

Half Year Financial Statements for the Period Ended 30 June 2007

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group		Change %
	6 months ended 30-Jun-07 \$'000	6 months ended 30-Jun-06 \$'000	
Sale of goods	33,939	24,421	39.0%
Cost of sales	(27,644)	(19,439)	42.2%
Gross profit	6,295	4,982	26.4%
Operating expenses			
Other operating income	3,822	196	1850.0%
Distribution and selling expenses	(1,973)	(1,565)	26.1%
General and administrative expenses	(2,785)	(2,139)	30.2%
Other operating expenses	(886)	(36)	2361.1%
Finance costs	(240)	(229)	4.8%
Profit before tax	4,233	1,209	250.1%
Taxation	522	(337)	-254.9%
Profit for the period	4,755	872	445.3%
Attributable to:			
Equity holders of the Company	4,782	872	448.4%
Minority interest	(27)	-	N.M.
	4,755	872	

Note on profit before tax

Profit before tax is determined after charging/(crediting) the following:

Interest income	(57)	(81)
Interest expense on loans and borrowings	219	81
Depreciation of fixed assets	1,665	1,617
Bad trade debts written off	3	-
Fixed assets written off	-	4
Allowance for/(write back of allowance for) doubtful trade debts	130	(10)
Allowance for/(write back of allowance for) stock obsolescence	1	(26)
(Gain)/loss on foreign exchange (net)	(48)	131
Write back of impairment loss of club membership	(8)	-
Gain on disposal of fixed assets (net)	3,684	-
Impairment loss of fixed assets	(748)	-

Taxation

Current period income tax	1,654	374
Underprovision of income tax in respect of prior years	22	-
Current period deferred tax	(896)	(37)
Overprovision of deferred tax in respect of prior years	(244)	-
Reversal of deferred tax liabilities on revaluation upon disposal of leasehold building	(1,058)	-
	(522)	337

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	As at 30-Jun-07 \$'000	As at 31-Dec-06 \$'000	As at 30-Jun-07 \$'000	As at 31-Dec-06 \$'000
Non-current assets				
Fixed assets	35,248	42,021	2,534	11,121
Investment in subsidiaries	-	-	12,122	11,012
Intangible assets	646	638	38	30
Investment securities	1,303	1,112	1,303	1,112
Loan to subsidiaries	-	-	7,069	4,867
	37,197	43,771	23,066	28,142
Current assets				
Inventories	7,968	7,149	3,059	2,395
Trade debtors	15,327	12,355	3,066	2,664
Other debtors & deposits	582	659	302	73
Prepaid operating expenses	366	140	154	19
Amount due from subsidiaries (non-trade)	-	-	453	451
Cash and bank balances	5,121	8,321	1,172	1,340
Fixed deposits	11,000	4,250	11,000	4,250
	40,364	32,874	19,206	11,192
Current liabilities				
Trade creditors	6,082	5,517	732	595
Bills payable to banks	7,039	11,125	-	76
Interest-bearing bank loans and borrowings	6,344	4,907	-	-
Other creditors & accruals	3,107	2,993	1,840	1,592
Provision for taxation	2,184	1,345	1,935	1,246
	24,756	25,887	4,507	3,509
Net current assets	15,608	6,987	14,699	7,683
Non-current liabilities				
Deferred tax liabilities	1,673	3,900	311	2,220
Interest-bearing bank loans and borrowings	1,007	1,791	-	-
Net assets	50,125	45,067	37,454	33,605
Equity attributable to equity holders of the Company				
Share capital	31,440	31,440	31,440	31,440
Accumulated profits	8,208	3,677	5,998	1,535
Capital reserve	3,745	3,745	-	-
Reserve fund	1,179	1,089	-	-
Asset revaluation reserve	3,793	4,599	16	822
Fair value adjustment reserve	-	(192)	-	(192)
Foreign currency translation reserve	719	(59)	-	-
	49,084	44,299	37,454	33,605
Minority interest	1,041	768	-	-
Total equity	50,125	45,067	37,454	33,605

**1(b)(ii) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less, or on demand**

As at 30/06/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
13,383	-	13,994	2,038

Amount repayable after one year

As at 30/06/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
-	1,007	810	981

