– Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
• HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
• HKAS 19 (Amendment)	Employee benefits	1 January 2013
• HKAS 27 (revised 2011)	Separate financial statements	1 January 2013
• HKAS 28 (revised 2011)	Associates and joint ventures	1 January 2013
• HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014

The directors anticipate that the adoption of the above standards, amendments and interpretations to existing standards in Note 3(b) will not result in a significant impact on the results or financial position of the Group. The Group plans to adopt these standards, amendments and interpretations to existing standards when they become effective.

4 ESTIMATES

The preparation of these condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011, as described in these consolidated financial statements.

5 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2011.

There have been no changes in the risk management department since 31 December 2011 or in any risk management policies.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Compared to 31 December 2011, there have been no material changes in their contractual undiscounted cash out flows for financial liabilities except for bank borrowings and finance lease liabilities.

The table below analyses the Group's bank borrowings and finance lease liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group						
At 30 June 2012						
Bank borrowings	**–**	**330,599**	**185,213**	**457,629**	**1,068**	**974,509**
Term loans subject to a repayment on demand clause	**98,093**	**–**	**–**	**–**	**–**	**98,093**
Finance lease liabilities	**–**	**27,956**	**25,437**	**37,176**	**–**	**90,569**
Interest payable	**1,964**	**16,844**	**5,867**	**26,862**	**40**	**51,577**
At 31 December 2011						
Bank borrowings	–	225,584	35,185	25,901	1,278	287,948
Term loans subject to a repayment on demand clause	83,672	–	–	–	–	83,672
Finance lease liabilities	–	13,184	63	–	–	13,247
Interest payable	1,636	3,781	1,123	810	57	7,407

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

Maturity Analysis - Term loans subject to a repayment on demand clause based on scheduled repayments

	On demand HK$'000	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total undis-counted cash outflows HK$'000
30 June 2012	–	44,189	32,044	23,824	–	100,057
31 December 2011	–	41,340	20,794	23,174	–	85,308

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2012 and 31 December 2011:

	Level 2 As at	
	30 June 2012 HK$'000	31 December 2011 HK$'000
Financial assets at fair value through profit or loss	**16,192**	16,708

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

6 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 June	
	2012 HK$'000	2011 HK$'000
Revenue		
Design and fabrication of metal stamping moulds	**50,757**	61,455
Manufacturing of metal stamping components	**571,656**	439,720
Manufacturing of lathing components	**95,090**	55,986
Design and fabrication of plastic injection moulds	**32,284**	45,100
Manufacturing of plastic injection components	**396,908**	260,466
Others[1]	**21,341**	16,344
	1,168,036	879,071

[1] Others mainly represent sales of scrap materials.

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Revenue (Continued)

Substantially all of the Group's operations and assets are located in Mainland China and the Group's sales are primarily made in Mainland China.

Revenues for the six months ended 30 June 2012 of approximately HK$270,202,000 (HK$167,458,000), HK$164,605,000 (HK$153,904,000), HK$140,296,000 (HK$121,277,000) and HK$139,408,000 (HK$114,899,000) were derived from the top four external customers respectively.

(b) Segment information

The chief operating decision-maker has been identified as the executive directors and senior management collectively. They review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. They consider the business from a product perspective.

At 30 June 2012, the Group is organised into two main business segments:

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

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

The chief operating decision-maker assesses the performance of the operating segments based on a measure of adjusted earnings before interest and tax. Information provided to the chief operating decision-maker is measured in a manner consistent with that in the financial statements.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the management is measured in a manner consistent with that in the condensed consolidated interim statement of comprehensive income.

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The segment results and other segment items are as follows:

	Six months ended 30 June 2012			Six months ended 30 June 2011		
	Metal stamping HK$'000	**Plastic injection HK$'000**	**Total HK$'000**	Metal stamping HK$'000	Plastic injection HK$'000	Total HK$'000
Total gross segment sales	**802,018**	**456,408**	**1,258,426**	595,602	312,687	908,289
Inter-segment sales	**(67,829)**	**(22,561)**	**(90,390)**	(25,693)	(3,525)	(29,218)
Sales	**734,189**	**433,847**	**1,168,036**	569,909	309,162	879,071
Segment results	**24,115**	**32,244**	**56,359**	76,444	47,985	124,429
Unallocated expenses			**(355)**			(1,143)
Finance income			**489**			1,428
Finance costs			**(8,703)**			(4,461)
Profit before income tax			**47,790**			120,253
Income tax expense			**(8,066)**			(14,498)
Profit for the period			**39,724**			105,755
Depreciation	**46,752**	**19,316**	**66,068**	33,584	13,297	46,881
Amortisation	**1,308**	**67**	**1,375**	453	83	536

The segment assets and liabilities are as follows:

	As at 30 June 2012				As at 31 December 2011			
	Metal stamping HK$'000	**Plastic injection HK$'000**	**Un-allocated HK$'000**	**Total HK$'000**	Metal stamping HK$'000	Plastic injection HK$'000	Un-allocated HK$'000	Total HK$'000
Assets	**2,725,675**	**1,067,284**	**3,485**	**3,796,444**	2,306,361	684,979	6,456	2,997,796
Liabilities	**349,184**	**148,574**	**1,243,738**	**1,741,496**	352,758	122,249	478,377	953,384
Capital expenditure	**190,366**	**76,225**	**–**	**266,591**	433,805	57,090	–	490,895

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, goodwill, certain prepayments, deposits and other receivables, other assets, inventories, trade receivables, financial assets at fair value through profit or loss and operating cash.

Segment liabilities comprise operating liabilities but exclude bank borrowings, finance lease liabilities, current income tax liabilities, deferred taxation and certain accruals and other payables related to neither segments.

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

Segment assets and liabilities are reconciled to entity assets and liabilities at 30 June 2012 as follows:

	Assets **HK$'000**	**Liabilities** **HK$'000**
Segment assets/liabilities	**3,792,959**	**497,758**
Unallocated:		
Cash and cash equivalents	**3,485**	**–**
Current income tax liabilities	**–**	**29,096**
Deferred taxation	**–**	**22,743**
Current borrowings	**–**	**428,692**
Non-current borrowings	**–**	**643,910**
Current finance lease liabilities	**–**	**27,956**
Non-current finance lease liabilities	**–**	**62,613**
Accruals and other payables	**–**	**28,728**
Total	**3,796,444**	**1,741,496**

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Segment assets and liabilities are reconciled to entity assets and liabilities at 31 December 2011 as follows:

	Assets HK$'000	**Liabilities** HK$'000
Segment assets/liabilities	2,991,340	475,007
Unallocated:		
Cash and cash equivalents	5,376	–
Prepayments, deposits and other receivables	1,080	–
Current income tax liabilities	–	38,703
Deferred taxation	–	22,988
Current borrowings	–	309,256
Non-current borrowings	–	62,364
Current finance lease liabilities	–	13,184
Non-current finance lease liabilities	–	63
Accruals and other payables	–	31,819
Total	2,997,796	953,384

7 CAPITAL EXPENDITURE

	Property, plant and equipment HK$'000	**Leasehold land and land use rights** HK$'000
Six months ended 30 June 2012		
Opening net book amount at 1 January 2012	**1,404,846**	**121,525**
Additions	**266,591**	**–**
Disposal	**(4,567)**	**–**
Depreciation/amortisation charge (Note 18)	**(66,068)**	**(1,375)**
Exchange difference	**(346)**	**(60)**
Closing net book amount at 30 June 2012	**1,600,456**	**120,090**
Opening net book amount at 1 January 2011	1,086,132	50,781
Additions	179,474	–
Depreciation/amortisation charge (Note 18)	(46,881)	(536)
Closing net book amount at 30 June 2011	1,218,725	50,245

7 CAPITAL EXPENDITURE (CONTINUED)

Depreciation and amortisation expenses are analysed as follows:

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Cost of sales	**46,899**	33,452
Selling and marketing costs	**1,066**	749
General and administrative expenses	**19,478**	13,216
	67,443	47,417

Certain leasehold land and buildings were given as security for the Group's borrowings. Certain property, plant and equipment were pledged as security for the Group's borrowings and finance lease liabilities.

