



DATRONIX HOLDINGS LIMITED

連達科技控股有限公司*

(Stock Code : 889)

Interim Report

2009

* For identification purposes only

AWARDS



MEDTRONIC
"Supplier of the Year"



MICRO SYSTEMS ENGINEERING
"Special Recognition Award"



ASTRONICS
"Best Value Added"



LUTRON
"Customer Service"



MEDTRONIC
"Outstanding Performance"



DATAFORTH
"Vendor of the Year"



XICOM
"President's Award"



XICOM
"Outstanding Performance"



LUTRON
"Outstanding New Supplier"

Customer Recognition For Quality, Service, Value



Polycom



Ericsson



Milwaukee



**Preferred supplier
General Electric**



**Physio Control
(Div. of Medtronic)**



**Preferred supplier
Primex Aerospace**



Digital Equipment corp



Xerox



United Technologies

AWARDS



Xerox



Xerox



ICL/Fujitsu



Xerox



Xerox



Xerox



Tektronix



Sola Electric



Tektronix

Customer Recognition For Quality, Service, Value



Honeywell



Honeywell



Harris



Honeywell



Honeywell



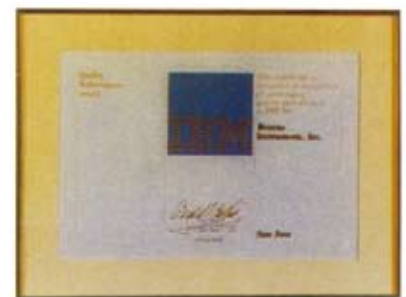
Delco



Honeywell



Hughes Aircraft
General Motors



IBM

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

SIU Paul Y.

alias Siu Paul Yin Tong (*Chairman*)

SHUI Wai Mei (*Vice Chairman*)

SHEUNG Shing Fai

SIU Nina Margaret

Independent Non-executive Directors

CHUNG Pui Lam

LAM Tak Shing, Harry

CHAN Fai Yue, Leo

AUDIT COMMITTEE

LAM Tak Shing, Harry

CHUNG Pui Lam

CHAN Fai Yue, Leo

REMUNERATION COMMITTEE

CHUNG Pui Lam

CHAN Fai Yue, Leo

LAM Tak Shing, Harry

SIU Paul Y.

QUALIFIED ACCOUNTANT

LAU Juen Ying

COMPANY SECRETARY

LEUNG Sau Fong

AUTHORISED REPRESENTATIVES

SIU Paul Y.

SHEUNG Shing Fai

AUDITORS

CCIF CPA Limited

20/F Sunning Plaza

10 Hysan Avenue

Causeway Bay

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19th Floor

North Point Industrial Building

499 King's Road

North Point

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM08

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking

Corporation Limited

Bank of Communications

WEBSITE

www.datronixhldgs.com.hk

GENERAL

The Group is principally engaged in the design, manufacture and sale of magnetics used in consumer electronics, data processing appliances and other electronics systems for coupling, isolation, filtering, interfacing and timing control applications. All of the Group's magnetics are sold under its own brandname "Datatronics". A majority of the Group's products are customized magnetics tailored-made according to the requirements and specifications of its customers. The Group also offered standard catalogue magnetics to its customers.

The Group focuses on the high-end segment of the magnetics industry. It has a customer base over 300 customers comprising manufacturers of telecommunication and data processing equipment, technology equipment, motor vehicles, military, aerospace and medical equipment.

The Group's world-class design and manufacturing capabilities, together with the breadth of its product offerings, provide her with a competitive advantage that enable her to anticipate and deliver highly customized solutions for their customers' product needs. In addition, their global presence enable them to participate in many relevant product and geographic markets and provide her with proximity to their global customer base.

