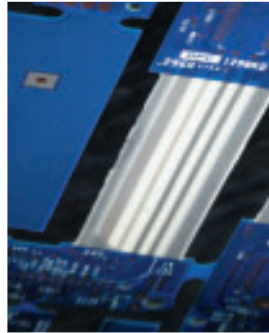
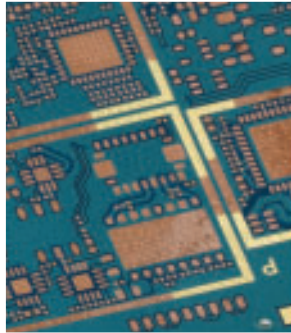
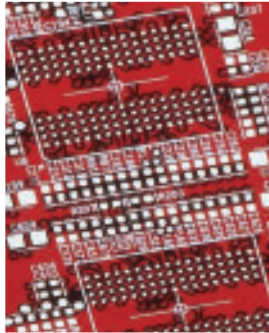
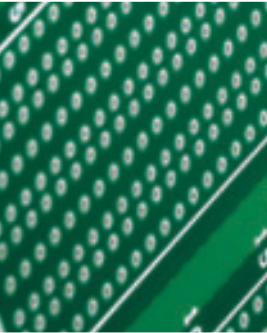




# Meadville Holdings Limited 美維控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 3313



**INTERIM REPORT**

**2007**

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### *Executive Directors*

Mr Tang Hsiang Chien  
*(Honourary Founding Chairman)*  
Mr Tang Chung Yen, Tom  
*(Executive Chairman and Group  
Managing Director)*  
Mr Chung Tai Keung, Canice  
*(Chief Executive Officer)*  
Ms Tang Ying Ming, Mai  
*(Chief Financial Officer)*

#### *Independent Non-Executive Directors*

Mr Lee, Eugene  
Mr Leung Kwan Yuen, Andrew  
Dr Li Ka Cheung, Eric

### **AUDIT COMMITTEE**

Mr Lee, Eugene *(Chairman)*  
Mr Leung Kwan Yuen, Andrew  
Dr Li Ka Cheung, Eric

### **REMUNERATION COMMITTEE**

Dr Li Ka Cheung, Eric *(Chairman)*  
Mr Lee, Eugene  
Mr Leung Kwan Yuen, Andrew  
Mr Chung Tai Keung, Canice  
Ms Tang Ying Ming, Mai

### **NOMINATION COMMITTEE**

Mr Leung Kwan Yuen, Andrew  
*(Chairman)*  
Dr Li Ka Cheung, Eric  
Mr Lee, Eugene  
Mr Chung Tai Keung, Canice  
Ms Tang Ying Ming, Mai

### **EXECUTIVE COMMITTEE**

Mr Tang Chung Yen, Tom *(Chairman)*  
Mr Tang Hsiang Chien  
Mr Chung Tai Keung, Canice  
Ms Tang Ying Ming, Mai

### **AUTHORISED REPRESENTATIVES**

Mr Chung Tai Keung, Canice  
Ms Tang Ying Ming, Mai  
Ms Ng Sai Yee

### **COMPANY SECRETARY**

Ms Ng Sai Yee

### **QUALIFIED ACCOUNTANTS**

Ms Choi Lee Lee, Lily  
Ms Chu Suet Wa  
Ms Lam Lai Shuen

### **LEGAL ADVISER**

Woo Kwan Lee & Lo

### **COMPLIANCE ADVISER**

The Hongkong and Shanghai Banking  
Corporation Limited

### **AUDITORS**

PricewaterhouseCoopers  
Certified Public Accountants  
22nd Floor, Prince's Building  
Central  
Hong Kong

### **PRINCIPAL BANKERS**

The Hongkong and Shanghai Banking  
Corporation Limited  
China Construction Bank

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Appleby Corporate Services (Cayman)  
Limited  
P.O. Box 1350 GT  
Clifton House, 75 Fort Street  
George Town, Grand Cayman  
Cayman Islands

### **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

Tricor Investor Services Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### **REGISTERED OFFICE**

P.O. Box 1350 GT  
Clifton House, 75 Fort Street  
George Town, Grand Cayman  
Cayman Islands

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

No. 4 Dai Shun Street  
Tai Po Industrial Estate  
Tai Po  
New Territories  
Hong Kong

### **WEBSITE**

[www.meadvillegroup.com](http://www.meadvillegroup.com)

### **STOCK CODE**

3313

## CHAIRMAN'S STATEMENT

It is my pleasure to present to you our Group's first half-year result report since the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Listing") on 2 February 2007. As the year has progressed with our improvements in financial positioning, we have gone from strength to strength, and our Company has delivered tremendous growth as a result.

China's economic growth continues to be in the world spotlight, and our strong positioning, capability, production capacity and customer relationships have enabled us to be a part of this ongoing growth. The Group's technology focus and experience in the China market have allowed us to continue expanding to meet the ever-increasing demand for high value-added Printed Circuit Board ("PCB") from both local and international markets.

### Business review

During the first half of 2007, the Group's focused higher-technology PCB sectors with applications in telecommunication infrastructure such as networking products, base stations and backplane, computer systems such as system servers and higher-end game consoles remained bullish. However, PCB demands with computer motherboard applications, as well as lower-end consumer products and mobile handsets remained cyclical.

China's economic growth, together with its ongoing investments in infrastructure, such as the pilot-testing of the TD-SCDMA network, have fuelled additional demand in high-layered PCBs.

With our strong foothold in China, as well as our long-established relationship with China-based customers, the Group's PCB and copper clad laminates sales in the China market has grown from 60.9% of the Group's total sales in the first six months of 2006 to 65.0% of the Group's total sales in the first six months of 2007.

On top of this, we saw strong new orders flow in from multinational telecommunication original equipment manufacturers ("OEMs") which the Group gained qualification in 2006.