8 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June	31 December
	2012	2011
	HK$'000	HK$'000
Non-current		
Deposits for purchases of property, plant and equipment	**152,552**	168,326
Others	**10,684**	15
	163,236	168,341
Current		
Prepayments for purchases of raw materials	**8,301**	10,264
VAT recoverable	**39,292**	39,677
Deposits for customs department	**1,269**	2,258
Prepayment of utilities expenses	**1,432**	1,406
Prepayment of tax reserve certificate	**9,089**	7,909
Others	**11,926**	7,712
	71,309	69,226

9 TRADE RECEIVABLES

The credit period granted by the Group to its customers is generally 60 to 120 days. The aging of the trade receivables is as follows:

	As at	
	30 June 2012	31 December 2011
	HK$'000	HK$'000
0 to 90 days	**377,721**	319,566
91 to 180 days	**39,849**	59,834
181 to 365 days	**6,182**	15,071
Over 365 days	**677**	28
	424,429	394,499
Less: Provision for impairment of trade receivables	**(1,188)**	(1,188)
Trade receivables – net	**423,241**	393,311

The top five customers and the largest customer accounted for 64.0% (2011: 84.6%) and 27.5% (2011: 35.3%) of the trade receivables balance as at 30 June 2012, respectively. The management closely monitors the subsequent settlement of customers and does not grant long credit periods to the counterparties. In this regard, the directors consider that the Group's credit risk is significantly reduced. Other than these major customers, there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The carrying amounts of trade receivables approximate their fair values.

During the six months ended 30 June 2012, the Group recorded no provision for its trade receivables (2011: Nil).

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2012 HK$'000	31 December 2011 HK$'000
Unlisted equity securities		
Unlisted investment fund, at fair value	**16,192**	16,708

Financial assets at fair value through profit or loss are presented within 'investing activities' as part of changes in working capital in the condensed consolidated interim statement of cash flows.

Changes in fair value of financial assets at fair value for consistency with the heading of the above-mentioned table. Through profit or loss are recorded in 'other gains – net' in the condensed consolidated interim statement of comprehensive income.

The fair value of the investment securities is based on observable market data (Note 5(c)).

11 TRADE PAYABLES

The aging of trade payables is as follows:

	As at	
	30 June 2012 HK$'000	31 December 2011 HK$'000
0 to 90 days	**330,053**	316,311
91 to 180 days	**36,572**	61,595
181 to 365 days	**22,605**	6,409
Over 365 days	**3,021**	3,965
	392,251	388,280

The carrying amounts of trade payables approximate their fair values and they have maturity periods within 180 days.

12 BANK BORROWINGS

	As at 30 June 2012 HK$'000	31 December 2011 HK$'000
Current		
Short-term bank loans	**278,000**	184,000
Portion of long-term loans from banks due for repayment within one year	**95,550**	81,882
Portion of long-term loans from banks due for repayment after one year which contain a repayment on demand clause	**54,722**	42,954
Mortgage loan, current portion	**420**	420
	428,692	309,256
Non-current		
Portion of long-term loans from banks due for repayment after one year which do not contain a repayment on demand clause	**641,161**	59,405
Mortgage loan, non-current portion	**2,749**	2,959
	643,910	62,364
Total bank borrowings	**1,072,602**	371,620

The interest-bearing bank borrowings, including the term loans repayable on demand, are carried at amortised cost. None of the portion of term loans due for repayment after one year which contains a repayment clause and is classified as current liability is expected to be settled within one year.

The maturity of bank borrowings is as follows (Note i):

	As at 30 June 2012 HK$'000	31 December 2011 HK$'000
Within 5 years	**1,071,533**	370,340
Over 5 years	**1,069**	1,280
	1,072,602	371,620

Note i: The amounts due are based on the schedule repayments dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

12 BANK BORROWINGS (CONTINUED)

Bank borrowings are denominated in Hong Kong dollars. The carrying amounts of bank borrowings approximate their fair values as the impact of discounting is not significant.

The effective interest rates (per annum) of the Group's bank borrowings at the statement of financial position dates were as follows:

	Short-term bank loans		**Long-term bank loans**		**Mortgage loan**	
	2012	2011	**2012**	2011	**2012**	2011
Hong Kong dollars	**2.4%**	2.9%	**2.3%**	1.7%	**2.4%**	2.4%

As at 30 June 2012, bank borrowings were secured by pledges of leasehold land and buildings located in Hong Kong with net book amounts of HK$7,027,000 (2011: HK$7,171,000) and corporate guarantees provided by the Company. No machinery located in Suzhou had been pledged for borrowings (2011: HK$49,977,000).

As at 30 June 2012, the Group has undrawn floating rate borrowing facilities of approximately HK$356,422,000 (31 December 2011: HK$206,740,000).

13 FINANCE LEASE LIABILITIES

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

	As at 30 June 2012 HK$'000	31 December 2011 HK$'000
Within one year	**30,510**	13,318
In the second year	**27,184**	63
In the third to fifth year	**38,333**	–
	96,027	13,381
Less: Future finance charges on finance leases	**(5,458)**	(134)
Present value of finance lease liabilities	**90,569**	13,247

13 FINANCE LEASE LIABILITIES (CONTINUED)

The present value of finance lease liabilities is as follows:

	As at	
	30 June 2012 HK$'000	31 December 2011 HK$'000
Within one year	**27,956**	13,184
In the second year	**25,437**	63
In the third to fifth year	**37,176**	–
Total finance lease liabilities	**90,569**	13,247
Less: Amount included in current liabilities	**(27,956)**	(13,184)
	62,613	63

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

As at 30 June 2012, the effective interest rate of the Group's finance lease liabilities was 2.14% per annum (2011: 2.92% per annum).

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessors in the event of default. The net book amounts of the leased assets are approximately HK$98,890,000 (2011: HK$95,563,000). The finance lease liabilities are additionally secured by corporate guarantees provided by the Company in respect of these liabilities of approximately HK$87,632,000 (2011: Nil).

