
WONG'S  王氏

INTERIM REPORT FOR 2009

WONG'S INTERNATIONAL (HOLDINGS) LIMITED

王氏國際（集團）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 99)

* For identification purpose only

The Board of Directors (the “Board”) of Wong’s International (Holdings) Limited (the “Company”) hereby announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “Group”) as at and for the six months ended 30th June, 2009, together with comparative figures, as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

		Unaudited	
		For the six months	
		ended 30th June,	
		2009	2008
	Notes	HK\$'000	HK\$'000
Revenue	3	1,075,370	1,584,063
Other income		2,609	1,235
Changes in inventories of finished goods and work in progress		15,370	(22,340)
Raw materials and consumables used		(865,384)	(1,254,134)
Employee benefit expense		(118,497)	(149,303)
Depreciation and amortisation charges	4	(30,982)	(39,808)
Other operating expenses	4	(61,855)	(92,025)
Change in fair value of investment properties		1,610	4,730
Other gains – net	5	1,655	5,202
Operating profit		19,896	37,620
Finance income	6	4,080	2,511
Finance costs	6	(2,929)	(8,087)
Share of profit of associates		811	2,711
Share of loss of jointly controlled entities		(61)	–
Profit before income tax		21,797	34,755
Income tax expense	7	(2,600)	(9,033)
Profit attributable to equity holders of the Company		19,197	25,722
Dividends	8	4,669	4,669
Basic earnings per share attributable to the equity holders of the Company during the period	9	HK\$0.04	HK\$0.06
Diluted earnings per share	9	HK\$0.04	HK\$0.06

The notes on pages 7 to 25 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30TH JUNE, 2009

		Unaudited As at 30th June, 2009 <i>HK\$'000</i>	Audited As at 31st December, 2008 <i>HK\$'000</i>
	Notes		
Non-current assets			
Property, plant and equipment	10	197,156	203,980
Investment properties	10	31,980	34,280
Leasehold land and land use rights	10	6,659	9,809
Investments in associates		14,370	17,261
Investments in jointly controlled entities	11	174,362	174,311
Available-for-sale financial assets		50	43
Deferred income tax assets		6,683	5,692
		<u>431,260</u>	<u>445,376</u>
Current assets			
Inventories		194,152	240,423
Trade receivables	12	419,773	499,680
Prepayments, deposits and other receivables		37,850	44,104
Amounts due from associates		14,950	25,869
Derivative financial instruments		624	3,508
Pledged bank deposits		–	38,976
Cash and bank deposits		470,547	572,236
		<u>1,137,896</u>	<u>1,424,796</u>
Total assets		<u><u>1,569,156</u></u>	<u><u>1,870,172</u></u>
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	46,692	46,692
Other reserves		454,483	458,809
Retained earnings			
– Proposed dividends		4,669	23,346
– Others		525,337	510,809
		<u>525,337</u>	<u>510,809</u>
Total equity		<u><u>1,031,181</u></u>	<u><u>1,039,656</u></u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30TH JUNE, 2009

		Unaudited As at 30th June, 2009 <i>HK\$'000</i>	Audited As at 31st December, 2008 <i>HK\$'000</i>
	Notes		
Non-current liabilities			
Bank borrowings	14	18,000	69,000
Deferred income tax liabilities		<u>5,277</u>	<u>5,013</u>
		23,277	74,013
		-----	-----
Current liabilities			
Trade payables	13	337,488	404,984
Accruals and other payables		114,743	116,115
Amount due to an associate		3,183	3,183
Amount due to a jointly controlled entity		24	10
Derivative financial instruments		662	1,526
Current income tax liabilities		7,598	5,979
Bank borrowings	14	<u>51,000</u>	<u>224,706</u>
		514,698	756,503
		-----	-----
Total liabilities		<u>537,975</u>	<u>830,516</u>
Total equity and liabilities		<u>1,569,156</u>	<u>1,870,172</u>
Net current assets		<u>623,198</u>	<u>668,293</u>
Total assets less current liabilities		<u>1,054,458</u>	<u>1,113,669</u>

The notes on pages 7 to 25 are an integral part of these condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

	Unaudited	
	For the six months	
	ended 30th June,	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	19,197	25,722
Other comprehensive (expense)/income		
Changes in fair value of		
available-for-sale financial assets	7	(66)
Currency translation differences	(4,753)	19,392
Other comprehensive (expense)/income		
for the period	(4,746)	19,326
Total comprehensive income for the period	14,451	45,048

The notes on pages 7 to 25 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

	Unaudited			Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	
As at 1st January, 2008	46,692	148,864	542,720	738,276
Profit for the period	–	–	25,722	25,722
Other comprehensive (expense)/income:				
Changes in fair value of available-for-sales financial assets	–	–	(66)	(66)
Currency translation differences	–	–	19,392	19,392
Total comprehensive income for the period ended 30th June, 2008	–	–	45,048	45,048
Dividend paid to equity holders of the Company	–	–	(9,339)	(9,339)
As at 30th June, 2008	<u>46,692</u>	<u>148,864</u>	<u>578,429</u>	<u>773,985</u>
As at 1st January, 2009	46,692	148,864	844,100	1,039,656
Profit for the period	–	–	19,197	19,197
Other comprehensive income/(expense):				
Changes in fair value of available-for-sales financial assets	–	–	7	7
Currency translation differences	–	–	(4,753)	(4,753)
Total comprehensive income for the period ended 30th June, 2009	–	–	14,451	14,451
Employee share option scheme – value of employment services	–	–	420	420
Dividend paid to equity holders of the Company	–	–	(23,346)	(23,346)
As at 30th June, 2009	<u>46,692</u>	<u>148,864</u>	<u>835,625</u>	<u>1,031,181</u>