As a result of these factors, the Group's PCB sales for the first half of 2007 have grown by 42.7% over the same period of 2006, while sales in the telecommunication sector, which requires primarily high layer-count and HDI PCBs, grew from 48.8% of the Group's PCB sales in the first half of 2006 to 58.7% of the Group's PCB sales in the first half of 2007.

The Group's PCB sales growth for the period under review was able to out-perform PCB demand growth in both China and worldwide for 2007 over 2006, which demand growth has been projected by a leading PCB industry analyst, N.T. Information Limited, to be at US\$14.2 billion and US\$51.2 billion in 2007, or at 17.3% and 8.8% increase over 2006 respectively.

In line with our PCB growth, the Group's total prepreg and laminate sales in the first half of 2007 achieved 49.7% growth over the first half of 2006, and the prepreg and laminate sales to external customers also achieved 37.0% growth over the first half of 2006.



## CHAIRMAN'S STATEMENT (Continued)

This significant growth in turnover was made possible by the Group's continuous efforts to expand production capacity for conventional and HDI PCBs as well as prepreg and laminates.

The Group's annualized production capacity as of 30 June 2007 was 14.9 million square feet for conventional PCBs (including QTA's capacity), 5.3 million square feet for HDI PCBs, 0.8 million square feet for IC substrates and 40 million square feet for copper clad laminates, which represented 26.3%, 29.3%, 142.9% and 7.6% growth respectively over the Group's annualized production capacity as at 30 June 2006.

Apart from the week of shutdown over the Chinese New Year period this year, the Group was able to fully utilize all expanded production capacity throughout the first six months of 2007.

As a result, sales of conventional PCBs, HDI PCBs, IC substrate and QTA PCBs for the first six months of 2007 have been HK\$1,241 million, HK\$467 million, HK\$66 million and HK\$35 million respectively, a growth of 40.0%, 38.4%, 75.8% and 357.9% over the corresponding period in 2006.

In line with the Group's technological focus, the average layer count for the period under review has been able to increase from 7.33 layers in the first six months of 2006 to 7.42 layers in the same period of 2007. The blended average selling price has also increased from US\$22.4 per square foot in the first six months of 2006 to US\$24.4 per square foot in the corresponding period of 2007.

In spite of the increasing price of raw materials in Q2 2007, the Group's gross profit and margin for the period under review has been able to increase over last year's same period of HK\$309 million and 22.1% to achieve a record level of HK\$449 million and 22.6% respectively.

As previously disclosed in the Group's Prospectus during the Listing stage, a total of 134.8 million shares were awarded to various grades of the Group's employees and a consultant ("Share Awards") as a token of appreciation for their loyalty and past services. In accordance with HKFRS, there will be a total of HK\$303 million non-cash employee expenses related to the Share Awards charged to the Group's profit and loss account for the financial years ending 31 December 2007 to 2011. Out of these total charges, HK\$246 million had been charged to the profit and loss account for the first half of 2007. However, these Share Awards expenses had no impact on the Group's net asset value, as the corresponding entry of these expenses was credited to the Group's employee share-based compensation reserve account.

Group's profit and profit margin stood at HK\$49 million and 2.5% to the Group's turnover in the first six months of 2007 after the share award expenses of HK\$246 million. Excluding these non-cash and non-operational Share Awards expenses, the Group's profit and profit margin for the six months up to 30 June 2007 would be recorded at HK\$295 million and 14.8% respectively, which represented a growth of 57.8% and 10.4% over HK\$187 million and 13.4% in the first six months of 2006, such profit and profit margin of the first half of 2006 were after exclusion of the non-recurring and one-time Guangdong Shengyi Sci. Tech Co., Ltd. shares reform charges of HK\$52 million.

## **CHAIRMAN'S STATEMENT (Continued)**

As of 30 June 2007, the Group's total equity increased to HK\$2,298 million over HK\$938 million as of 31 December 2006. This was mainly due to taking in the net Listing proceeds of HK\$1,046 million and the profit of HK\$295 million (excluding the non-cash Share Awards related charges) generated in the first six months ended 30 June 2007.

Out of the net Listing proceeds, HK\$334 million was utilized in the production capacity expansion of our DMC plant in Dongguan, the new establishment of GME and MAG plants in Guangzhou and the general upgrade of other plants during the first half of 2007. The remaining portions of the proceeds have been placed in short term interest-bearing deposits with licensed banks.

### **Future prospects**

The impacts on the global economy, as caused by the subprime mortgage issue in the U.S., are still unknown. However, the economy in China is expected to remain bullish, with infrastructure spendings underway in preparation for the 2008 Olympic Games and China's ever-strengthening consumer buying power continuing to support a strong PCB market demand.

Due to the continuous development of TD-SCDMA networks and the impending launch of 3G service in China in the second half of 2007, we expect China's PCB requirements to show greater growth in high-layered conventional PCBs and 2+n+2 HDI PCBs in the second half of 2007.

As a result of our strong and long-standing relationships with China customers, we expect to further capitalize these expanding business opportunities. Additionally, we also expect more business growth in large multinational OEMs as qualified in 2006.

To cater to local China business and global business demand from multinational OEMs, the Group's planned expansion is on track to increase the production capacity of DMC to reach about 900,000 square feet conventional PCBs output per month at an average layer count of above 7 by Q4 2007.

The setting up of both GME for HDI production capacity and MAG, the wholly owned subsidiary of the joint venture company with Hitachi Chemical Co., Ltd. for high-end prepreg and copper clad laminate products are also on track, with pilot production planned for Q4 2007. The new Dongguan plant – primarily for conventional high layered PCBs – will start piling works soon with pilot production planned for Q3 2008.

To accommodate the expanding China PCB market share and the growing global PCB business, the Group plans to have an annualized 16.7 million square feet of conventional PCBs, 6.3 million square feet of HDI PCBs, 1.0 million square feet of IC substrates and 46.4 million square feet of copper clad laminate production capacity in place by 31 December 2007.