14 DEFERRED TAXATION

The analysis of deferred tax liabilities is as follows:

	As at	
	30 June 2012 HK$'000	31 December 2011 HK$'000
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	**22,271**	22,516
Deferred tax liability to be recovered within 12 months	**472**	472
	22,743	22,988

14 DEFERRED TAXATION (CONTINUED)

The movements on the deferred income tax liabilities are as follows:

	Fair value gains HK$'000	Withholding tax HK$'000	Total HK$'000
At 1 January 2011 and at 30 June 2011	–	5,129	5,129
At 1 January 2012	17,859	5,129	22,988
Credited to profit or loss	(245)	–	(245)
At 30 June 2012	17,614	5,129	22,743

15 SHARE CAPITAL

	Note	Number of shares (thousand)	Nominal value HK$'000
Authorised:			
At 1 January 2011		1,000,000	100,000
Increased in authorised share capital	(a)	199,000,000	19,900,000
At 31 December 2011 and 30 June 2012		200,000,000	20,000,000
Issued and fully paid:			
At 1 January 2011		816,294	81,629
Issue of shares pursuant to			
– share option scheme	(b)	2,609	261
– warrant subscription	(c)	14,000	1,400
– placement and subscription arrangement	(d)	47,342	4,734
– bonus issue of shares	(e)	878,809	87,881
At 31 December 2011		1,759,054	175,905
Repurchases of share		(350)	(35)
At 30 June 2012		1,758,704	175,870

15 SHARE CAPITAL (CONTINUED)

Notes:

(a) Pursuant to a shareholder's resolution passed on 20 May 2011, the authorised share capital was increased from HK$100,000,000 to HK$20,000,000,000 by the creation of an additional 199,000,000,000 ordinary shares of HK$0.1 each.

(b) During 2011, 2,609,000 new ordinary shares of HK$0.10 each were issued following the exercise of options under the share option scheme approved by the shareholders of the Company at exercise prices ranging from HK$0.18 to HK$2.10 per share.

(c) In March 2010, the Company entered into an agreement with an independent third party whereby the Company agreed to issue and the independent third party agreed to subscribe for 52,000,000 of warrants at a subscription price of HK$2.03 per warrant. Each warrant carried the right to subscribe for one new share of the Company. During 2010, the independent third party exercised its right attaching to the warrants and subscribed for 38,000,000 new shares. During 2011, the independent third parties exercised the remaining right attaching to the warrants and subscribed for the remaining 14,000,000 new shares. As at 31 December 2011, there was no outstanding warrant.

(d) On 3 March 2011, the Company entered into an agreement (the "March 2011 Placing Agreement") with a placing agent (the "March 2011 Placing Agent") whereby the March 2011 Placing Agent conditionally agreed to place on a best effort basis, as an agent for the Company, up to 47,342,000 new shares of the Company's shares (the "Placing Share") to a placee(s) at a price of HK$6.25 per Placing Share. The gross proceeds arising from this placing was K$295,887,000 and the net proceeds arising from this placing (after deducting share issue expenses of HK$11,864,000) was amounted approximately HK$284,023,000 which is intended to be used for funding continuous business expansion and potential acquisition opportunities. The Placing Shares had an aggregate nominal value of HK$4,734,000.

(e) During 2011, the Company allotted and issued 878,808,900 shares in May 2011 by way of bonus issue (the "Bonus Issue") on the basis of one new bonus share for every one existing share held by the shareholders. The number of share options and their exercise prices were restated accordingly as a result of the Bonus Issue.

16 SHARE OPTION SCHEME

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

16 SHARE OPTION SCHEME (CONTINUED)

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

On 10 June 2009, the shareholders of the Company further approved the refreshment of the 10% limit under the Share Option Scheme. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 65,166,200 shares, representing 10% of the shares of the Company in issue as at 10 June 2009.

On 21 May 2012, the shareholders of the Company further approved the refreshment of the 10% limit under the Share Option Scheme. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 175,905,000 shares, representing 10% of the shares of the Company in issue as at 21 May 2012.

During the six months ended 30 June 2012 and 2011, no options were granted to the Company's directors and employees. During the six months ended 30 June 2012, no share options were exercised (for the six months ended 30 June 2011: 1,173,000 share options). No options lapsed during the six months ended 30 June 2012 (for the six months ended 30 June 2011: Nil). Share options outstanding at 30 June 2012 have the following expiry dates and exercise prices after taking into account the effect of the Bonus Issue:

Expiry date	**Exercise price** HK$ per share	**Share options** '000
19 November 2018	0.175	7,214
1 October 2019	0.41	1,120

17 RESERVES

	Share premium HK$'000	Capital reserve (i) HK$'000	Statutory reserves (ii) HK$'000	Capital redemption reserve (iii) HK$'000	Share options equity reserve HK$'000	Warrants reserve HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 January 2012	**1,041,563**	**(735)**	**83,388**	**12,361**	**1,027**	**–**	**677**	**716,743**	**1,855,024**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**40,201**	**40,201**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(28,144)**	**(28,144)**
Premium on repurchase of shares	**(173)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(173)**
Capital redemption reserve arising from repurchase of shares	**–**	**–**	**–**	**35**	**–**	**–**	**–**	**(35)**	**–**
Translation differences	**–**	**–**	**–**	**–**	**–**	**–**	**(836)**	**–**	**(836)**
Balance at 30 June 2012	**1,041,390**	**(735)**	**83,388**	**12,396**	**1,027**	**–**	**(159)**	**728,765**	**1,866,072**
Balance at 1 January 2011	819,936	(735)	66,093	12,361	1,440	1,040	–	599,302	1,499,437
Profit for the period	–	–	–	–	–	–	–	104,232	104,232
Employee share option scheme									
– value of employee services	–	–	–	–	36	–	–	–	36
– proceeds from shares issued	508	–	–	–	–	–	–	–	508
Transfer to share premium upon exercise of share options	153	–	–	–	(153)	–	–	–	–
Transfer to share premium upon exercise of warrants (iv)	1,040	–	–	–	–	(1,040)	–	–	–
Proceeds from issuance of share pursuant to the warrants subscription (iv)	27,020	–	–	–	–	–	–	–	27,020
Proceeds from issuance of share pursuant to the placing and subscription arrangement (v)	279,289	–	–	–	–	–	–	–	279,289
Dividend paid	–	–	–	–	–	–	–	(44,005)	(44,005)
Bonus issue of shares	(87,881)	–	–	–	–	–	–	–	(87,881)
Balance at 30 June 2011	1,040,065	(735)	66,093	12,361	1,323	–	–	659,529	1,778,636
Profit for the period	–	–	–	–	–	–	–	106,147	106,147
Translation differences	–	–	–	–	–	–	677	–	677
Employee share option scheme									
– proceeds from shares issued	1,202	–	–	–	–	–	–	–	1,202
Transfer to share premium upon exercise of share options	296	–	–	–	(296)	–	–	–	–
Dividend paid	–	–	–	–	–	–	–	(31,638)	(31,638)
Transfer to statutory reserves	–	–	17,295	–	–	–	–	(17,295)	–
Balance at 31 December 2011	1,041,563	(735)	83,388	12,361	1,027	–	677	716,743	1,855,024

17 RESERVES (CONTINUED)

Notes:

(i) Capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to a reorganization (the reorganization took place in April 2005 in contemplation of the listing of the Company's shares on The Stock Exchange of Hong Kong Limited) over the nominal value of the share capital of the Company issued in exchange therefor.

Contributed surplus of the Company represents the difference between the costs of investments in subsidiaries acquired pursuant to the reorganisation over the nominal value of the share capital of the Company issued in exchange therefor.

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

During the six months ended 30 June 2012, no transfer of statutory reserves has been made from the Group's profit for the period (for the period ended 30 June 2011: Nil). The Mainland China subsidiaries of the Group, however, have retained sufficient funds for such purpose and these transfers will be made at the end of the year in accordance with the articles of association of these Mainland China subsidiaries.