The notes on pages 7 to 25 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

	Unaudited	
	For the six months	
	ended 30 June,	
	2009	2008
	HK\$'000	HK\$'000
Operating activities		
Net cash generated from/(used in) operating activities	118,670	(43,056)
Investing activities		
Acquisition of property, plant and equipment	(24,989)	(12,366)
Proceeds from disposal of property, plant and equipment	1,108	80
Increase in development costs capitalised	–	(4,350)
Interest received	4,080	2,511
(Increase)/decrease in amounts due from associates	(5)	28,486
Dividends received from an associate	14,626	–
Decrease/(increase) in time deposits with original maturity over 3 months	117,663	(48,977)
Decrease/(increase) in pledged bank deposits	38,976	(99,814)
Increase in loans to jointly controlled entities	(112)	–
Increase in amount due to a jointly controlled entity	14	–
Net cash generated from/(used in) investing activities	151,361	(134,430)
Financing activities		
New bank loans	–	305,138
Repayment of bank loans	(224,706)	(66,467)
Dividends paid	(23,346)	(9,339)
Net cash (used in)/generated from financing activities	(248,052)	229,332
Net increase in cash and cash equivalents	21,979	51,846
Cash and cash equivalents, beginning of the period	454,573	195,846
Exchange differences	(6,005)	9,404
Cash and cash equivalents, end of the period	470,547	257,096
Analysis of cash and cash equivalents:		
Cash and bank deposits	470,547	310,458
Time deposits with original maturity over 3 months	–	(48,977)
Bank overdraft	–	(4,385)
Cash and cash equivalents, end of the period	470,547	257,096

The notes on pages 7 to 25 are an integral part of these condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30th June, 2009 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December, 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”s).

2. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December, 2008, as described in those annual financial statements.

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st January, 2009:

- HKAS 1 (revised), “Presentation of financial statements”. The revised standard prohibits the presentation of items of income and expenses (that is “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity. All “non-owner changes in equity” are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the consolidated statement of comprehensive income) or two statements (the consolidated income statement and consolidated statement of comprehensive income).

The Group has elected to present two statements: a consolidated income statement and a consolidated statement of comprehensive income. The consolidated interim financial information have been prepared under the revised disclosure requirements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- HKFRS 8, “Operating segments”. HKFRS 8 replaces HKAS 14, “Segment reporting”. It requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the senior executive management of the Group.

- Amendment to HKFRS 7, “Financial instruments: disclosures”. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those financial instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31st December, 2009.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1st January, 2009, but are not currently relevant for the Group:

- HKAS 23 (amendment), “Borrowing costs”.
- HKFRS 2 (amendment), “Share-based payment”.
- HKAS 32 (amendment), “Financial instruments: presentation”.
- HK(IFRIC) 9 (amendment), “Reassessment of embedded derivatives” and HKAS 39 (amendment), “Financial instruments: Recognition and measurement”.
- HK(IFRIC) 13, “Customer loyalty programmes”.
- HK(IFRIC) 15, “Agreements for the construction of real estate”.
- HK(IFRIC) 16, “Hedges of a net investment in a foreign operation”.
- HKAS 39 (amendment), “Financial instruments: Recognition and measurement”.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1st January, 2009 and have not been early adopted:

- Amendment to HKAS 39, “Financial instruments: Recognition and measurement” on eligible hedged items, effective for annual periods beginning on or after 1st July, 2009. The Group will apply HKAS 39 (Amendment) from 1st January, 2010.
- HKFRS 3 (revised), “Business combinations” and consequential amendments to HKAS 27, “Consolidated and separate financial statements”, HKAS 28, “Investments in associates” and HKAS 31, “Interests in joint ventures”, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation, associates and jointly controlled entities on the Group.

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) to all business combinations from 1st January, 2010.

- HK(IFRIC) 17, “Distributions of non-cash assets to owners”, effective for annual periods beginning on or after 1st July, 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
- HK(IFRIC) 18, “Transfers of assets from customers”, effective for transfer of assets received on or after 1st July, 2009. This is not relevant to the Group, as it has not received any assets from customers.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKICPA's improvements to HKFRS have been published in May 2009, which have introduced certain amendments to those standards set out below. These amendments are not effective for the financial year beginning 1st January, 2009 and have not been early adopted. The Group is assessing the impact of these amendments and will apply these amendments from 1st January, 2010.

- HKFRS 2 "Share-based payment"
- HKFRS 5 "Non-current assets held for sale and discontinued operations"
- HKFRS 8 "Operating segments"
- HKAS 1 "Presentation of financial statements"
- HKAS 7 "Cash flow statements"
- HKAS 17 "Leases"
- HKAS 36 "Impairment of assets"
- HKAS 38 "Intangible assets"
- HKAS 39 "Financial instruments: Recognition and measurement"
- HK(IFRIC) 9 "Reassessment of embedded derivatives"
- HK(IFRIC) 16 "Hedges of a net investment in a foreign operation"

3. SEGMENT INFORMATION

The Group's senior executive management is considered as the Chief Operating Decision Maker ("CODM"). The Group was organised into two operating divisions:

Electronic Manufacturing Service ("EMS") – manufacture and distribution of electronic products for EMS customers.