Details of any collateral

The Group's bank loans are secured by the leasehold land, certain leasehold building, certain plant and machinery, of the subsidiaries with net book value of approximately \$17.9 million and cash and bank balances of \$1.9 million.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group	
	6 months ended 30-Jun-07	6 months ended 30-Jun-06
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	4,233	1,209
Adjustments for:		
Depreciation of fixed assets	1,665	1,617
Fixed assets written off	-	4
Impairment loss of fixed assets	748	-
Bad trade debts written off	3	-
Net gain on disposal of fixed assets	(3,684)	-
Write back of impairment loss of club membership	(8)	-
Allowance for/(write back of allowance for) doubtful trade debts	130	(10)
Allowance for/(write back of allowance for) stock obsolescence	1	(26)
Interest expense	219	81
Interest income	(57)	(81)
Net effect of exchange differences	(50)	90
	3,200	2,884
Operating profit before working capital changes		
Increase in inventories	(821)	(136)
Increase in trade and other debtors, prepayments and deposits	(3,252)	(465)
(Decrease)/increase in trade and other creditors and accruals	(3,407)	2,149
	(4,280)	4,432
Net cash (used in)/generated from operations		
Interest paid	(219)	(81)
Income taxes paid	(843)	(490)
	(5,342)	3,861
Net cash (used in)/generated from operating activities		
Cash flows from investing activities		
Interest received	57	81
Purchase of fixed assets	(3,059)	(666)
Proceeds from sale of fixed assets	11,933	-
	8,931	(585)
Net cash generated from/(used in) investing activities		
Cash flows from financing activities		
Proceeds from short-term loan	654	785
Decrease in cash & bank balances pledged	1,796	-
Capital contribution from a minority shareholder of a subsidiary company	274	-
Payment of dividends to shareholders	(967)	-
	1,757	785
Net cash generated from financing activities		
Net increase in cash and cash equivalents	5,346	4,061
Cash and cash equivalents at beginning of period	8,869	10,181
	14,215	14,242
Cash and cash equivalents at end of period		
Cash and cash equivalents at end of period comprise of:-		
Fixed deposits	11,000	4,831
Cash and bank balances	5,121	9,411
	16,121	14,242
Cash and bank balances pledged as security for bills payables	(1,906)	-
	14,215	14,242

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Accumulated profits	Capital reserve	Reserve fund	Assets revaluation reserve	Fair value adjustment reserve	Foreign currency translation reserve	Total reserves	Minority interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
Balance as at 31/12/2005	31,440	1,506	3,745	938	4,599	-	1,156	11,944	-	43,384
Appropriation to reserve fund	-	(69)	-	69	-	-	-	-	-	-
Net effect of exchange differences	-	-	-	-	-	-	(745)	(745)	-	(745)
Net profit for the period	-	872	-	-	-	-	-	872	-	872
Balance as at 30/6/2006	31,440	2,309	3,745	1,007	4,599	-	411	12,071	-	43,511
Balance as at 31/12/2006	31,440	3,677	3,745	1,089	4,599	(192)	(59)	12,859	768	45,067
Appropriation to reserve fund	-	(90)	-	90	-	-	-	-	-	-
Reversal of assets revaluation reserve upon disposal of leasehold building	-	806	-	-	(806)	-	-	-	-	-
Capital contribution from a minority shareholder of a subsidiary company	-	-	-	-	-	-	-	-	274	274
Net change in fair value adjustment reserve	-	-	-	-	-	192	-	192	-	192
Net effect of exchange differences	-	-	-	-	-	-	778	778	26	804
Dividends on ordinary shares	-	(967)	-	-	-	-	-	(967)	-	(967)
Net profit for the period	-	4,782	-	-	-	-	-	4,782	(27)	4,755
Balance as at 30/6/2007	31,440	8,208	3,745	1,179	3,793	-	719	17,644	1,041	50,125
Company										
Balance as at 31/12/2005	31,440	1,203	-	-	822	-	-	2,025	-	33,465
Net profit for the period	-	137	-	-	-	-	-	137	-	137
Balance as at 30/6/2006	31,440	1,340	-	-	822	-	-	2,162	-	33,602
Balance as at 31/12/2006	31,440	1,535	-	-	822	(192)	-	2,165	-	33,605
Reversal of assets revaluation reserve upon disposal of leasehold building	-	806	-	-	(806)	-	-	-	-	-
Net change in fair value adjustment reserve	-	-	-	-	-	192	-	192	-	192
Dividends on ordinary shares	-	(967)	-	-	-	-	-	(967)	-	(967)
Net profit for the period	-	4,624	-	-	-	-	-	4,624	-	4,624
Balance as at 30/6/2007	31,440	5,998	-	-	16	-	-	6,014	-	37,454

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There are no changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or and equivalent standard)