(iii) During the six months ended 30 June 2012, the Company repurchased 350,000 of its own shares (for the six months ended 30 June 2011: Nil). Accordingly, the issued share capital of the Company was reduced by the nominal value of the share and the premiums paid on these shares upon the repurchase were charged against the share premium account. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to the capital redemption reserve.

17 RESERVES (CONTINUED)

Notes: (Continued)

(iv) On 22 March 2010, the Company entered into warrant subscription agreements with seven individual and corporate investor whereby the Company agreed to issue and the subscribers agreed to subscribe for 52,000,000 warrants at a warrant issue price of HK$0.02 per warrant. The proceeds from the warrant subscription amounted to HK$1,040,000. During the year ended 31 December 2010, 38,000,000 warrants were exercised to subscribe for 38,000,000 new shares of the Company. The total net proceeds from subscription and exercise of warrants amounted to HK$77,140,000. The remaining 14,000,000 warrants were exercised during the six months ended 30 June 2011 to subscribe for 14,000,000 new shares of the Company. The total net proceeds from the related subscription and exercise of warrants amounted HK$28,420,000 for the six months ended 30 June 2011.

(v) On 3 March 2011, the Company entered into the March 2011 Placing Agreement with the March 2011 Placing Agent whereby the Placing Agent conditionally agreed to place on a best effort basis, as an agent for the Company, up to 47,342,000 new shares of the Company's shares to a placee(s) at a price of HK$6.25 per Placing Share. For more details, refer to Note 15(d) to the condensed consolidated financial statements.

18 STATEMENT OF COMPREHENSIVE INCOME ITEMS BY NATURE

Statement of comprehensive income items included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Raw materials and consumables used	**671,653**	468,940
Production overhead costs (excluding labour and depreciation expenses)	**53,475**	40,065
Staff costs, including directors' emoluments and share option costs		
– research and development	**6,890**	–
– others	**220,050**	139,138
Depreciation of property, plant and equipment	**66,068**	46,881
Amortisation of leasehold land and land use rights	**1,375**	536
Research and development	**20,269**	–
Disposal of property, plant and equipment	**145**	–
(Reversal of)/provision for inventories to net realisable value	**(125)**	2,294
Net exchange gains	**(1,313)**	(1,023)

19 FINANCE INCOME/COSTS

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Finance income		
Interest income from bank deposits	**489**	1,428
Finance costs		
Interest on:		
Bank borrowings wholly repayable within five years	**8,132**	3,918
Bank borrowings not wholly repayable within five years	**16**	53
Finance lease liabilities	**555**	490
	8,703	4,461

20 INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Current taxation		
– Hong Kong profits tax	**276**	5,596
– Mainland China enterprise income tax	**8,526**	8,902
– Deferred income tax credited for the period	**(245)**	–
– Over – provision in prior years	**(491)**	–
	8,066	14,498

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2012 (2011: 16.5%).

20 INCOME TAX EXPENSE (CONTINUED)

(b) Mainland China corporate income tax

Income tax in the subsidiaries of the Group established in Mainland China has been provided at the following tax rate:

(i) Provision for China corporate income tax was calculated on the statutory rate of 25% (2011: 25%) on the assessable income of each of the Group's entities except that certain subsidiaries of the Group operating in Mainland China are eligible for certain tax exemptions and concessions including tax holiday and reduced income tax rate during the period. Accordingly, the China corporate income tax for such subsidiaries has been provided for after taking into account of their tax exemptions and concessions.

(ii) On 31 December 2010 and 31 December 2011, Yihe Precision Hardware (Shenzhen) Co., Ltd. and Yihe Precision Plastic and Electronic Products (Shenzhen) Co., Ltd., respectively, were recognised by the Chinese Government as a "National High and New Technology Enterprise" and were therefore subject to a preferential tax rate of 15% during the six months ended 30 June 2011 and 2012.

(iii) During the six months ended 30 June 2012, EVA Precision Industrial (Suzhou) Limited was recognised by the Chinese Government as a "National High and New Technology Enterprise" and was therefore subject to a preferential tax rate of 15% during the six months ended 30 June 2012.

(c) Overseas income taxes

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

21 EARNINGS PER SHARE

Basic

	Six months ended 30 June 2012	Six months ended 30 June 2011
Profit attributable to equity holders of the Company (HK$'000)	**40,201**	104,232
Weighted average number of ordinary shares in issue ('000)	**1,759,050**	1,736,122
Basic earnings per share (HK cents per share)	**2.3**	6.0

Diluted

	Six months ended 30 June 2012	Six months ended 30 June 2011
Profit attributable to equity holders of the Company (HK$'000)	**40,201**	104,232
Weighted average number of ordinary shares in issue ('000)	**1,759,050**	1,736,122
Adjustment for share options and warrants ('000)	**7,060**	13,633
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,766,110**	1,749,755
Diluted earnings per share (HK cents per share)	**2.3**	6.0

22 DIVIDEND

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Proposed interim dividend of HK 0.7 cents (2011: HK1.8 cents) per ordinary share	**12,227**	31,637

23 GOODWILL

The movements on goodwill are as follows:

	Goodwill
	HK$'000
At 1 January 2011	–
Additions	2,545
At 31 December 2011 and 30 June 2012	2,545

24 COMMITMENTS

(a) Capital Commitments

Capital expenditures at the statement of financial position date committed but not yet incurred is as follows:

	As at	
	30 June	31 December
	2012	2011
	HK$'000	HK$'000
Contracted but not provided for		
– Purchase of land	**–**	4,441
– Construction of buildings	**27,699**	7,686
– Purchase of plant and machinery	**126,426**	192,662
	154,125	204,789

24 COMMITMENTS (CONTINUED)

(b) Operating lease commitments

The future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases of the group are as follows:

	As at	
	30 June 2012	31 December 2011
	HK$'000	HK$'000
Not later than one year	**11,208**	2,360
Later than one year but not later than five years	**36,339**	1,189
Later than five years	**138,303**	–
	185,850	3,549

25 RELATED-PARTY TRANSACTIONS

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

The Group is controlled by Prosper Empire Limited (incorporated in the British Virgin Islands), which owns 36.5% (2011: 36.5%) of the Company's shares as at 30 June 2012. The ultimate parent company of the Group is Prosper Empire Limited.

25 RELATED-PARTY TRANSACTIONS (CONTINUED)

The following transactions were carried out with related parties:

(a) As disclosed in the Company's Prospectus dated 29 April 2005, on 28 April 2005, the Company entered into a deed of tax indemnity with Prosper Empire Limited which is a 36.5% shareholder of the Company as at 30 June 2012 and Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua who are directors and beneficial shareholders of the Company (together the "Indemnifiers") under which each of the Indemnifiers has jointly and severally undertaken to indemnify the Group in connection with, inter alia, any taxation falling on any member of the Group (other than those established subsequent to the listing of the Company) resulting from any income, profits, gains, transactions, events, matters, things or businesses earned, accrued, received, entered into, carried on, or occurring on or before the listing date of the Company. This deed of tax indemnity was approved by the Board of Directors on 20 April 2005.