Original Design and Manufacturing ("ODM") – original design and manufacturing for both EMS and ODM customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis includes profit or loss of the operating segments before other income, other gains – net, share of results of associates and jointly controlled entities, interest income, interest expense and tax, but excludes corporate and unallocated expenses, change in fair value of investment properties. Other information provided to the CODM is measured in a manner consistent with that in the condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. SEGMENT INFORMATION (Continued)

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 income statement.

**For the six months ended
30th June, 2009**

	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total gross revenue	1,073,387	2,888		1,076,275
Inter-segment revenue	<u>(905)</u>	<u>–</u>		<u>(905)</u>
External revenue	<u>1,072,482</u>	<u>2,888</u>		<u>1,075,370</u>
Segment results	<u>31,585</u>	<u>(4,930)</u>		26,655
Corporate and unallocated expenses				(12,633)
Other income				2,609
Change in fair value of investment properties				1,610
Other gains – net				1,655
Finance income – net				1,151
Share of profit of associates				811
Share of loss of jointly controlled entities				<u>(61)</u>
Profit before income tax				21,797
Income tax expense				<u>(2,600)</u>
Profit for the period				<u>19,197</u>
Depreciation and amortisation charges	<u>30,771</u>	<u>124</u>	<u>87</u>	<u>30,982</u>
Capital expenditure	<u>24,956</u>	<u>27</u>	<u>6</u>	<u>24,989</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. SEGMENT INFORMATION (Continued)

For the six months ended
30th June, 2008

	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total gross revenue	1,581,530	2,533		1,584,063
Inter-segment revenue	<u>–</u>	<u>–</u>		<u>–</u>
External revenue	<u>1,581,530</u>	<u>2,533</u>		<u>1,584,063</u>
Segment results	<u>50,520</u>	<u>(10,504)</u>		40,016
Corporate and unallocated expenses				(13,563)
Other income				1,235
Change in fair value of investment properties				4,730
Other gains – net				5,202
Finance costs – net				(5,576)
Share of profit of associates				<u>2,711</u>
Profit before income tax				34,755
Income tax expense				<u>(9,033)</u>
Profit for the period				<u>25,722</u>
Depreciation and amortisation charges	<u>31,388</u>	<u>5,088</u>	<u>3,332</u>	<u>39,808</u>
Capital expenditure	<u>12,366</u>	<u>4,521</u>	<u>–</u>	<u>16,887</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. SEGMENT INFORMATION (Continued)

Analysis of the Group's assets by business segment are as follows:

As at 30th June, 2009

	EMS division HK\$'000	ODM division HK\$'000	Total HK\$'000
Assets			
– segment assets	1,228,912	5,388	1,234,300
– other assets			
corporate and unallocated assets			91,837
investment properties			31,980
investments in associates			14,370
investments in jointly controlled entities			174,362
available-for-sale financial assets			50
deferred income tax assets			6,683
amounts due from associates			14,950
derivative financial instruments			624
			<u><u>1,569,156</u></u>

As at 31st December, 2008

	EMS division HK\$'000	ODM division HK\$'000	Total HK\$'000
Assets			
– segment assets	1,402,436	5,930	1,408,366
– other assets			
corporate and unallocated assets			200,842
investment properties			34,280
investments in associates			17,261
investments in jointly controlled entities			174,311
available-for-sale financial assets			43
deferred income tax assets			5,692
amounts due from associates			25,869
derivative financial instruments			3,508
			<u><u>1,870,172</u></u>

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, inventories, trade receivables, prepayments, deposits and other receivables, and cash, but excludes corporate and unallocated assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. SEGMENT INFORMATION (Continued)

The Company is domiciled in Bermuda. Analysis of the Group's revenue by geographical market, which is determined by the destination of the invoices billed, are as follows:

	Revenue	
	For the six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
North America	158,960	200,470
Asia (excluding Hong Kong)	691,761	878,490
Europe	110,802	157,291
Hong Kong	113,847	347,812
	<u>1,075,370</u>	<u>1,584,063</u>

For the six months ended 30th June, 2009, revenue of approximately 33% (for the six months ended 30th June, 2008: 35%) is derived from a single external customer.