## **CHAIRMAN'S STATEMENT (Continued)**

Despite all the favourable factors mentioned above, the Group will closely monitor (i) the impacts on operation costs as caused by the Renminbi appreciation, (ii) the China economic development as caused by China macro-economic control policies as implemented from time to time, and (iii) the impacts on the U.S. and global economy as caused by the subprime mortgage issue in the U.S. If any of these impacts will cause slow-down in demand in high-end PCBs in China, the Group will regulate the Group's production capacity expansion schedule accordingly.

As for the balance of the non-cash employee charges relating to the Share Awards, HK\$8.6 million, HK\$17.2 million, HK\$17.2 million, HK\$9.9 million and HK\$4.4 million will be charged to the profit and loss account for the second half of 2007 and for each of the financial years ending 2008, 2009, 2010 and 2011 respectively.

As our production capacities are fully booked until October and the Group has just achieved another record month of PCB sales in July 2007, we have confidence that barring any unforeseen circumstances (such as possible global economic slow-down caused by the issue of U.S. subprime mortgage), 2007's second half results will remain satisfactory for the Group.

Finally, on behalf of the Board, I would like to express our deep appreciation and heartfelt thanks to all Meadville's employees who have made all these records possible.

### **Tang Chung Yen, Tom**

*Executive Chairman and Group Managing Director*

Hong Kong, 17 August 2007

## MANAGEMENT DISCUSSION AND ANALYSIS

### Capital structure, liquidity and financial resources

For the six months ended 30 June 2007, the Group financed its liquidity requirements by a combination of new capital as raised through the Listing on 2 February 2007, bank borrowings and cash generated by operations. The Group's liquidity position has been improved after taking in the net Listing proceeds totalling approximately HK\$1,046 million in February 2007. With an enhanced capital structure and operating cash flow, the Group's net current assets showed significant improvement and stood at HK\$881 million as at 30 June 2007 (net current liabilities of HK\$908 million as at 31 December 2006). Current ratio improved to 1.51 (31 December 2006: 0.67) whereas the gearing ratio (expressed as total net borrowings over total equity) reduced to 0.49 (31 December 2006: 1.67).

Part of the proceeds derived from the Listing amounting to HK\$334 million had been used for financing the on-going expansion and upgrading of our production facilities during the six months ended 30 June 2007. The remaining balance which was not immediately required for the planned capital expenditure spendings had been placed in short term interest-bearing deposit with licensed banks. As at 30 June 2007, the Group's cash and bank balances increased to HK\$864 million (31 December 2006: HK\$211 million).

As at 30 June 2007, the Group's total borrowings, including bank loans and overdrafts increased by 12.7% to HK\$2,001 million (31 December 2006: HK\$1,775 million). The increase of borrowings was mainly due to the payment of HK\$700 million to Photomask (HK) Limited ("PHKL"), the former holding company of the Group, being part of the consideration in acquiring the Group's PCB and laminate businesses from PHKL on reorganisation before the Listing Date.

The Group had banking facilities comprising primarily bank loans and overdrafts, amounted to HK\$4,009 million of which HK\$1,645 million was unutilized as at 30 June 2007.

The Group's assets were free from charge as at 30 June 2007 and 31 December 2006.

### Capital commitment and contingent liabilities

As at 30 June 2007, the Group had outstanding capital commitment in respect of purchases of property, plant and equipment of HK\$855 million (31 December 2006: HK\$278 million). In addition, the Group had commitment in respect of injection of additional capital into certain subsidiaries established in the PRC totalling approximately HK\$343 million (31 December 2006: HK\$434 million). The funding of such capital commitments will be sourced from the net Listing proceeds, bank borrowings and the cashflow internally generated from operating activities.

The Group had no material contingent liabilities as at 30 June 2007.



## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **Staff and remuneration policy**

As at 30 June 2007, the Group had a total of 9,345 employees (31 December 2006: 7,977). The increase in the number of headcounts was to cope with our ongoing production capacity expansion of the Group. Staff costs increased to HK\$516 million. Excluding the share award expenses, it was increased by 22.2% to HK\$270 million for the six months ended 30 June 2007 (30 June 2006: HK\$221 million).

The Group remunerates its employees based on their performance, work experience and the prevailing market compensation packages. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

Upon the successful Listing in February 2007, free award shares had been granted to employees and a consultant by the substantial shareholder in appreciation of their contributions to the growth of the Group and to incentivize them. Share award expenses, totalling HK\$246 million were charged to the profit and loss account but the expenses had no impact on the Group's cashflow and net asset value.

The Group had approved and adopted a share option scheme on 12 January 2007 for the purposes of providing a longer term incentives and rewards to eligible participants who have contributed to the success of our operations. In view of the award shares granted by the substantial shareholder, there is no immediate need or urgency to grant share option under the scheme.

### **Foreign exchange fluctuation exposures and hedges**

The Group operates principally in Hong Kong and mainland China, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group attempts to minimise its foreign exchange risk exposure through matching its operating costs and borrowings against its receivables on sales. In addition, the conversion of Renminbi into foreign currencies is subject to the rules and regulations of the foreign exchange controls promulgated by the PRC government.

### **Material acquisition and disposal of subsidiary and associated company**

A joint venture agreement was signed with Hitachi Chemical Co., Ltd. ("Hitachi") in April 2007 by which Hitachi acquired 6.29% equity interest of one of our investment holding companies, Mica-Ava (No.3) Limited, at a consideration of HK\$14.7 million. Except for as disclosed above, the Group had no material acquisition or disposal of subsidiaries and associated companies during the six months ended 30 June 2007.