In 2005, EVA Limited and EVA Holdings Limited, wholly owned subsidiaries of the Group, proposed to settle with The Hong Kong Inland Revenue Department (the "HKIRD") regarding their offshore claims which were queried by the HKIRD. There has been no response from the HKIRD to the proposal of EVA Limited. However, up to 30 June 2012, EVA Limited had already paid approximately HK$11,588,000, in the form of estimated tax assessments and tax reserve certificates, to the HKIRD in respect of the periods prior to 11 May 2005, the listing date of the Company. Payments of approximately HK$4,038,000 had been indemnified by the Indemnifiers. The remaining balance of approximately HK$7,550,000 will also be indemnified by the Indemnifiers should the final determination of such tax liabilities be made by the HKIRD.

During the six months ended 30 June 2012, EVA Holdings Limited settled with the HKIRD regarding the above-mentioned offshore claim by an amount of approximately HK$1,761,000 through payment of cash and utilisation of tax reserve certificates previously purchased by EVA Holdings Limited. Such payments had been fully indemnified by the Indemnifiers pursuant to the deed of tax indemnity.

25 RELATED-PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Wages, salaries and allowances	**4,386**	4,233
Share-based payments	**–**	7
Retirement benefits – defined contribution plan	**62**	44
	4,448	4,284

26 EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

After 30 June 2012, the Company repurchased a total of 11,950,000 of its own shares on The Stock Exchange of Hong Kong Limited prices ranging from $0.63 to $0.66 per share for a total consideration of approximately $7,653,000. The directors were authorised to repurchase shares of the Company at the annual general meeting held on 21 May 2012. The repurchased shares as mentioned above, together with the shares repurchased during the six months ended 30 June 2012, were cancelled on 31 July 2012. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares and the premiums paid on these shares upon the repurchases were charged against the share premium account. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to the capital redemption reserve.

Month of repurchase	**Number of shares of HK$0.10 each**	**Highest price per share**	**Lowest price per share**	**Aggregate consideration paid**
		HK$	HK$	HK$'000
July 2012	11,950,000	0.66	0.63	7,653

SIGNIFICANT EVENTS AND DEVELOPMENT

Since 2009, the Group has been engaging in a strategic transformation from previously focusing on just office automation ("OA") equipment to serving a diversity of products for the fast growing Chinese consumption market, with particular attention given to the huge automobile sector. During the first half of 2012, the Group continued to make significant progress towards this direction. As one of the milestone events in such transformation, the Group commenced the construction of a new production base in Wuhan in March 2012 which is targeted at providing component production and welding services to automobile brand names located in Wuhan and adjacent cities. Since the Group's business in automobile sector was only confined to the production of moulds in the past, the construction of the new Wuhan production base signifies the Group's expansion into supplying automobile components on a large scale basis, a business which is much more voluminous than just supplying moulds and underscores our next step forward into the automobile market.

Currently, Wuhan is one of the major production hubs in China for automobiles. A number of international automobile brand names have established or are planning to establish production bases in Wuhan or its adjacent cities, which includes Dongfeng, Honda, Nissan, Citroen, Peugeot and General Motors. We are confident that by utilising our precision engineering and production management expertise obtained through nearly 20 years of experience in serving Japanese brand owners in the OA industry who are well known for their demanding quality requirements, our new Wuhan production base can stand out in the domestic automobile supply chain and eventually serve as a platform for the Group to achieve a quantum leap in revenue in the future.

The new Wuhan production base has a land area of approximately 166,000 square metres and its development is divided into phases. The construction of phase one of the Wuhan production base with a floor area of approximately 51,000 square metres, which commenced in March 2012, is scheduled for completion in 2013. Upon completion, we are confident that the new Wuhan production base can open up a new phase of development for the benefits of the Group. However, during the current reporting period, initial costs of approximately HK$27,159,000 were incurred in preparation for its launch of production, which included salaries for additional engineers and consumables and raw materials used for technology development and testing. Coupled with a general increase in labour and other costs in the manufacturing industry, the Group's net profit attributable to equity holders of the Company reduced by approximately 61.4% to HK$40,201,000 during the period.

As disclosed in our 2011 annual report, being cautious about the economic outlook in developed countries, the Group's customers in OA equipment business had temporarily shifted their short-term growth driver to lower end products for sales to emerging countries, which altered the type of orders received by the Group and adversely affected its profit margin since the Group used to target at supplying moulds and components for higher end products such as high resolution professional copiers. As a majority of the Group's revenue was still generated from the OA equipment sector during the current reporting period, the Group's gross profit margin reduced from 27.1% to 20.5%. However, on the brighter side, our revenue continued to grow by 32.9% to approximately HK$1,168,036,000, which offset the impact from margin reduction. As such, the amount of the Group's gross profit still increased slightly to approximately HK$239,902,000.

Despite our OA equipment customers' temporary shift to lower end products, it is undoubted that the launch of new higher end OA equipment is only delayed, but remains necessary due to technological advancement and replacement cycles of the equipment. On the other hand, our strong revenue growth under a lackluster external environment at present is a clear evidence of our increasingly solid relationship with customers and the on-going trend for them to concentrate a growing percentage of their purchases on us. As such, the Group is most likely to become the major beneficiary when new series of higher end OA equipment launch, which is just a matter of time.

During the period, we continued to devote substantial efforts on maintaining a healthy balance sheet. Our cash conversion cycle (defined as the total sum of inventory and debtors' turnover days less creditors' turnover days) improved from 52 days in 2011 to 41 days in 1H2012. The improvement in our cash conversion cycle was primarily caused by our conscious effort to control inventories and streamline working capital requirement. Our net debt-to-equity ratio remained very low at only 1%, which has a strong appeal to existing and target customers looking for manufacturing partners as financial stability has become one of the key criteria for supplier selection particularly under the unstable economic environment at present.

As always, the Group is committed to maximising shareholders' value. Since our listing in 2005, we have always been adhering to a dividend payout at 30% to 35% of net profit, and 1H2012 is no exception. In the future, we will adhere to our philosophy of continuous technological improvement and sound financial management, whilst maximising returns to our shareholders.

FINANCIAL REVIEW

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

	Six months ended 30 June			
	2012		2011	
	HK$'000		HK$'000	
By business segment				
Turnover				
Metal division				
Design and fabrication of metal stamping moulds	**50,757**	**4.3%**	61,455	7.0%
Manufacturing of metal stamping components	**571,656**	**49.0%**	439,720	50.0%
Manufacturing of lathing components	**95,090**	**8.1%**	55,986	6.4%
Others (Note 1)	**16,686**	**1.4%**	12,748	1.5%
	734,189		569,909	
Plastic division				
Design and fabrication of plastic injection moulds	**32,284**	**2.8%**	45,100	5.1%
Manufacturing of plastic injection components	**396,908**	**34.0%**	260,466	29.6%
Others (Note 1)	**4,655**	**0.4%**	3,596	0.4%
	433,847		309,162	
Total	**1,168,036**		879,071	
Segment results				
Metal division	**24,115**		76,444	
Plastic division	**32,244**		47,985	
Operating profit	**56,359**		124,429	
Unallocated expenses	**(355)**		(1,143)	
Finance income	**489**		1,428	
Finance costs	**(8,703)**		(4,461)	
Income tax expense	**(8,066)**		(14,498)	
Non-controlling interests	**477**		(1,523)	
Profit attributable to equity holders of the Company	**40,201**		104,232	

Note 1: Others mainly represented sales of scrap materials

Turnover

Driven by the on-going trend for brand owners to concentrate higher percentage of their purchases on suppliers with proven quality standards and financial stability like ourselves, we continued to record significant revenue growth in the manufacture of metal stamping, lathing and plastic injection components during the period. Turnover for the period amounted to HK$1,168,036,000, representing an increase of 32.9% as compared to 1H2011.