The Group's Product Line

The Company designs and manufactures both standard and customized magnetic components in a large variety of products:

- Transformers
- Lan Filter Modules
- Digital Delay Modules
- Inductors/Chokes
- ASDL Transformer
- Planar Magnetics
- Magnetics for Aviation Applications
- Magnetic Components for DC/DC Converters
- Magnetics for Hybrid Network Assemblies
- Magnetics for Power Conversion
- Magnetics for Energy Savings
- Magnetics for Medical Devices/Equipment
- Magnetics for Internet Equipment
- Magnetics for Data Acquisition/Transmitter and Signal Conditioning

Markets Served

The Company's products to-day find application in a wide range of state-of-the-art electronic equipment that include the following:

- Telecommunications
- Communications
- Aerospace
- Instrumentation
- Industrial Equipment
- Computers & Networking
- Internet Equipment
- Medical Devices/Equipment
- Automotive
- U.S. Military Applications

The Group's products meet or exceed numerous performance, safety, quality specification and standard that include the following:

- QS-9000
- CSA
- IEC950
- UL
- ISO 9001 and ISO 9002
- BABT
- VDE

The Group also specializes in meeting the rigorous requirements of the U.S. Military and Space Programs:

- MIL-T-27
- MIL-STD-981
- MIL-T-21038
- NASA Space Station Approved

The directors consider the following to be the key factors contributing to the Group's success:

- the extensive experience and expertise of the Group's management team in the magnetics industry;
- its well-established business relationship with customers;
- its forefront technology and technical know-how to assist and bridge its customers to new technologies;
- its ability to satisfy customers' needs by offering customized products that meet their reliability, quality and delivery requirements;
- its logistic center located in Southern California, U.S. and Paris, France to support delivery and service to customers;
- the wide range of product it offers;
- "Just-in-time" delivery and "Ship-to-stock" Program certified with numerous key customers;
- its reputation for high quality and high reliability products;
- "One stop solution";
- capacity to grow due to more demands for high reliability products in U.S. and Europe;
- cost competitive;
- the barrier of entrance for competitors is very high; and
- its established relationship with major suppliers which enables the Group to obtain a stable supply of materials for the Group's products.

BUSINESS REVIEW

The challenges faced last year continued in the beginning of year 2009. The overall electronic components industry appeared a slack and softened demand globally. For the first six months of 2009, turnover for Datronix was \$130.9 million, compared to \$142.6 million for the first six months in 2008. The profit attributable to equity shareholders for the six months ended 30 June 2009 was \$31.5 million, compared to \$36.4 million for the same period in 2008. Datronix has continued to generate healthy cash flow for the period ended 30 June 2009.

Many of our competitors experienced sharp declines in revenue and profits as the volatile market segments served rapidly contract. For the first half of 2009, Datronix has enjoyed reduction in cost of production as the slump of copper prices, fewer number of workers and tight control on overhead. Yet, the commodity prices now have been stabilized and rebounded which may aggregate our cost burden in the future. The weakened end market has let us foresee the average price of electronic components declined and lower capacity utilization experienced in North America. The visibility for many industries is vague and uncertainty still exists.

MARKET REVIEW

Communication and Networking

For the first half of 2009, sales for the communication market was \$40.9 million. This market contributed 31% of Group sales.

Data Processing

For the first half of 2009, the data-processing market reported sales of \$4.4 million. This market contributed 3% of Group sales.

Industrial Application

The industrial application market reported \$36.2 million in sales. This market contributed 28% of Group sales.

High Reliability Segment

Military and Aerospace

The military and aerospace market reported \$39.8 million in sales for the first half of 2009. This market contributed 30% of Group sales.

Healthcare

The healthcare market reported \$9.6 million in sales for the first six months of 2009. This market contributed 7% of total sales.

The board of directors (the “Board”) of Datronix Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2009 together with comparative figures in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		Six months ended 30 June	
	Note	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Turnover	3	130,925	142,551
Cost of sales		(68,002)	(77,608)
Gross profit		62,923	64,943
Other revenue		1,860	2,230
Distribution and selling expenses		(8,510)	(9,931)
Administrative expenses		(20,800)	(14,776)
Profit before taxation	4	35,473	42,466
Income tax	5	(3,950)	(6,029)
Profit for the period		31,523	36,437
Profit attributable to equity shareholders of the Company		31,523	36,437
Interim dividend	6	7,040	13,440
Earnings per share	7		
— Basic and diluted		HK\$0.099	HK\$0.114