Analysis of the Group's non-current assets by the geographical market are as follows:

	Non-current assets	
	As at 30th June, 2009	As at 31st December, 2008
	HK\$'000	HK\$'000
North America	192	184
Asia (excluding Hong Kong)	188,363	205,643
Europe	58	45
Hong Kong	235,964	233,812
	<u>424,577</u>	<u>439,684</u>

Non-current assets comprise property, plant and equipment, investment properties, leasehold land and land use rights, investments in associates, investments in jointly controlled entities and available-for-sale financial assets. They exclude deferred income tax assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4. PROFIT BEFORE INCOME TAX

Profit before income tax is analysed as follows:

	For the six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	30,875	34,542
Less: amount capitalised to development costs	–	(171)
	30,875	34,371
Amortisation on intangible assets	–	4,350
Amortisation on leasehold land and land use rights	107	1,087
	30,982	39,808
Depreciation and amortisation charges	30,982	39,808
Operating lease rental in respect of land and buildings	4,273	4,793
Utilities expense	12,052	14,510
Write-back of impairment for trade receivables	(872)	(3,835)
Loss on disposal of property, plant and equipment	78	286
Factory consumables	12,669	25,496
Repair and maintenance	5,157	13,482
Shipping and transportation	9,833	14,813
Others	18,665	22,480
Other operating expenses	61,855	92,025
Total depreciation, amortisation and other operating expenses	92,837	131,833

5. OTHER GAINS – NET

	For the six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Loss on disposal of properties	(2,595)	–
Exchange gain, net	4,773	1,702
Fair value (losses)/gains on financial instruments, net	(523)	3,500
	1,655	5,202

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6. FINANCE INCOME/(COSTS) – NET

	For the six months ended 30th June,	
	2009 HK\$'000	2008 HK\$'000
Finance income		
Interest income on short-term bank deposits	4,080	2,511
	-----	-----
Finance costs		
Interest expenses on bank borrowings wholly repayable within five years	(2,929)	(8,087)
	-----	-----
Finance income/(costs) – net	<u>1,151</u>	<u>(5,576)</u>

7. INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016.

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2008: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively.

The amount of income tax charged to the income statement represents:

	For the six months ended 30th June,	
	2009 HK\$'000	2008 HK\$'000
Current income tax		
– Hong Kong profits tax	2,396	3,822
– Overseas taxation	1,940	1,328
Deferred income tax	(727)	1,681
(Over)/under – provision in prior years	(1,009)	2,202
	-----	-----
	<u>2,600</u>	<u>9,033</u>

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8. DIVIDENDS

	For the six months ended 30th June,	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed interim dividend – HK\$0.01 (2008: HK\$0.01) per share	<u>4,669</u>	<u>4,669</u>

For the six months ended 30th June, 2009, the Directors have resolved to pay an interim dividend of HK\$0.01 (six months ended 30th June, 2008: HK\$0.01) per share. The aforementioned interim dividend will be paid on Friday, 23rd October, 2009 to the shareholders on the Register of Members on Friday, 16th October, 2009.

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30th June,	
	2009	2008
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>19,197</u>	<u>25,722</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>466,922</u>	<u>466,922</u>
Basic earnings per share (<i>HK\$</i>)	<u>0.04</u>	<u>0.06</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9. EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has outstanding share options, which are of dilutive potential. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	For the six months ended 30th June, 2009		2008
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>19,197</u>		<u>25,722</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	466,922		466,922
Adjustment for share options (<i>in thousands</i>)	<u>887</u>		<u>–</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>in thousands</i>)	<u>467,809</u>		<u>466,922</u>
Diluted earnings per share (<i>HK\$</i>)	<u>0.04</u>		<u>0.06</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10. CAPITAL EXPENDITURE

	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Leasehold land and land use rights <i>HK\$'000</i>	Intangible assets <i>HK\$'000</i>
For the six months ended 30th June, 2008				
Opening net book amount as at 1st January, 2008	251,197	58,710	87,164	14,566
Additions	12,366	–	–	4,521
Fair value gains	–	4,730	–	–
Disposals	(366)	–	–	–
Depreciation/amortisation	(34,542)	–	(1,087)	(4,350)
Translation adjustments	9,547	–	439	–
	<u>238,202</u>	<u>63,440</u>	<u>86,516</u>	<u>14,737</u>
Closing net book amount as at 30th June, 2008				
	<u>238,202</u>	<u>63,440</u>	<u>86,516</u>	<u>14,737</u>
For the six months ended 30th June, 2009				
Opening net book amount as at 1st January, 2009	203,980	34,280	9,809	–
Additions	24,989	–	–	–
Fair value gains	–	1,610	–	–
Disposals	(2,134)	(3,910)	(3,099)	–
Depreciation/amortisation	(30,875)	–	(107)	–
Translation adjustments	1,196	–	56	–
	<u>197,156</u>	<u>31,980</u>	<u>6,659</u>	<u>–</u>
Closing net book amount as at 30th June, 2009				
	<u>197,156</u>	<u>31,980</u>	<u>6,659</u>	<u>–</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	As at 30th June, 2009 <i>HK\$'000</i>	As at 31st December, 2008 <i>HK\$'000</i>
Share of net assets	1,846	1,907
Loans to jointly controlled entities	<u>172,516</u>	<u>172,404</u>
	<u>174,362</u>	<u>174,311</u>

As at 30th June, 2009, the Group had interests in the following major jointly controlled entities, which are unlisted:

Name of company	Place of incorporation	Proportion of ownership interest %	Principal activities
Easywise Limited	Hong Kong	35.7	Property holding
Crown Opal Investment Limited	Hong Kong	35.7	Property holding

The loans to jointly controlled entities are unsecured, interest-free and have no pre-determined terms of repayment. The directors consider that the carrying amounts of the amounts due from the jointly controlled entities approximate their fair values. The amounts are denominated in Hong Kong dollars.