Gross profit

As disclosed in our 2011 annual report, being cautious about the economic outlook in developed countries, the Group's customers in OA equipment business had temporarily shifted their short-term growth driver to lower end products for sales to emerging countries, which altered the type of orders received by the Group and adversely affected its profit margin since the Group used to target at supplying moulds and components for higher end products such as high resolution professional copiers. Accordingly the Group's gross profit margin reduced from 27.1% in 1H2011 to 20.5% in 1H2012.

At the same time, the Group's turnover grew by 32.9%, which offset the impact from margin reduction. As a result, the amount of the Group's gross profit still increased slightly to approximately HK$239,902,000 during the period.

Segment results

For the six months ended 30 June 2012, segment results of the Group's metal and plastic divisions amounted to approximately HK$24,115,000 and HK$32,244,000, representing an operating profit margin of 3.3% and 7.4% respectively. During the period, the Group incurred initial costs of approximately HK$27,159,000 in preparation for its new automobile business, which included salaries for additional engineers and consumables and raw materials used for technology development and testing. Coupled with the reduction in gross profit margin as mentioned above, the Group's operating profit margin for the period decreased as compared to that for 1H2011.

In addition, as the initial costs for new automobile business were mainly incurred by the Group's metal division, the operating profit margin of the Group's metal division was lower than that of the plastic division.

Finance costs

The Group's finance costs for the six months ended 30 June 2012 increased to approximately HK$8,703,000, which was primarily caused by an increase in bank borrowings and finance lease liabilities during the period.

Income tax expense

During the six months ended 30 June 2012, income tax expense amounted to approximately HK$8,066,000. Effective tax rate (defined as the percentage of income tax expense as compared to profit before income tax) for the period was 16.9%, which increased as compared to that for 1H2011 because: (i) one of the major subsidiaries of the Group, EVA Precision Industrial (Suzhou) Limited, was entitled to the tax benefits of "tax exemption for the first two profitable years and 50% tax reduction for the ensuing three years" under the former tax laws in China during the period from 2007 to 2011. Tax rate of this subsidiary increased due to the expiry of such tax benefits on 31 December 2011 and (ii) certain subsidiaries incurred initial losses primarily caused by the Group's development in the new automobile business, and such losses were not eligible for offsetting the taxable profits generated by other profitable subsidiaries.

Profit attributable to equity holders of the Company

During the six months ended 30 June 2012, profit attributable to equity holders of the Company amounted to approximately HK$40,201,000, representing a decrease of approximately 61.4% as compared to that for the six months ended 30 June 2011. The reduction in profitability of the Group was primarily caused by the decrease in gross profit margin and the initial costs incurred in preparation for the Group's new automobile business as mentioned above.

LIQUIDITY, FINANCIAL RESOURCES AND RATIOS

During the period, the Group devoted substantial effort on streamlining working capital requirements. Accordingly, cash generated from operations for the period increased by 107.0% to HK$145,485,000 despite a reduction in net profit. Net cash used in investing activities, which was primarily related to the purchases of fixed assets, amounted to HK$179,573,000 and was comparable to that for the same period last year. In addition, the Group obtained new bank borrowings of approximately HK$818,000,000 during the period. Therefore, net cash generated from financing activities increased by 122.3% to approximately HK$680,721,000.

Bank loans as at 30 June 2012 were denominated in Hong Kong dollars with floating interest rates and were used for financing the Group's operations and expansion. Treasury activities are controlled by senior management members with an objective of achieving a balance between the Group's expansion needs and its financial stability. An analysis of the Group's key liquidity and capital adequacy ratios as at 30 June 2012 is as follows:

	30 June 2012	31 December 2011
Inventory turnover days *(Note 1)*	**51**	74
Debtors' turnover days *(Note 2)*	**66**	73
Creditors' turnover days *(Note 3)*	**76**	95
Cash conversion cycle *(Note 4)*	**41**	52
Current ratio *(Note 5)*	**1.89**	1.50
Net debt-to-equity ratio *(Note 6)*	**0.01**	Net cash

Note:

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

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

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

4. Cash conversion cycle is defined as the total sum of inventory and debtors' turnover days less creditors' turnover days.

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

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

Inventory turnover days

With a view to streamlining the Group's working capital requirements, we devoted substantial effort on strengthening our inventory control during the six months ended 30 June 2012. Accordingly, the Group's inventory turnover days reduced by 23 days to 51 days during the period.

Debtors' and creditors' turnover days

During the period, the Group's debtors' turnover days was 66 days, which was comparable to that for the year ended 31 December 2011. Creditors' turnover day reduced to 76 days, which was primarily caused by the measures adopted by the Group to lower the level of inventories and therefore the amount payable to inventories suppliers remained stable despite an increase in cost of sales during the period.

Current ratio and net debt-to-equity ratio

During the period, the Group obtained additional bank loans for future capital expenditure and working capital requirements. Most of these new bank loans are long-term bank loans with repayment periods of three to five years, and accordingly classified as non-current liabilities on the Group's statement of financial position. At the same time, a majority of the proceeds from these new bank loans remained unused as at 30 June 2012. Cash and current assets increased which resulted in an improvement in the Group's current ratio as at 30 June 2012.

Despite these new bank loans, the Group's net debt-to-equity ratio remains at a very low level, which was only 1% as at 30 June 2012.

OUTLOOK

Despite a general expectation for slower growth in the near term, China's automobile market is still in its ascending channel and far from saturation. With an increasing demand for higher end and sophisticated products from Chinese customers, China's automobile market is most likely to face a structural adjustment from previously focusing on low cost vehicles to vehicles with higher quality and performance. Whilst our precision engineering expertise accumulated through nearly 20 years of experience in serving Japanese equipment makers which are well known for their demanding quality requirements may be better than required for low cost vehicles, the shift in demand to higher quality vehicles opened up a doorway for the Group to enter into this huge but still expanding market. Going forward, we expect our investment in automobile business today will translate into a quantum leap in our profitability in the future. Meanwhile, our net gearing ratio remains at a very low level, with cash position strong enough to fund our investment.

Last but not the least, turnover from our traditional OA business is still on a growth track, generating healthy cash flows for our new automobile business. Although our profitability from OA business was temporarily affected by the short-term shift to lower end products by our customers, we are optimistic that there will be a resurgence in our profitability when new series of higher end OA equipment launch, which is just a matter of time as OA equipment is subject to regular replacement.

HUMAN RESOURCES

As at 30 June 2012, the total number of employees of the Group was 7,410 employees, representing an increase of 11.0% as compared to 6,673 employees as at 31 December 2011. The increase in headcount was primarily caused by the recruitment of additional employees in preparation for the Group's new Wuhan production base and the ramping up of the Group's production base in Zhongshan, which was completed by end of 2010 and under trial production stage during the last financial year.