### **Segmental information**

Details of segmental information are set out in Note 4 to the interim financial information.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Review of operating results – six months ended 30 June 2007 (“1H 2007”) compared to six months ended 30 June 2006 (“1H 2006”)

#### *Turnover and gross profit*

The Group's turnover increased by 42.2% to HK\$1,989 million in 1H 2007 (1H 2006: HK\$1,399 million) with details as highlighted in the Chairman's Statement. As the Group benefited from sales of higher value-added and higher margin products, better economy of scale and be able to pass on majority of raw material increase to customers through increase in selling prices, gross profit increased by 45.3% to HK\$449 million in 1H 2007 (1H 2006: HK\$309 million). Gross margin on turnover expanded to 22.6% in 1H 2007 (1H 2006: 22.1%).

#### *Other income*

Other income increased by 85.7% to HK\$65 million in 1H 2007 (1H 2006: HK\$35 million). Other income as percentage to turnover increased to 3.3% in 1H 2007 (1H 2006: 2.5%). This increase was primarily due to higher scrap sales of HK\$56 million in 1H 2007 (1H 2006: HK\$27 million) as attributed to higher PCB production volume and increased copper and gold scrap resale unit prices.

#### *Operating profit*

Operating profit was HK\$71 million (1H 2006: HK\$196 million) and operating margin was 3.6% (1H 2006: 14.0%). The decrease was mainly due to inclusion of the non-cash share award expenses of HK\$246 million. As highlighted in the Chairman's Statement, the expenses had no impact on the Group's cashflow and net asset value, as the corresponding amount was credited to the Group's employee share-based compensation reserve account. If excluding the non-cash share award expenses, the operating profit would have reached HK\$317 million in 1H 2007 (1H 2006: HK\$196 million). Operating profit margin would have been improved to 15.9% in 1H 2007 (1H 2006: 14.0%).

Selling and distribution expenses as percentage of the Group's turnover increased to 5.4% in 1H 2007 (1H 2006: 4.0%) which was mainly due to a mix of higher market development expenses, freight and shipping costs plus high surcharges on sales returns of higher value-added PCBs.

General and administrative expenses as percentage of the Group's turnover decreased to 4.5% in 1H 2007 (1H 2006: 6.6%) which was mainly due to exchange gain as a result of the appreciation of Renminbi in 1H 2007.

#### *Profit for the period*

Finance income increased to HK\$23 million (1H 2006: HK\$2 million) was mainly due to interest income earned on the subscription fund during the Listing period and higher cash balances after taking in the net Listing proceeds in February 2007. Finance costs increased by 38.5% to HK\$54 million in 1H 2007 (1H 2006: HK\$39 million) was mainly due to higher bank borrowings as explained earlier.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **Review of operating results – six months ended 30 June 2007 (“1H 2007”) compared to six months ended 30 June 2006 (“1H 2006”) (Continued)**

Share of net profit of associated companies decreased by 14.5% to HK\$47 million in 1H 2007 (1H 2006: HK\$55 million) was primarily due to decrease in net profits of Guangdong Shengyi Sci. Tech Co., Ltd. and Suzhou Shengyi Sci. Tech Co., Ltd.

Income tax expense increased to HK\$38 million in 1H 2007 (1H 2006: HK\$27 million). Income tax expense as percentage of the Group’s taxable profit (profit before income tax less share of net profit of associated companies plus the non-cash share award expenses) improved to 13.2% in 1H 2007 (1H 2006: 17.0% where the Group’s taxable profit was profit before income tax less share of net profit of associated companies plus loss on share reform of an associated company) was partly due to higher profit earned by our PRC subsidiary which was enjoying tax exemption.

Profit for the period fell to HK\$49 million in 1H 2007 (1H 2006: HK\$135 million). However if excluding the non-cash share award expenses, the profit for the period would have increased to HK\$295 million. The profit margin for the period was 2.5% (1H 2006: 9.6%). It would have been improved to 14.8% in 1H 2007 if the non-cash share award expenses were excluded.

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF MEADVILLE HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

### **Introduction**

We have reviewed the interim financial information set out on pages 12 to 34, which comprises the condensed consolidated balance sheet of Meadville Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2007 and the related condensed consolidated profit and loss account, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 17 August 2007



## UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Meadville Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 together with the comparative figures for the previous period as follows:–

### CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 JUNE 2007

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2007</b>	2006
	Note	<b>HK\$'000</b>	HK\$'000
Turnover	4	<b>1,989,205</b>	1,399,401
Cost of sales	6	<b>(1,540,160)</b>	(1,090,443)
Gross profit		<b>449,045</b>	308,958
Other income	5	<b>65,227</b>	34,583
Selling and distribution expenses	6	<b>(107,112)</b>	(55,357)
General and administrative expenses	6	<b>(89,856)</b>	(92,453)
Share award expenses	6, 7	<b>(245,880)</b>	–
Operating profit		<b>71,424</b>	195,731
Loss on share reform of an associated company		–	(52,237)
Interest income		<b>22,753</b>	2,428
Finance costs		<b>(54,133)</b>	(38,832)
Share of net profit of associated companies		<b>46,560</b>	54,835
Profit before income tax		<b>86,604</b>	161,925
Income tax expense	8	<b>(37,618)</b>	(27,111)
Profit for the period	4	<b>48,986</b>	134,814
Attributable to:			
Equity holders of the Company		<b>1,644</b>	103,384
Minority interests		<b>47,342</b>	31,430
		<b>48,986</b>	134,814
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cent per share)			
– basic	9	<b>0.09</b>	6.89
– diluted	9	<b>0.09</b>	6.89
Interim dividend (expressed in HK cent per share)	10	<b>2</b>	–