As at 30th June, 2009, there were neither capital commitments nor contingent liabilities related to the development project.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12. TRADE RECEIVABLES

The credit period allowed by the Group to its trade customers mainly ranges from 30 days to 90 days and no interest is charged.

Ageing analysis of Group's trade receivables by invoice date is as follows:

	As at 30th June, 2009 HK\$'000	As at 31st December, 2008 HK\$'000
0-60 days	417,072	404,466
61-90 days	1,770	74,910
Over 90 days	931	20,304
	<u>419,773</u>	<u>499,680</u>

The carrying amounts of net trade receivables approximated their fair values as at 30th June, 2009.

13. TRADE PAYABLES

Ageing analysis of the Group's trade payables at the reporting date is as follows:

	As at 30th June, 2009 HK\$'000	As at 31st December, 2008 HK\$'000
0-60 days	290,241	340,637
61-90 days	1,458	45,784
Over 90 days	45,789	18,563
	<u>337,488</u>	<u>404,984</u>

The carrying amounts of trade payables approximated their fair values as at 30th June, 2009.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14. BANK BORROWINGS

	As at 30th June, 2009 <i>HK\$'000</i>	As at 31st December, 2008 <i>HK\$'000</i>
Non-current		
– Long-term bank loans, secured	<u>18,000</u>	<u>69,000</u>
Current		
– Trust receipts bank loans, secured	–	16,800
– Short-term bank loans, secured	–	185,906
– Long-term bank loans, secured, current portion	<u>51,000</u>	<u>22,000</u>
	<u>51,000</u>	<u>224,706</u>
Total borrowings	<u><u>69,000</u></u>	<u><u>293,706</u></u>

Movements in borrowings are analysed as follows:

	<i>HK\$'000</i>
For the six months ended 30th June, 2008	
Opening amount at 1st January, 2008	216,488
Inceptions of borrowings	305,138
Repayments of borrowings	<u>(66,467)</u>
Closing amount at 30th June, 2008	<u><u>455,159</u></u>
For the six months ended 30th June, 2009	
Opening amount at 1st January, 2009	293,706
Inceptions of borrowings	–
Repayments of borrowings	<u>(224,706)</u>
Closing amount at 30th June, 2009	<u><u>69,000</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15. SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 31st December, 2008 and 30th June, 2009	<u>700,000,000</u>	<u>70,000</u>
Issued and fully paid:		
At 31st December, 2008 and 30th June, 2009	<u>466,921,794</u>	<u>46,692</u>

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

16. COMMITMENTS

	As at 30th June, 2009 <i>HK\$'000</i>	As at 31st December, 2008 <i>HK\$'000</i>
(a) Capital commitments in respect of property, plant and equipment are as follows:		
– contracted but not provided for	24,493	46,175
– authorised but not contracted for	<u>5,637</u>	<u>5,641</u>
	<u>30,130</u>	<u>51,816</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16. COMMITMENTS (Continued)

- (b) The Group's future aggregate minimum lease payments under various non-cancellable operating lease agreements in respect of rented premises are analysed as follows:

	As at 30th June, 2009 HK\$'000	As at 31st December, 2008 HK\$'000
Within one year	2,484	2,372
In the second to fifth year inclusive	<u>5,382</u>	<u>5,758</u>
	<u><u>7,866</u></u>	<u><u>8,130</u></u>

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases and rentals are negotiated and fixed for an average of two years.

- (c) The Group's future rental income receivables under various non-cancellable operating leases in respect of rented premises are analysed as follows:

	As at 30th June, 2009 HK\$'000	As at 31st December, 2008 HK\$'000
Within one year	<u>755</u>	<u>1,640</u>

Operating lease income represent rentals receivable by the Group for leasing its investment properties. Leases and rentals are negotiated and fixed for an average of one year.

- (d) Commitments under derivative contracts

The total notional principal amounts of the outstanding forward foreign currency contracts at 30th June, 2009 were: (i) buying USD of approximately US\$3,700,000 for RMB24,661,940 (31st December, 2008: US\$15,274,000 for RMB102,012,000); and (ii) selling USD of approximately US\$5,600,000 for RMB37,499,500 (31st December, 2008: US\$9,900,000 for RMB66,369,700).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17. RELATED PARTY TRANSACTIONS

The Group was controlled by W. S. Wong & Sons Company Limited, who owned 41.84% share capital of the Company. W. S. Wong & Sons Company Limited is being regarded as the ultimate controlling party of the Company. Related parties refer to entities in which the Group have the ability, directly or indirectly, to control or exercise significant influence over in making financial and operating decisions or directors or offices of the Group. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) Transactions with related parties

In addition to those related party transactions disclosed elsewhere in the condensed consolidated interim financial information, during the period, the Group entered into the following transactions with its associates.

	For the six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Rental income received	<u>–</u>	<u>120</u>

(b) Balances with related parties

The amounts due from/to associates and jointly controlled entities are unsecured, interest-free and without pre-determined repayment terms.

(c) Key management compensation

	For the six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Salaries and allowances	1,323	1,658
Pension costs – defined contribution schemes	<u>6</u>	<u>12</u>
	<u>1,329</u>	<u>1,670</u>

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of HK\$0.01 per share (2008: HK\$0.01 per share) on Friday, 23rd October, 2009 to the shareholders as recorded on the Register of Members on Friday, 16th October, 2009.