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

FOREIGN CURRENCY EXPOSURE

A substantial portion of the Group's customers are reputable international brand owners with worldwide distribution networks. At the same time, a majority of the Group's suppliers are international metal and plastic producers designated by the Group's customers. Accordingly, most of the Group's sales and cost of sales are currently made in HK dollars and US dollars. During the six months ended 30 June 2012, approximately 32%, 53% and 15% (For the six months ended 30 June 2011: 37%, 58% and 5%) of the Group's sales and approximately 13%, 66% and 21% (For the six months ended 30 June 2011: 13%, 71% and 16%) of the Group's purchases were denominated in Hong Kong dollars, US dollars and Renminbi, respectively.

Although the settlement currencies between the Group's revenue and expenditure are basically matched, management evaluates the Group's foreign currency exposure on a continuing basis and takes actions to minimise the Group's exposure whenever necessary. In particular, despite the Group's substantial business operations in Mainland China, all of the Group's borrowings were denominated in Hong Kong dollars instead of Renminbi to match repayment currency with operating cash inflows. Management will continue to closely monitor the Group's foreign currency exposure to safeguard the Group from any potential risks that may arise from the fluctuation in exchange rates.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2012, the charges on the Group's assets included (i) pledge of leasehold land and buildings located in Hong Kong with net book value of approximately HK$7,027,000 for securing bank borrowings and (ii) mortgage of equipment under finance lease liabilities with net book value of HK$98,890,000 for securing finance lease liabilities.

DIVIDEND

The Board declared an interim dividend of HK0.7 cents per ordinary share, totaling HK$12,227,000 for the six months ended 30 June 2012 to eligible shareholders whose names appear on the register of members of the Company on Monday, 10 September 2012. The interim dividends will be payable in cash on or about Friday, 14 September 2012.

CONNECTED TRANSACTIONS

The following connected transaction, which also constitutes related party transaction set out in Note 25 to the condensed consolidated interim financial statements, was entered into during the six months ended 30 June 2012:

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

As disclosed in the Company's Prospectus dated 29 April 2005, on 28 April 2005, the Company entered into a deed of tax indemnity with Prosper Empire Limited which is a 36.47% shareholder of the Company as at 30 June 2012 and Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua who are directors and beneficial shareholders of the Company (together the "Indemnifiers") under which each of the Indemnifiers has jointly and severally undertaken to indemnify the Group in connection with, inter alia, any taxation falling on any member of the Group (other than those established subsequent to the listing of the Company) resulting from any income, profits, gains, transactions, events, matters, things or businesses earned, accrued, received, entered into, carried on, or occurring on or before the listing date of the Company. This deed of tax indemnity was approved by the Board of Directors on 20 April 2005.

In 2005, EVA Limited and EVA Holdings Limited, wholly owned subsidiaries of the Group, proposed to settle with The Hong Kong Inland Revenue Department (the "HKIRD") regarding their offshore claims which were queried by the HKIRD. There has been no response from the HKIRD to the proposal of EVA Limited. However, up to 30 June 2012, EVA Limited had already paid approximately HK$11,588,000, in the form of estimated tax assessments and tax reserve certificates, to the HKIRD in respect of the periods prior to 11 May 2005, the listing date of the Company. Payments of approximately HK$4,038,000 had been indemnified by the Indemnifiers. The remaining balance of approximately HK$7,550,000 will also be indemnified by the Indemnifiers should the final determination of such tax liabilities be made by the HKIRD.

During the six months ended 30 June 2012, EVA Holdings Limited settled with the HKIRD regarding the above-mentioned offshore claim by an amount of approximately HK$1,761,000 through payment of cash and utilisation of tax reserve certificates previously purchased by EVA Holdings Limited. Such payments had been fully indemnified by the Indemnifiers pursuant to the deed of tax indemnity.

The above transaction constitutes a connected transaction in accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which requires disclosure in the interim report of the Company.

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

Some subsidiaries of the Company are parties to loan agreements with DBS Bank (Hong Kong) Limited in respect of the following banking facilities ("DBS Facilities Agreements"):

(i) term loan/finance lease facilities up to HK$140,000,000 with a repayment term of four years after the date of advance of the loan (the outstanding loan balance was approximately HK$26,333,000 as at 30 June 2012);

(ii) factoring facilities up to HK$90,000,000; and

(iii) other finance lease facilities (the outstanding balance was approximately HK$923,000 as at 30 June 2012).

The following specific performance obligations are imposed on the controlling shareholders of the Company under the DBS Facilities Agreements:

(i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall collectively maintain not less than 35% of the issued shares of the Company and shall remain as the single largest shareholder of the Company.

(ii) Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company.

Further, a subsidiary of the Company is a party to loan agreements with Bank of China (Hong Kong) Limited in respect of the following banking facilities ("BOC Facilities Agreements"):

(i) a term loan facility up to HK$80,000,000 with a repayment term of three years after the end of 6 months from the date of signing of the relevant facility letter (the outstanding loan balance was HK$80,000,000 as at 30 June 2012);

(ii) another term loan facility up to HK$40,000,000 with a repayment term of four years after the date of drawdown of the loan (the outstanding loan balance was HK$3,250,000 as at 30 June 2012); and

(iii) a revolving loan for an amount up to HK$40,000,000 (the outstanding loan balance was HK$40,000,000 as at 30 June 2012).

The following specific performance obligations are imposed on the controlling shareholders of the Company under the BOC Facilities Agreements:

(i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain to hold not less than 35% of the issued share capital of the Company; and

(ii) Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors and an executive director of the Company.

In addition, a subsidiary of the Company is a party to loan agreements with Hang Seng Bank Limited in respect of the following facilities ("HSB Facilities Agreements"):

(i) a term loan facility up to HK$250,000,000 for a term of four years from August 2012, being five months after the date of the relevant facility letter (the outstanding loan balance was HK$250,000,000 as at 30 June 2012);

(ii) another term loan facility up to HK$30,000,000 for a term of three years from the date of drawdown of the loan (the outstanding loan balance was HK$22,800,000 as at 30 June 2012); and

(iii) combined documentary credits in the amount of HK$25,000,000 (there was no outstanding balance as at 30 June 2012).

The following specific performance obligations are imposed on the controlling shareholders of the Company under the HSB Facilities Agreements:

(i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall maintain to hold not less than 35% of the issued share capital of the Company; and

(ii) Mr. Zhang Hwo Jie shall remain as the chairman of the board of directors of the Company.

A subsidiary of the Company is also a party to the loan agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd. in respect of a four years term loan facility of up to HK$50,000,000 ("BTMU Facility Agreement"), and the total outstanding balance of the loan was HK$50,000,000 as at 30 June 2012.

The following specific performance obligations are imposed on the controlling shareholders of the Company under the BTMU Facility Agreement:

(i) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall hold not less than 35% of the entire issued share capital of the Company; and

(ii) Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua shall collectively remain as single largest shareholder of the Company.

Certain subsidiaries of the Company are also parties to loan agreements with The Hongkong and Shanghai Banking Corporation Limited in respect of the following facilities ("HSBC Facility Agreements"):

(i) a term loan facility for an amount up to HK$250,000,000 with a repayment period of five years from the date of acceptance of the relevant facility letter (the outstanding loan balance was HK$250,000,000 as at 30 June 2012);

(ii) a revolving loan facility for an amount up to HK$50,000,000 (the outstanding loan balance was HK$50,000,000 as at 30 June 2012);

(iii) other term loan facilities with outstanding balances of approximately HK$70,188,000 as at 30 June 2012 (fully repayable in 2017); and

(iv) factoring facility up to HK$18,000,000,

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

SHARE OPTIONS

The Company conditionally adopted a share option scheme (the "Share Option Scheme") on 20 April 2005 which became unconditional on 11 May 2005. Details of the movements of the share options under the Share Option Scheme for the six months ended 30 June 2012 were as follows:

	As at 31 December 2011 and 30 June 2012	**Share price immediately before offer date**	**Exercise price**
	(Note 1)	HK$	HK$
Employees of the Group			
In aggregate			
– Granted on 10 December 2008	7,214,200	0.165	0.175
– Granted on 2 October 2009	1,120,000	0.405	0.41
	8,334,200		

Note 1: There was no movement in share options during the six months ended 30 June 2012.