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**

AT 30 JUNE 2007

		<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>2,287,130</b>	2,030,800
Leasehold land and land use rights	11	<b>115,789</b>	114,549
Investments in associated companies		<b>480,664</b>	441,409
Goodwill		<b>14,909</b>	14,477
Intangible assets	11	<b>7,499</b>	8,084
		<b>2,905,991</b>	2,609,319
<b>Current assets</b>			
Stocks and work in progress		<b>407,724</b>	373,459
Debtors and prepayments	12	<b>1,325,184</b>	1,241,699
Taxation recoverable		<b>2,597</b>	2,220
Cash and bank balances		<b>864,016</b>	211,150
		<b>2,599,521</b>	1,828,528
Total assets		<b>5,505,512</b>	4,437,847
<b>Equity</b>			
Capital and reserves attributable to the equity holders of the Company			
Share capital	13	<b>1,822,612</b>	777,000
Reserves	14	<b>247,282</b>	(43,189)
		<b>2,069,894</b>	733,811
Minority interests		<b>228,273</b>	203,916
Total equity		<b>2,298,167</b>	937,727
<b>Non-current liabilities</b>			
Borrowings	15	<b>1,469,980</b>	749,060
Deferred tax liabilities		<b>18,497</b>	14,219
		<b>1,488,477</b>	763,279

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Continued)**

AT 30 JUNE 2007

		<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
	<i>Note</i>		
<b>Current liabilities</b>			
Creditors and accruals	16	<b>947,130</b>	800,030
Amount due to a subsidiary of a minority shareholder of a subsidiary	19(f)	<b>46,061</b>	63,359
Amounts due to associated companies	19(f)	<b>114,939</b>	120,742
Amount due to a minority shareholder	19(f)	<b>54,770</b>	–
Amounts due to related parties	19(f)	<b>–</b>	709,598
Borrowings	15	<b>531,031</b>	1,026,247
Taxation payable		<b>24,937</b>	16,865
		<b>1,718,868</b>	2,736,841
Total liabilities		<b>3,207,345</b>	3,500,120
Total equity and liabilities		<b>5,505,512</b>	4,437,847
Net current assets/(liabilities)		<b>880,653</b>	(908,313)
Total assets less current liabilities		<b>3,786,644</b>	1,701,006

**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT**

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
Note	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Net cash inflows from operating activities	<b>449,024</b>	183,293
Net cash outflows from investing activities	<b>(1,011,810)</b>	(268,586)
Net cash inflows from financing activities	<b>1,260,389</b>	194,436
Exchange differences on cash and cash equivalents	<b>(25,209)</b>	(5,239)
Net increase in cash and cash equivalents	<b>672,394</b>	103,904
Cash and cash equivalents at beginning of the year	<b>167,216</b>	158,692
Cash and cash equivalents at end of the period	<b>839,610</b>	262,596
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	<b>864,016</b>	268,465
Bank overdrafts	<b>(23,353)</b>	(3,595)
	<b>840,663</b>	264,870
Less: Cash and cash equivalents restricted for tax and customs duty purpose	<b>(1,053)</b>	(2,274)
Cash and cash equivalents	<b>839,610</b>	262,596



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	<b>Unaudited</b>			
	<b>Attributable to equity holders of the Company</b>			
	<b>Share capital</b>	<b>Reserves</b>	<b>Minority interests</b>	<b>Total</b>
	<i>(Note 13)</i>	<i>(Note 14)</i>		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2006	777,000	349,788	152,477	1,279,265
Profit for the period	–	103,384	31,430	134,814
Exchange differences	–	12,070	1,740	13,810
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2006	<u>777,000</u>	<u>465,242</u>	<u>185,647</u>	<u>1,427,889</u>
At 1 January 2007	777,000	(43,189)	203,916	937,727
Profit for the period	–	1,644	47,342	48,986
Dividend	–	–	(54,770)	(54,770)
Capital contribution by minority shareholders	–	–	24,686	24,686
Proceeds from issuance for share capital	1,125,000	–	–	1,125,000
Share issue expenses	(79,388)	–	–	(79,388)
Shares granted per share award scheme (note 7)	–	245,880	–	245,880
Exchange differences	–	42,947	7,099	50,046
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2007	<u>1,822,612</u>	<u>247,282</u>	<u>228,273</u>	<u>2,298,167</u>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 General information

The Group is principally engaged in the manufacturing and distribution of printed circuit boards and copper clad laminates (the “PCB and Laminate Business”).

The Company was incorporated in the Cayman Islands on 28 August 2006 as an exempted company with limited liability under the Companies Law (2004 Revision) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 2 February 2007 (the “Listing Date”).

The condensed consolidated financial information is presented in thousands of units of Hong Kong dollars, unless otherwise stated.

The condensed consolidated financial information has been approved for issue by the Board of Directors on 17 August 2007.

### 2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2007 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and other relevant Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange. The condensed consolidated interim financial information has not been audited, but has been reviewed by the Company's Audit Committee. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

### 3 Accounting policies

The condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2006.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2007 and have not been early adopted:

HKFRS 8, “Operating Segments”, effective for annual periods beginning on or after 1 January 2009. Management is currently assessing the impact of HKFRS 8 on the Group's operations;

HK(IFRIC) – Interpretation 11, “HKFRS 2 – Group and Treasury Share Transactions”, effective for annual periods beginning on or after 1 March 2007. Management is currently assessing the impact of HK(IFRIC) – Interpretation 11 on the Group's operations;

HK(IFRIC) – Interpretation 12, “Service Concession Arrangements”, effective for annual periods beginning on or after 1 January 2008. Management is currently assessing the impact of HK(IFRIC) – Interpretation 12 on the Group's operations; and

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 3 Accounting policies (Continued)

HKAS 23 (Revised), "Borrowing Costs", effective for annual periods beginning on or after 1 January 2009. Management is currently assessing the impact of HKAS 23 on the Group's operations.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2007:

HKAS 1	Amendment to HKAS 1 Presentation of Financial Statements – Capital Disclosures;
HKFRS 7	Financial Instruments: Disclosures;
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies;
HK(IFRIC)-Int 8	Scope of HKFRS 2;
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives; and
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment.