The Register of Members will be closed from Monday, 12th October, 2009 to Friday, 16th October, 2009, both days inclusive, during which period no transfer of shares will be effected. To qualify for the above dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 9th October, 2009.

REVIEW OF BUSINESS ACTIVITIES

For the first six months ended 30th June, 2009, the Group's turnover decreased 32%, from HK\$1.58 billion in 2008 to HK\$1.08 billion in 2009. Profit before income tax decreased 37%, from HK\$34.76 million in 2008 to HK\$21.80 million in 2009. The decreases in the Group's revenue and profit were primarily due to the recent weakened macroeconomic environment and the related global financial crisis. During the first half of 2009, many of our customers have reduced their product demand and manufacturing outsourcing from us, which has negatively impacted our operations and capacity utilization, thus the overall profitability of the Group. Although the sales revenue and profit declined during the period, the Group continues to maintain a strong balance sheet with cash and bank deposits amounted to HK\$471 million at 30th June, 2009.

In response to the decline in our business, we have focused on controlling the operating expenses of the business during this economic downturn. We improved our operational efficiencies by reducing excess workforce and capacity, consolidated our supply chain, and enhanced the manufacturing productivity.

As a result of these cost reduction measures, for the first six months ended 30th June, 2009, the Group's staff costs and the related benefits decreased by HK\$31 million, or 21%, from HK\$149 million to HK\$118 million. Other operating expenses decreased by HK\$30 million, or 33%, from HK\$92 million to HK\$62 million. Depreciation and amortization decreased by HK\$9 million, or 23%, from HK\$40 million to HK\$31 million.

For the Electronic Manufacturing Service ("EMS") Division, during the first six months of 2009, sales revenue decreased on the overall by HK\$509 million, or 32%, from approximately HK\$1.58 billion to approximately HK\$1.07 billion. For the Original Design and Manufacturing ("ODM") Division, sales revenue increased by HK\$0.4 million, or 16%, from HK\$2.5 million to HK\$2.9 million.

REVIEW OF BUSINESS ACTIVITIES (Continued)

With respect to the jointly controlled entities with Sun Hung Kai Properties Limited to developing two adjacent sites in Kwun Tong into a commercial office complex, the jointly controlled entities had received a revised land premium offer on one of the sites from the District Land Office in early 2009. Based on the recent market assessment, the jointly controlled entities decided to reject the offer and had since filed the appeal. The final conclusion of the land premium settlement could be extended beyond 2009. Additionally, the selection of the architect for the whole development complex has been completed by the jointly controlled entities. Architectural planning and design development has since begun, in parallel with the land premium appeal pending with the District Land Office. The start of construction on the first site will not begin until the land premium is settled which could be extended beyond 2010. Meanwhile, there is no significant forecasted cash requirement from the Group on this development project for the remaining part of the current fiscal year.

Regarding the residential development in the mid-level property project, there was no residential unit sale in the first six months of 2009. There was only one car park sold during this period. Presently, there are four residential units (three duplexes and one two-in-one combined unit) and ten car-parks remain unsold. In view of the current residential property market, we will only sell the unsold residential units and car-parks at the prices which will maximise our returns.

FINANCE

As at 30th June, 2009, the Group had a HK\$913 million banking facilities under which we had HK\$69 million of borrowings outstanding. Cash balances decreased to HK\$470.5 million at 30th June, 2009 from HK\$572.2 million at 31st December, 2008.

As at 30th June, 2009, the Group had a net cash surplus of HK\$401.5 million in excess of the bank borrowings as compare to the net cash surplus of HK\$278.5 million at 31st December, 2008.

Most of the Group's sales are conducted in US dollars and costs and expenses are mainly in US dollars, Hong Kong dollars, Japanese Yen and Renminbi. Forward contracts are used to hedge foreign exchange exposures where necessary or practicable.

CAPITAL STRUCTURE

There had been no material change in the Group's capital structure since 31st December, 2008 which consists of bank borrowings, cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued share capital and reserves.

EMPLOYEES

As at 30th June, 2009, the Group employed approximately 4,940 employees, out of which approximately 4,090 are production workers. In addition to the provision of annual bonuses, medical and life insurances, discretionary bonuses are also available to employees on a performance basis. The Group also provides in-house and external training programs to its employees.

The remuneration policies and packages of the Group are reviewed from time to time.

BUSINESS PROSPECT

Based on the current level of orders received and forecasts provided by our Original Equipment Manufacturer (“OEM”) customers coupled with the recent manufacturing improvements and other positive economic data indicating that the global economy may be on the recovery, the Group is cautiously optimistic that sales with the EMS Division will perform slightly better in the second half of 2009. However, we are still cautious about the general business and economic conditions in the U.S., especially the continued high unemployment rate and its impact on the consumer spending which can have an adverse impact on our sales and profit.

For the EMS Division, we will continue to find ways to control and reduce costs to minimise the macroeconomic impact on our business and profitability while continuing to attract new customer business. For the ODM Division, we will continue our focus on the development and marketing of radio frequency identification products as well as expanding its vertical markets into different business applications in order to increase sales.