The figures have not been audited or reviewed by auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current accounting period as compared to the audited financial statements for the year ended 31 December 2006.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	<u>30-Jun-07</u>	<u>30-Jun-06</u>
Basic earnings per ordinary share (in cents)	3.04	0.55
Diluted earnings per ordinary share (in cents)	3.04	0.55

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	The Group		The Company	
	<u>30-Jun-07</u>	<u>31-Dec-06</u>	<u>30-Jun-07</u>	<u>31-Dec-06</u>
Net asset value per ordinary share based on issued share capital of the Company (in cents)	31.22	28.18	23.83	21.38

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Group turnover for the financial period ended 30 June 2007 increased by \$9.5 million or 39% from \$24.4 million to \$33.9 million as compared to the previous corresponding period. This was mainly due to the inclusion of Hefei Dansun Packaging Co, Ltd (Hefei)'s results in the current six-month period as Hefei was not a subsidiary of the Group in the previous six month period (Note: Hefei only become a subsidiary of the Group on 26 September 2006). Hefei contributed \$6 million to the Group's turnover for the financial period ended 30 June 2007. Excluding the sales contributed by Hefei, the Group achieved a 14.4% growth in sales revenue.

Costs of sales for the Group increased by \$8.2 million or 42.2%. This increase was mainly attributed to the inclusion of \$5.5 million cost of sales from Hefei. Higher materials costs and labour costs contributed to the general increase in the Group's cost of sales, which led to a lower gross profit margin.

Other operating income increased by \$3.6 million mainly due to gain on disposal of leasehold property arising from the sale and lease back of leasehold property of the Company.

Distribution and selling expenses increased by \$0.4 million which is in line with the higher turnover registered by the Group for the current period, out of which Hefei contributed \$0.3 million to the increment. The increase of \$0.6 million in general and administrative expenses was mainly due to the inclusion of expenses from Hefei, expenses incurred on the lease back of property and a general increase in operating expenses.

Other operating expenses increased by \$0.8 million mainly due to impairment loss of fixed assets amounting to \$0.7 million in Suzhou plant.

The turnaround from the tax expense to tax income is mainly due to reversal of deferred tax liabilities which was previously provided on the revaluation of the property. The deferred tax liability is being reversed upon disposal of leasehold building.

As a result of the above, net profit increased from \$0.9 million to \$4.8 million.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

The Group's fixed assets declined by approximately \$6.8 million as compared to previous financial year. The decrease was mainly due to disposal of a leasehold property upon completion of the sale and lease back transaction on 25 June 2007 and the impairment loss provided for the fixed assets during the current financial period. However, the decrease was partially offset by addition of fixed assets in China plants.

The Group's inventories level increased by \$0.8 million. This is mainly due to anticipation of increased sales in the subsequent months.

The increase in trade debtors was in line with the increase in sales.

A net increase in short term fixed deposit of \$6.8 million was a net result of the proceeds received from the disposal of property, purchase of fixed assets, payment of dividend and payment of income tax.

During the current financial period, the Group maintained an optimum level of working capital, and as such, the bills payables and the bank borrowings reduced by \$3.4 million and the cash and bank balances reduced by \$3.2 million as compared to previous financial year .

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The results are in line with our results announcement dated 22 February 2007.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The economic outlook of China remains robust and this is expected to continue throughout the year 2007. The domestic demand for the packaging cartons will grow correspondingly.

On 1 July 2007, the China Tax Authorities had implemented a new policy to reduce export tax rebates by 2 to 8 per cent on more than 2,000 items. This will reduce the demand of packaging cartons for exported goods. However, the Group believes that the increase in domestic demand of cartons should sufficiently offset the impact of decline in demand of cartons for export.

Despite intense competition as well as increase in materials and labour costs, the Group expects continued revenue growth in our China operations.

11. Dividend**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on Yes

Name of Dividend	Special dividend
Dividend Type	Cash
Dividend Amount Per Share	1.5 cents per ordinary share (less tax)
Tax Rate	18%

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Nil

Name of Dividend	Nil
Dividend Type	Nil
Dividend Amount Per Share	Nil
Tax Rate	Nil

(c) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect

Dividend as declared above.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year

Not applicable for half year announcement.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable for half year announcement.

15. A breakdown of sales

Not applicable for half year announcement.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable for half year announcement.

17. Negative assurance confirmation

The Board of Directors have confirmed that, to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results for the financial period ended 30 June 2007 to be false or misleading.

BY ORDER OF THE BOARD

Loh See Moon
Managing Director
3 August 2007