### 4 Segment information

#### (a) Analysis of sales by category

Sales for the six months ended 30 June 2006 and 2007 represent principally sales of Printed Circuits Board ("PCB") and Copper Clad Laminates and Prepreg ("Laminates").

#### (b) Primary reporting format – business segments

The Group is organised into two main business segments: (i) Manufacturing and distribution of PCB including provision of circuit design, QTA services and drilling and routing services; (ii) Manufacturing and distribution of Laminates.

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, intangible assets, stocks and work in progress, debtors and prepayments and cash and cash equivalents. They exclude items such as deferred income taxation and taxation recoverable.

Segment liabilities comprise operating liabilities. They exclude items such as taxation payable, deferred tax liabilities and amounts due to related parties.

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

Unallocated assets and liabilities represent assets and liabilities not dedicated to a particular segment, consist primarily of taxation and amounts due to related parties.

Inter-segment sales were conducted with terms mutually agreed among group companies.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 4 Segment information (Continued)

#### (b) Primary reporting format – business segments (Continued)

The segment results for the periods are as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
<b>Turnover</b>		
PCB	<b>1,814,198</b>	1,271,623
Inter-segment turnover	<b>–</b>	–
	<hr/>	<hr/>
Subtotal for PCB	<b>1,814,198</b>	1,271,623
	<hr/>	<hr/>
Laminates	<b>318,754</b>	212,886
Inter-segment turnover	<b>(143,747)</b>	(85,108)
	<hr/>	<hr/>
Subtotal for Laminates	<b>175,007</b>	127,778
	<hr/>	<hr/>
Total turnover	<b>1,989,205</b>	1,399,401
	<hr/>	<hr/>
<b>Segment results</b>		
PCB	<b>65,464</b>	178,270
Laminates	<b>5,960</b>	17,461
Loss on share reform of an associated company	<b>–</b>	(52,237)
Interest income	<b>22,753</b>	2,428
Share of net profit of associated companies	<b>46,560</b>	54,835
Finance costs	<b>(54,133)</b>	(38,832)
Income tax expense	<b>(37,618)</b>	(27,111)
	<hr/>	<hr/>
Profit for the period	<b>48,986</b>	134,814
	<hr/>	<hr/>



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 4 Segment information (Continued)

#### (b) Primary reporting format – business segments (Continued)

The segment results for the periods are as follows:

	<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
<b>Segment assets</b>		
PCB	<b>4,404,239</b>	3,553,250
Laminates	<b>618,012</b>	440,968
Associated companies	<b>480,664</b>	441,409
Unallocated assets	<b>2,597</b>	2,220
Total assets	<b><u>5,505,512</u></b>	<u>4,437,847</u>
<b>Segment liabilities</b>		
PCB	<b>2,743,886</b>	2,285,096
Laminates	<b>250,316</b>	353,600
Associated companies	<b>169,709</b>	120,742
Unallocated liabilities	<b>43,434</b>	740,682
Total liabilities	<b><u>3,207,345</u></b>	<u>3,500,120</u>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 4 Segment information (Continued)

#### (b) Primary reporting format – business segments (Continued)

Other segment items for the periods are as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
<b>Depreciation</b>		
PCB	<b>129,929</b>	93,235
Laminates	<b>6,400</b>	1,776
Total depreciation	<b>136,329</b>	95,011
<b>Amortisation of leasehold land and land use rights</b>		
PCB	<b>1,019</b>	944
Laminates	<b>367</b>	281
Total amortisation	<b>1,386</b>	1,225
<b>Provision for bad and doubtful debts</b>		
PCB	<b>3,304</b>	4,466
Laminates	<b>-</b>	-
Total provision for bad and doubtful debts	<b>3,304</b>	4,466
<b>Provision for stocks and work in progress</b>		
PCB	<b>4,735</b>	5,220
Laminates	<b>600</b>	1,635
Total provision for stocks and work in progress	<b>5,335</b>	6,855
<b>Amortisation of intangible assets</b>		
PCB	<b>585</b>	585
Laminates	<b>-</b>	-
Total amortisation of intangible assets	<b>585</b>	585
<b>Capital expenditure</b>		
PCB	<b>319,862</b>	287,338
Laminates	<b>13,894</b>	6,419
Total capital expenditure	<b>333,756</b>	293,757

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 4 Segment information (Continued)

#### (c) Secondary reporting format – geographical segments

The Group primarily operates in Hong Kong and the People's Republic of China ("PRC"). Sales are made to overseas customers as well as customers in Hong Kong and the PRC.

The Group's turnover by geographical location is determined by the final destination to where the products are delivered:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
PRC	<b>1,293,886</b>	852,696
Hong Kong	<b>246,022</b>	123,562
North Asia	<b>122,380</b>	173,091
North America	<b>111,870</b>	103,819
Europe	<b>124,835</b>	85,851
Southeast Asia	<b>90,212</b>	60,382
Total turnover	<b><u>1,989,205</u></b>	<u>1,399,401</u>

The Group's assets are located in the following geographical areas:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>1,710,708</b>	1,036,940
PRC	<b>3,311,543</b>	2,957,278
Associated companies	<b>480,664</b>	441,409
Unallocated assets	<b>2,597</b>	2,220
Total assets	<b><u>5,505,512</u></b>	<u>4,437,847</u>

The Group's capital expenditure, based on where the assets are located, is allocated as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>10,989</b>	18,493
PRC	<b>322,767</b>	275,264
Total capital expenditure	<b><u>333,756</u></b>	<u>293,757</u>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 5 Other income

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Sales of scrap	<b>56,442</b>	27,382
Investment tax credits	<b>2,833</b>	504
Tooling charges	<b>2,883</b>	5,737
Sundries	<b>3,017</b>	718
Sales of raw materials	<b>11</b>	242
Gain on partial disposal of a subsidiary (Note 18)	<b>41</b>	–
	<b>65,227</b>	34,583

Investment tax credits represent incentives receivable as a result of the re-investment of the dividend income from subsidiaries in the PRC.