On behalf of the Directors, I would like to sincerely thank our customers, suppliers and business partners for their continued confidence in and support to the Group. I would also like to pay a special tribute to all of our employees for their loyal, diligent and professional services to the Group.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 30th June, 2009, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

Long positions in shares and underlying shares of the Company

Name of Directors	Capacity	Number of ordinary shares	Underlying shares (share options)	Total number of ordinary shares	Approximate percentage of the issued shares
Wong Chung Mat, Ben	Beneficial owner and interest of controlled corporation (Note 1)	75,810,699	–	75,810,699	16.24%
Wong Chung Ah, Johnny	Beneficial owner, interest of child or spouse and founder of discretionary trust (Note 2)	40,693,487	–	40,693,487	8.72%
Chan Tsze Wah, Gabriel	Beneficial owner	1,237,500	600,000	1,837,500	0.39%
Tan Chang On, Lawrence	Beneficial owner	10,000	1,000,000	1,010,000	0.22%
Wong Yin Man, Ada	Beneficial owner	–	1,000,000	1,000,000	0.21%
Wan Man Keung	Beneficial owner	–	1,000,000	1,000,000	0.21%
Lam Sek Sung, Patrick	Beneficial owner	250	1,000,000	1,000,250	0.21%

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

Long positions in shares and underlying shares of the Company (Continued)

Notes:

1. Mr. Wong Chung Mat, Ben was deemed (by virtue of the SFO) to be interested in 75,810,699 shares in the Company. These shares were held in the following capacity:
 - (a) 1,000,000 shares were held by Mr. Wong Chung Mat, Ben personally. The references to 1,000,000 shares deemed to be interested by Mr. Wong Chung Mat, Ben (as disclosed herein) and Ms. Lui Chun Tai, wife of Mr. Wong Chung Mat, Ben (as disclosed in the section headed “Interests of substantial shareholders”) relate to the same block of shares.
 - (b) 74,810,699 shares were held by Salop Investment Limited, which was 50% owned by Mr. Wong Chung Mat, Ben and 50% owned by Ms. Lui Chun Tai. The references to 74,810,699 shares deemed to be interested by Mr. Wong Chung Mat, Ben (as disclosed herein), Salop Investment Limited and Ms. Lui Chun Tai (as disclosed in the section headed “Interests of substantial shareholders”) relate to the same block of shares.
2. Mr. Wong Chung Ah, Johnny was deemed (by virtue of the SFO) to be interested in 40,693,487 shares in the Company. These shares were held in the following capacity:
 - (a) 1,000,000 shares were held by Mr. Wong Chung Ah, Johnny personally.
 - (b) 1,235,000 shares were held by Ms. Luk Kit Ching, wife of Mr. Wong Chung Ah, Johnny.
 - (c) 38,458,487 shares were held by Kong King International Limited under a discretionary trust, of which Mr. Wong Chung Ah, Johnny was regarded as the founder (by virtue of the SFO). Kong King International Limited was wholly owned by Mountainview International Limited, which was wholly owned by HSBC Trustee (Cook Islands) Limited (formerly known as “Bermuda Trust (Cook Islands) Limited”). The references to 38,458,487 shares deemed to be interested by Mr. Wong Chung Ah, Johnny (as disclosed herein), Kong King International Limited, Mountainview International Limited and HSBC Trustee (Cook Islands) Limited (as disclosed in the section headed “Interests of substantial shareholders”) relate to the same block of shares.

Long positions in shares of associated corporations of the Company

Name of Director	Associated corporation	Capacity	Number of ordinary shares	Approximate percentage of the issued shares
Wong Chung Ah, Johnny	Wong’s Properties Limited	Interest of controlled corporations (Note)	2	50%

Note: Mr. Wong Chung Ah, Johnny was deemed (by virtue of the SFO) to be interested in 2 shares in Wong’s Properties Limited. These shares were held by Blessea Investment Limited, which was 50% owned by Glorious Glow Limited, which in turn was wholly owned by Mr. Wong Chung Ah, Johnny.

Certain Directors held qualifying shares in certain subsidiaries of the Company on trust for the Company or other subsidiaries of the Company.

Save as disclosed herein, as at 30th June, 2009, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30th June, 2009, persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares of the Company

Name of substantial shareholders	Capacity	Number of ordinary shares	Approximate percentage of the issued shares
W. S. Wong & Sons Company Limited	Beneficial owner (Note 1)	195,338,803	41.84%
Salop Investment Limited	Beneficial owner (Note 2)	74,810,699	16.02%
Lui Chun Tai	Interest of child or spouse and interest of controlled corporation (Note 3)	75,810,699	16.24%

Name of other persons	Capacity	Number of ordinary shares	Approximate percentage of the issued shares
HSBC International Trustee Limited	Trustee (Note 4)	40,957,546	8.77%
Kong King International Limited	Beneficial owner (Note 5)	38,458,487	8.24%
Mountainview International Limited	Trustee (Note 5)	38,458,487	8.24%
HSBC Trustee (Cook Islands) Limited (formerly known as "Bermuda Trust (Cook Islands) Limited")	Trustee (Note 5)	38,458,487	8.24%
Wong Chung Yin, Michael	Founder of discretionary trust (Note 6)	29,683,960	6.36%

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Long positions in shares of the Company (Continued)

Notes:

1. W. S. Wong & Sons Company Limited was a company controlled by the Wong family and was interested in 195,338,803 shares in the Company.
2. Please see Note 1(b) under the section headed “Interests of Directors and chief executives”.
3. Lui Chun Tai was deemed (by virtue of the SFO) to be interested in 75,810,699 shares in the Company. These shares were held in the following capacity:
 - (a) 1,000,000 shares were held by Mr. Wong Chung Mat, Ben, husband of Ms. Lui Chun Tai. Please see Note 1(a) under the section headed “Interests of Directors and chief executives”.
 - (b) 74,810,699 shares were held by Salop Investment Limited, which was 50% owned by Mr. Wong Chung Mat, Ben and 50% owned by Ms. Lui Chun Tai. Please see Note 1(b) under the section headed “Interests of Directors and chief executives”.
4. HSBC International Trustee Limited was deemed (by virtue of the SFO) to be interested in 40,957,546 shares in the Company. These shares were held in the following capacity:
 - (a) 17,584,960 shares were held by Levy Pacific Limited (which was wholly owned by HSBC International Trustee Limited) under a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO) and HSBC International Trustee Limited was the trustee (by virtue of the SFO). The references to 17,584,960 shares deemed to be interested by HSBC International Trustee Limited (as disclosed herein) and Mr. Wong Chung Yin, Michael (as disclosed in Note 6(b) below) relate to the same block of shares.
 - (b) 11,357,150 shares were held by Floral (PTC) Inc. (formerly known as “Floral Inc.”) (which was wholly owned by HSBC International Trustee Limited) under a discretionary trust of which HSBC International Trustee Limited was the trustee (by virtue of the SFO).
 - (c) 12,015,436 shares were held by Sycamore Assets Limited (which was wholly owned by HSBC International Trustee Limited) under a discretionary trust of which HSBC International Trustee Limited was the trustee (by virtue of the SFO).
5. Please see Note 2(c) under the section headed “Interests of Directors and chief executives”.
6. Mr. Wong Chung Yin, Michael was deemed (by virtue of the SFO) to be interested in 29,683,960 shares in the Company. These shares were held in the following capacity:
 - (a) 800,000 shares were held by Levy Investment Limited under a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO).
 - (b) 17,584,960 shares were held by Levy Pacific Limited under a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO) and HSBC International Trustee Limited was the trustee (by virtue of the SFO). Please see Note 4(a) above.
 - (c) 11,299,000 shares were held for The Pacific Way Unit Trust. Mr. Wong Chung Yin, Michael was regarded as the founder of the discretionary trust (by virtue of the SFO) in relation to the same block of shares.

Save as disclosed, the Directors are not aware of any other persons who, as at 30th June, 2009, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTIONS

The Company's employee share option scheme (the "Scheme") came into effect on 30th July, 2000. During the six months ended 30th June, 2009, movements of the options under the Scheme were as follows:

	Date of grant	Exercise price per share	Exercise period	Number of share options				Balance as at 30th June, 2009
				Balance as at 1st January, 2009	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	
Directors								
Chan Tsze Wah, Gabriel	22nd December, 2008	HK\$0.46	22nd December, 2009 to 21st December, 2013	600,000	-	-	-	600,000
Tan Chang On, Lawrence	22nd December, 2008	HK\$0.46	22nd December, 2009 to 21st December, 2013	1,000,000	-	-	-	1,000,000
Wong Yin Man, Ada	22nd December, 2008	HK\$0.46	22nd December, 2009 to 21st December, 2013	1,000,000	-	-	-	1,000,000
Wan Man Keung	22nd December, 2008	HK\$0.46	22nd December, 2009 to 21st December, 2013	1,000,000	-	-	-	1,000,000
Lam Sek Sung, Patrick	22nd December, 2008	HK\$0.46	22nd December, 2009 to 21st December, 2013	1,000,000	-	-	-	1,000,000
Employees	22nd December, 2008	HK\$0.46	22nd December, 2009 to 21st December, 2013	11,750,000	-	-	1,300,000	10,450,000

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

During the six months ended 30th June, 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June, 2009, the Company has complied with the code provisions of the "Code on Corporate Governance Practices" (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for the following deviations:

CODE ON CORPORATE GOVERNANCE PRACTICES (Continued)

1. Code provision A.2.1

Mr. Wong Chung Mat, Ben is the Group's Chairman and Chief Executive Officer and has occupied these two positions since February 2003. In allowing the two positions to be occupied by the same person, the Company has considered the following:

- (a) Both positions require in-depth knowledge and considerable experience of the Group's business. Candidates with the suitable knowledge, experience and leadership are difficult to find both within and outside the Group. If either of the positions is occupied by an unqualified person, the Group's performance could be gravely compromised.
- (b) The Company believes that the supervision of the Board and its Independent Non-executive Directors can provide an effective check and balance mechanism and ensures that the interests of the shareholders are adequately represented.

2. Code provision A.4.1

None of the existing Non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, every Director of the Company is now subject to retirement by rotation under Bye-law 112 of the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors of the Company which is on terms no less exacting than the required standard set out in the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code for the six months ended 30th June, 2009.

AUDIT COMMITTEE

The Audit Committee, which comprises all Independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th June, 2009.

By Order of the Board
WONG CHUNG MAT, BEN
Chairman and Chief Executive Officer

Hong Kong, 22nd September, 2009