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2009*

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Profit for the period	31,523	36,437
Other comprehensive income:		
Exchange difference arising on translation of foreign operations	3,882	2,575
Total comprehensive income for the period	35,405	39,012
Total comprehensive income attributable to equity shareholders of the Company	35,405	39,012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	Note	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	38,428	38,972
Prepaid lease payments		19,347	19,087
		57,775	58,059
CURRENT ASSETS			
Inventories		80,748	77,765
Prepaid lease payments		404	586
Amount due from ultimate parent enterprise		23	23
Amount due from a related company		16	—
Tax reserve certificates		13,624	13,624
Prepayments, deposits and other receivables		1,508	1,508
Trade receivables	9	24,384	36,535
Cash and cash equivalents		292,907	246,648
		413,614	376,689
CURRENT LIABILITIES			
Trade and other payables	10	16,988	11,808
Current taxation		16,367	13,978
Provision		11,865	11,158
		45,220	36,944
NET CURRENT ASSETS		368,394	339,745
TOTAL ASSETS LESS CURRENT LIABILITIES		426,169	397,804
NON-CURRENT LIABILITIES			
Deferred taxation		3,337	3,337
NET ASSETS		422,832	394,467
CAPITAL AND RESERVES			
Issued capital	11	32,000	32,000
Reserves		390,832	362,467
TOTAL EQUITY		422,832	394,467

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2009

	Issued capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2008	32,000	57,099	(23,724)	13,297	1,836	283,446	363,954
Dividends paid	—	—	—	—	—	(15,360)	(15,360)
Total comprehensive income for the period	—	—	—	—	2,575	36,437	39,012
At 30 June 2008	32,000	57,099	(23,724)	13,297	4,411	304,523	387,606
At 1 January 2009	32,000	57,099	(23,724)	14,583	4,600	309,909	394,467
Dividends paid	—	—	—	—	—	(7,040)	(7,040)
Total comprehensive income for the period	—	—	—	—	3,882	31,523	35,405
At 30 June 2009	32,000	57,099	(23,724)	14,583	8,482	334,392	422,832

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2009*

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Net cash generated from operating activities	50,840	33,929
Net cash generated from investing activities	112	1,268
Net cash used in financing activities	(7,040)	(15,360)
Net increase in cash and cash equivalents	43,912	19,837
Effect of foreign exchange rate changes	2,347	1,590
Cash and cash equivalents at beginning of the period	246,648	214,532
Cash and cash equivalents at end of the period	292,907	235,959

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" and other relevant HKASs, Interpretations and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. Accounting policies

The accounting policies and basis of preparation adopted in these condensed consolidated interim financial statements are consistent with those adopted in the Company's 2008 Annual Report except as described below.

In the current period, the Group has adopted, for the first time, the new/revised Hong Kong Financial Reporting Standards ("new HKFRSs"), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by HKICPA, that are effective for accounting periods beginning on 1 January 2009 and which are relevant to its operations. HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. In the past, the Group's primary reporting format was business segment determined in accordance with HKAS 14 Segment Reporting. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments. The adoption of the new HKFRSs had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The following new/revised standards, amendments and interpretations have been issued but not yet effective for the current accounting period.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁴
HKFRS 3 (Revised)	Business Combinations ¹
HK(IFRIC) — Int 17	Distribution of Non-cash Assets to Owners ¹
HK(IFRIC) — Int 18	Transfers of Assets from Customers ³

2. Accounting policies (Continued)

- ¹ Effective for annual periods beginning on or after 1 July 2009
- ² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate
- ³ Effective for transfers on or after 1 July 2009
- ⁴ Effective for annual periods beginning on or after 1 July 2010

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The Company's directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Turnover and segment information

The Group is principally engaged in the design, development, manufacture and sale of magnetic commonly used in consumer electronics, telecommunication equipment, data processing appliances and other electronics systems for coupling, isolation, filtering, interfacing and timing control appliances. No operating segment analysis is presented as there is only one operating segment.

The following is an analysis of the Group's turnover by geographical locations where merchandise is delivered:

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
United States of America (the "US")	117,959	125,243
Europe	5,240	7,029
Hong Kong	6,925	2,513
Southeast Asia (excluding Hong Kong)	801	7,766
	130,925	142,551

No analysis of profit attributable to the equity shareholders of the Company by geographical locations is presented as they were generally in line with the distribution of turnover as set out above.