### 6 Expenses by nature

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Raw material and consumables used	<b>1,015,891</b>	672,654
Employee benefit expenses (Note 7)	<b>516,133</b>	220,868
Amortisation of intangible assets	<b>585</b>	585
Amortisation of leasehold land and land use rights	<b>1,386</b>	1,225
Depreciation of property, plant and equipment	<b>136,329</b>	95,011
(Gain)/loss on disposal of property, plant and equipment	<b>(340)</b>	167
Provision for bad and doubtful debts	<b>3,304</b>	4,466
Provision for stocks and work in progress	<b>5,335</b>	6,855
Sales commission	<b>9,468</b>	8,130
Management fee expense to a related company	<b>–</b>	3,000
Subcontracting expenses	<b>40,806</b>	34,961
Auditors' remuneration	<b>1,346</b>	1,071
Operating lease rental expense – Land and buildings	<b>2,213</b>	1,197
Others	<b>250,552</b>	188,063
Total cost of sales, selling and distribution, general and administrative expenses and share award expenses	<b>1,983,008</b>	1,238,253

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 7 Share award expenses

Included in the employee benefit expenses was an amount of approximately HK\$245.9 million, representing the share award expenses.

As previously disclosed in the Group's Prospectus during the Listing stage, the substantial shareholder of the Company, Su Sih (BVI) Limited ("SuSih"), had granted 134,800,000 shares from its own shareholding to the employees (including the Chief Executive Officer) and a consultant to SuSih through Total Glory Holdings Limited (a wholly owned subsidiary of SuSih and a special vehicle established by SuSih for this purpose) so as to allow them to share in the Group's success and to incentivise and reward them.

The shares granted as aforesaid represent approximately 6.74% of the total issued share capital immediately after the Listing Date.

Out of the total 134,800,000 shares, 105,448,000 shares are not subject to the return condition as specified in the Prospectus whereas for the 29,352,000 shares which are subject to return condition, the Group is required to recognize the value of such shares as a non-cash employee benefit expense on a straight-line basis over the relevant vesting period.

In respect of those shares which are not subject to the return condition and based on the offer price of HK\$2.25 per share, share award expenses of a total of HK\$237.3 million were charged to the profit and loss account for the period ended 30 June 2007.

In respect of those shares which are subject to the return condition and based on the offer price of HK\$2.25 per share, share award expenses of HK\$8.6 million were charged to the profit and loss account during the first half of 2007, and HK\$8.6 million will be charged for the second half of 2007 whereas HK\$17.2 million, HK\$17.2 million, HK\$9.9 million and HK\$4.4 million will be charged for each of the financial years ending 31 December 2008, 2009, 2010 and 2011 respectively.

For the share award expenses charged for the period ended 30 June 2007, a corresponding increase is made as an employee share-based compensation reserve under equity.

### 8 Income tax expense

The amounts of taxation charged to the condensed consolidated interim profit and loss account represent:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Company and subsidiaries		
Current income tax		
– Hong Kong profits tax	<b>315</b>	–
– Overseas taxation	<b>33,026</b>	23,759
Deferred income tax	<b>4,277</b>	3,352
	<b>37,618</b>	27,111



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 8 Income tax expense (Continued)

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates. Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period ended 30 June 2007. The rates applicable for income tax in the PRC is 33% (2006: 33%) for the period ended 30 June 2007.

Pursuant to relevant laws and regulations in the PRC, certain of the Company's subsidiaries are entitled to exemption from income tax under tax holidays and concessions. Income tax was calculated at rates given under the concessions.

On 16 March 2007, the National People's Congress of the PRC approved the Corporate Income Tax Law (the "new CIT Law"). The new CIT Law increases the corporate income tax rate for foreign invested enterprises from existing preferential rates to 25% with effect from 1 January 2008.

The new CIT Law provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces the additional regulations, the Company will assess their impact, if any, and this change in accounting estimate will be accounted for prospectively.

### 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. In determining the weighted average number of ordinary shares in issue, a total of 1,500,000,000 ordinary shares were deemed to be in issue since 1 January 2006.

	<b>Unaudited Six months ended 30 June 2007</b>	2006
Profit attributable to equity holders of the Company (HK\$'000)	<b><u>1,644</u></b>	<u>103,384</u>
Weighted average number of ordinary shares in issue (shares in thousands)	<b><u>1,911,602</u></b>	<u>1,500,000</u>
Basic earnings per share (expressed in HK cent per share)	<b><u>0.09</u></b>	<u>6.89</u>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 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.

During the periods ended 30 June 2006 and 2007, there were no potential dilutive ordinary shares outstanding.

### 10 Interim dividend

The Board has resolved to recommend the payment of an interim dividend of 2 HK cents per share, amounting to approximately HK\$40 million (2006: Nil).

### 11 Capital expenditure

	<b>Property, plant and equipment</b> <i>HK\$'000</i>	<b>Leasehold land and land use rights</b> <i>HK\$'000</i>	<b>Intangible assets</b> <i>HK\$'000</i>
<b>Six months ended 30 June 2006</b>			
Opening amount as at 1 January 2006	1,535,966	83,654	9,254
Exchange differences	14,612	556	–
Additions	293,684	73	–
Disposals	(748)	–	–
Depreciation and amortisation	(95,011)	(1,225)	(585)
<b>Closing amount as at 30 June 2006</b>	<b>1,748,503</b>	<b>83,058</b>	<b>8,669</b>
<b>Six months ended 30 June 2007</b>			
Opening amount as at 1 January 2007	2,030,800	114,549	8,084
Exchange differences	59,080	2,626	–
Additions	333,756	–	–
Disposals	(177)	–	–
Depreciation and amortisation	(136,329)	(1,386)	(585)
<b>Closing amount as at 30 June 2007</b>	<b>2,287,130</b>	<b>115,789</b>	<b>7,499</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 12 Debtors and prepayments

	<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
Debtors	<b>1,100,667</b>	1,124,995
Prepayments and other receivables	<b>224,517</b>	116,704
	<b><u>1,325,184</u></b>	<u>1,241,699</u>

The carrying amounts of debtors and prepayments approximate their fair values.