The fair value of the options granted on 10 December 2008 and 2 October 2009 with outstanding balances as at 30 June 2012 of 7,214,200 options and 1,120,000 options were HK$345,000 and HK$92,000 respectively. These fair values were calculated using the Black-Scholes valuation model and the significant inputs into the model were as follows:

	Exercise price	**Expected volatility**	**Expected life**	**Risk-free rate**	**Dividend paid-out rate**
	HK$				
Granted on 10 December 2008	0.175	51.99%	3 years	0.922%	3.00%
Granted on 2 October 2009	0.41	56.65%	1 year	0.16%	3.68%

The expected volatility is based on historic volatility adjusted for any expected changes to future volatility based on publicly available information. Dividend paid-out rate is based on historical dividend paid-out rate. Changes in these subjective input assumptions could affect the fair value estimate. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

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

% of the options granted	**Vesting date**	**Exercise period**
With respect to the options granted on 10 December 2008 with exercise price of HK$0.175		
100%	10 December 2008	10 December 2008 to 19 November 2018
With respect to the options granted on 2 October 2009 with exercise price of HK$0.41		
100%	5 October 2009	5 October 2009 to 1 October 2019

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

As at 30 June 2012, the interests and/or short positions of the directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have taken under such provisions of the SFO), and/or which were required, pursuant to Section 352 of the SFO, to be entered in the registrar referred therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to be notified to the Company and The Stock Exchange of Hong Kong Limited were as follows:

(i) Long position in shares of the Company

Name of director	Corporate interests	Personal interests	Interest of spouse	Total interests	Approximate percentage of interest in the Company as at 30 June 2012
Mr. Zhang Hwo Jie	641,480,000 (Note 1)	15,292,000	–	656,772,000	37.34%
Mr. Zhang Jian Hua	–	664,000	–	664,000	0.04%
Mr. Zhang Yaohua	5,648,000 (Note 2)	10,132,000	156,000	15,936,000	0.91%
Mr. Nomo Kenshiro	–	–	–	–	–
Dr. Lui Sun Wing	–	600,000	–	600,000	0.03%
Mr. Choy Tak Ho	–	–	–	–	–
Mr. Leung Tai Chiu	–	4,600,000	–	4,600,000	0.26%

Notes:

1. Mr. Zhang Hwo Jie holds 38% of the entire issued capital of Prosper Empire Limited, which was interested in 36.47% of the entire issued capital of the Company as at 30 June 2012. Under the SFO, Mr. Zhang Hwo Jie is deemed to be interested in the shares held by Prosper Empire Limited.

2. These shares are held under Billion Fortune Group Limited, a company incorporated in the British Virgin Islands and is 100% owned by Mr. Zhang Yaohua, a director of the Company.

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

Name of director	Capacity	Approximate percentage of interest in Prosper Empire Limited as at 30 June 2012
Mr. Zhang Hwo Jie	Personal interests	38%
Mr. Zhang Jian Hua	Personal interests	29%
Mr. Zhang Yaohua	Personal interests	33%

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2012, the interests or short positions of the persons (other than a director or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register of interests kept by the Company under section 336 of the SFO are as follows:

Name	Capacity	Number of shares	Approximate percentage of interest
Prosper Empire Limited	Beneficial owner	641,480,000 (L)	36.47% (L)
Ms. Shen Chan Jie Lin	Interest of spouse (Note 1)	656,772,000 (L)	37.34% (L)
Deutsche Bank Aktiengesellschaft	Investment manager	149,716,078 (L)	8.51% (L)
		627,078 (S)	0.04% (S)
		143,546,098 (P)	8.16% (P)
Janus Capital Management LLC	Investment manager	145,946,000 (L)	8.30% (L)
The Capital Group Companies, Inc.	Investment manager	141,717,000 (L)	8.06% (L)
FMR LLC	Investment manager	137,144,000 (L)	7.80% (L)

Note –

1. Under the SFO, Ms. Shen Chan Jie Lin is deemed to be interested in the shares held by Mr. Zhang Hwo Jie, who is interested in 38% of the issued share capital of Prosper Empire Limited. The interests disclosed by Ms. Shen Chan Jie Lin included the 641,480,000 shares of the Company held by Prosper Empire Limited.

2. (L): Long position; (S): Short position; (P): Lending Pool

PURCHASES, SALE AND REDEMPTION OF THE SHARES

In June and July 2012, the Company repurchased its 12,300,000 listed shares on The Stock Exchange of Hong Kong Limited. These shares were cancelled on 31 July 2012 and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Details of such repurchases are summarised as follows:

Month of repurchases	Number of shares repurchased	Highest price per share	Lowest price per share	Aggregate consideration paid
		HK$	HK$	HK$'000
June 2012	350,000	0.60	0.57	208
July 2012	11,950,000	0.66	0.63	7,653
	12,300,000			7,861

Save for disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2012 and up to the date of this report.

CHANGES IN THE DIRECTORS' INFORMATION

Effective from 1 July 2012, the remuneration of directors is adjusted as follows:

i) The annual basic salaries of Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua, executive directors of the Company, are adjusted from HK$2,040,000 each to HK$3,600,000 each.

ii) The annual basic salaries of Dr. Lui Sun Wing, Mr. Choy Tak Ho and Mr. Leung Tai Chiu, independent non-executive directors of the Company, are adjusted from HK$120,000 each to HK$160,000 each.

The above changes to directors' remuneration have been approved by the Company's remuneration committee.

Save as disclosed above, there is no significant change to the profiles of the Company's executive and independent non-executive directors as disclosed in the Company's 2011 annual report dated 27 March 2012.

PRE-EMPTIVE RIGHTS

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 5 September 2012 to Monday, 10 September 2012, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed interim dividend for the six months ended 30 June 2012, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 4 September 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Having made specific enquiry of all directors, all directors confirm that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2012.

CORPORATE GOVERNANCE

The Company and the directors confirm, to the best of their knowledge, that the Company has complied with the Code on Corporate Governance Practices (the "Former CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the period from 1 January 2012 to 31 March 2012. On 1 April 2012, the Former CG Code was amended and renamed as the Corporate Governance Code (the "New CG Code"). The Company and the directors also confirm that the Company has complied with the New CG Code during the period from 1 April 2012 to 30 June 2012.

AUDIT COMMITTEE

The Company has set up an audit committee, in accordance with the requirements of the Former CG Code and the New CG Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, for the purpose of reviewing and providing supervision on the financial reporting process and internal control system of the Group. The audit committee comprises the three independent non-executive directors with Dr. Lui Sun Wing as the chairman. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters with management including a review of the interim report for the six months ended 30 June 2012.

By order of the Board
Zhang Hwo Jie
Chairman

Hong Kong, 21 August 2012

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