4. Profit before taxation

Profit before taxation is stated after charging the following:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Cost of inventories sold (excluding write-down of inventories)	65,111	77,354
Write-down of inventories, net	2,891	254
Depreciation and amortization	2,966	2,743

5. Income tax

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

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Current tax		
Hong Kong	2,811	2,756
Overseas	1,139	3,273
	3,950	6,029

Hong Kong profits tax was calculated at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong during the period. Overseas taxation was calculated at the rates applicable in the respective jurisdictions.

The charge for the period can be reconciled to the profit per the condensed consolidated income statement as follows:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Profit before taxation	35,473	42,466
Effect of tax at Hong Kong profits tax rate of 16.5%	5,853	7,007
Effect of different tax rates of subsidiaries operating in other jurisdictions	616	2,027
Tax effect on non-taxable income	(2,765)	(3,200)
Tax effect of unused tax losses	246	195
	3,950	6,029

6. Interim dividend

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Interim dividend declared, HK\$0.022 (2008: HK\$0.042) per ordinary share	7,040	13,440

On 15 September 2009, the Board have resolved to declare an interim dividend of HK\$0.022 (2008: HK\$0.042) per share in respect of the six months ended 30 June 2009, to shareholders whose names appear on the register of members of the Company on Friday, 16 October 2009.

7. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2009 was based on the profit attributable to the equity shareholders of the Company of approximately HK\$31,523,000 (six months ended 30 June 2008: HK\$36,437,000) and on the weighted average number of 320,000,000 (2008: 320,000,000) shares in issue during the period.

Diluted earnings per share is equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding for both periods presented.

8. Property, plant and equipment

The total cost of additions to property, plant and equipment of the Group during the six months ended 30 June 2009 was HK\$968,000 (six months ended 30 June 2008: HK\$1,700,000). There were no material disposals and write-offs of fixed assets during the six months ended 30 June 2009 and 30 June 2008.

9. Trade receivables

Customers are usually offered a credit period ranging from 30 days to 90 days. The aging analysis of trade receivables is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
0 to 30 days	17,705	20,629
31 to 60 days	4,201	13,563
61 to 90 days	1,378	1,954
Over 90 days	1,352	975
	24,636	37,121
Less: Allowance for doubtful debts	(252)	(586)
	24,384	36,535

10. Trade and other payables

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Trade payables	11,227	6,982
Temporary receipts	373	323
Other payables and accruals	5,388	4,503
	16,988	11,808

The aging analysis of trade payables is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
0 to 30 days	5,975	5,900
31 to 60 days	3,135	963
61 to 90 days	1,799	114
Over 90 days	318	5
	11,227	6,982

11. Share capital

	Number of shares	Amount HK\$'000
Authorised ordinary shares of HK\$0.1 each		
At 1 January 2009 and 30 June 2009	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK\$0.1 each		
At 1 January 2009 and 30 June 2009	320,000,000	32,000

12. Related party transactions

During the six months ended 30 June 2009, the Group's sales to Datatronix Romoland, Inc., a company in which Mr. Siu Paul Y., a director, has beneficial interest, amounted to HK\$44,200,000 (six months ended 30 June 2008: HK\$37,900,000). The transactions constituted a continuing connected transaction under Chapter 14A of the Listing Rules and were carried out in the ordinary course of business and on normal commercial terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The turnover for the six months ended 30 June 2009 was HK\$130.9 million, compared to HK\$142.6 million for the same period in 2008. The profit attributable to equity shareholders for the six months ended 30 June 2009 was HK\$31.5 million, compared to HK\$36.4 million for the same period in 2008. The gross profit for the first six months in 2009 was HK\$62.9 million, compared to HK\$64.9 million for same period in 2008. The gross profit margin held at 48.1%, an increase of 2.6% compared to 45.5% for the first six months of 2008, due to drop in material prices for the past few months. Datronix has continued to generate sufficient cash, with cash flow from operations currently at HK\$50.8 million.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2009, the Group had a total equity of approximately HK\$422.8 million (31 December 2008: HK\$394.5 million), and cash and cash equivalents of approximately HK\$292.9 million (31 December 2008: HK\$246.6 million), which were predominately denominated in Hong Kong dollars.

For the six months ended 30 June 2009, the Group had not arranged for any banking facilities and other resources for financing. With the above cash on hand, the Group has adequate resources to meet its working capital needs in the near future.

The Group has strong financial position. There were no debt and no bank loan for the six months ended 30 June 2009.

Capital expenditure for the period under review amounted to approximately HK\$1 million (2008: HK\$1.7 million).

The Group has limited exposure to foreign exchange fluctuations as most of its accounts receipts and payments are in US dollars.

Employees and Remuneration Policies

As at 30 June 2009, the Group employed approximately 1,135 personnel around the world, with approximately 100 in Hong Kong, 1,011 in the People's Republic of China and 24 overseas. The Group has a staff education sponsorship program and also provides training courses to staff on operational system, product and technology development, and product safety.

Contingent Liabilities

There was no material contingent liability as at 30 June 2009 (31 December 2008: HK\$Nil).

Capital Commitments

The Group had no material capital commitment as at 30 June 2009 (31 December 2008: HK\$Nil).

Looking Ahead

The economy has yet not recovered. Current economic condition has put pressure on demand and pricing in some markets we serve. Datronix is trying the best endeavor to capture more sales regions around the globe and reduce costs. With our increasingly efficient operating platform, financial position and loyal customer relationships, we are well positioned to benefit when demands rebound.

OTHER INFORMATION

Directors' Interests in Shares

As at 30 June 2009, the directors had the following interests in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company pursuant to Section 352 of the SFO:

Long positions

(a) The Company

	Ordinary shares of HK\$0.1 each			Total
	Personal interests	Family interests	Corporate interests	
Mr. Siu Paul Y.	5,660,000	—	233,000,000 <i>(Note 1)</i>	238,660,000

(b) Associated corporation

	Name of corporation	Non-voting deferred shares of HK\$1 each			Total
		Personal interests	Family interests	Corporate interests	
Mr. Siu Paul Y.	Datatronic Limited	1	—	199,999 <i>(Note 2)</i>	200,000

Notes:

1. These shares are held by Onboard Technology Limited, a company incorporated in the British Virgin Islands, and in which Mr. Siu Paul Y. and Ms. Shui Wai Mei beneficially own 90% and 10% of its issued share capital respectively, representing 72.8% of the issued share capital of the Company.
2. These shares are held by Data Express Limited, a company incorporated in the Republic of Liberia, whose entire issued share capital is beneficially owned by Mr. Siu Paul Y..

Save as disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code of Securities Transactions by Directors of Listed Companies or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the directors and chief executives (including their spouses and children under the age of 18), had, as at 30 June 2009, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

Substantial Shareholders

As at 30 June 2009, the Company has not been notified by any persons (other than the directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Interim Dividend

At the board meeting held on 15 September 2009, the Board have resolved to declare an interim dividend of HK\$0.022 (2008: HK\$0.042) per share, totaling HK\$7,040,000 (2008: HK\$13,440,000) in respect of the six months ended 30 June 2009 to shareholders whose names appear on the register of members of the Company on Friday, 16 October 2009.

Close of Register of Members

The register of members of the Company will be closed from Tuesday, 13 October 2009 to Friday, 16 October 2009, both dates inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with Hong Kong Registrars Limited, the Company's branch share registrar in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 12 October 2009. The cheques for dividend payment will be sent on about Wednesday, 28 October 2009.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2009.

Audit Committee

The audit committee has reviewed the unaudited interim financial statements and discussed with the Board the financial reporting process and internal control system of the Group.

Corporate Governance

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the accounting period covered by the interim report, except for the following deviations:

Code Provision A.2.1

Under the provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman and chief executive officer of the Company have been performed by Mr. Siu Paul Y.. The Board considered that the non-segregation has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

Code Provision A.4.1

The non-executive directors were not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Bye-laws of the Company.

Code Provision A.4.2

Under the provision A.4.2, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the Bye-laws of the Company, the chairman of the Company will not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year.

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 Listing Rules. All directors have confirmed, following specific enquiry of all directors, that they have fully complied with the required standard set out in the Model Code throughout the period under review.

By order of the Board

SIU Paul Y.

Chairman

Hong Kong, 15 September 2009