During the period, the Group normally granted credit terms of 60-90 days. The aging analysis of the debtors, based on the invoice date and net of provision, is as follows:

	<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
Within credit period	<b>787,467</b>	827,403
0 – 30 days	<b>160,086</b>	171,962
31 – 60 days	<b>92,950</b>	61,396
61 – 90 days	<b>32,024</b>	26,449
Over 90 days	<b>28,140</b>	37,785
	<b><u>1,100,667</u></b>	<u>1,124,995</u>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 13 Share capital

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Authorised</b>				
Ordinary shares of HK\$0.1 each upon incorporation	3,800,000	380	–	380
Sub-division of issued shares	34,200,000	–	–	–
	38,000,000	380	–	380
Increase in authorised share capital of HK\$0.01 each	19,962,000,000	199,620	–	199,620
At 31 December 2006 and 30 June 2007	20,000,000,000	200,000	–	200,000
<b>Issued and fully paid</b>				
Ordinary shares of HK\$0.1 each issued	1	–	–	–
Sub-division of issued shares	9	–	–	–
	10	–	–	–
Shares issued to Tang Hsiang Chien credited as fully paid of HK\$0.01 each	235,305,000	2,353	119,535	121,888
Shares issued to SuSih credited as fully paid of HK\$0.01 each	1,264,694,990	12,647	642,465	655,112
At 31 December 2006	1,500,000,000	15,000	762,000	777,000
Share issued by global offering as fully paid of HK\$0.01 each (Note)	500,000,000	5,000	1,040,612	1,045,612
At 30 June 2007	2,000,000,000	20,000	1,802,612	1,822,612

*Note:*

On 2 February 2007, the Company completed a global offering of 500,000,000 shares with a par value of HK\$0.01 each at a price of HK\$2.25 per share and raised HK\$1,125,000,000 share proceeds. All these shares rank pari passu in respects with the then existing shares. The Company's shares commenced trading on the Stock Exchange on 2 February 2007. The listing proceeds of the aforementioned share, net of direct listing expenses amounted to approximately HK\$1,045,612,000. The resulting share premium amounted to approximately HK\$1,040,612,000.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 14 Reserves

	<b>Merger reserve</b>	<b>Employee share-based compensation reserve</b>	<b>General reserve</b>	<b>Exchange reserve</b>	<b>Retained profits</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note (i)</i>	<i>Note (ii)</i>	<i>Note (iii)</i>			
At 1 January 2006	(549,769)	–	68,286	22,789	808,482	349,788
Profit for the period	–	–	–	–	103,384	103,384
Exchange differences	697	–	92	11,281	–	12,070
Transfer	–	–	9,232	–	(9,232)	–
At 30 June 2006	<u>(549,072)</u>	<u>–</u>	<u>77,610</u>	<u>34,070</u>	<u>902,634</u>	<u>465,242</u>
At 1 January 2007	(1,246,835)	–	81,395	64,318	1,057,933	(43,189)
Profit for the period	–	–	–	–	1,644	1,644
Shares granted per share award scheme (Note 7)	–	245,880	–	–	–	245,880
Exchange differences	–	–	304	42,643	–	42,947
Transfer	–	–	8,103	–	(8,103)	–
At 30 June 2007	<u>(1,246,835)</u>	<u>245,880</u>	<u>89,802</u>	<u>106,961</u>	<u>1,051,474</u>	<u>247,282</u>

#### Notes:

- (i) The merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of the subsidiaries transferred to the Company.
- (ii) The employee share-based compensation reserve related to the share award expenses, details of which are specified in Note 7.
- (iii) As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the PRC are required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to the general reserve, at rates determined by their respective boards of directors. The general reserve can be utilised to offset prior year losses or be utilised for the issuance of bonus shares. During the six months ended 30 June 2007, the boards of directors of the Company's subsidiaries in the PRC appropriated an aggregate amount of approximately HK\$8,103,000 (2006: HK\$9,232,000) to the general reserve.



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 15 Borrowings

	<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
<b>Non-current</b>		
Long-term bank loans	<b>1,469,980</b>	749,060
<b>Current</b>		
Current portion of long-term bank loans	<b>228,981</b>	166,200
Short-term bank loans	<b>278,697</b>	817,537
Bank overdrafts	<b>23,353</b>	42,510
	<b>531,031</b>	1,026,247

Movements in borrowings, excluding bank overdrafts, is analysed as follows:

	<i>HK\$'000</i>
<b>Six months ended 30 June 2006</b>	
Opening amount as at 1 January 2006	1,394,021
New borrowings	706,352
Repayment of borrowings	(511,916)
<b>Closing amount as at 30 June 2006</b>	<b>1,588,457</b>
<b>Six months ended 30 June 2007</b>	
Opening amount as at 1 January 2007	<b>1,732,797</b>
New borrowings	<b>1,151,192</b>
Repayment of borrowings	<b>(906,331)</b>
<b>Closing amount as at 30 June 2007</b>	<b>1,977,658</b>

### 16 Creditors and accruals

	<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
Creditors	<b>531,160</b>	382,330
Accruals	<b>415,970</b>	417,700
	<b>947,130</b>	800,030

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 16 Creditors and accruals (Continued)

During the period, the Group normally received credit terms of 60-90 days. The aging analysis of the creditors, based on the invoice date, is as follows:

	<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
Within credit period	<b>390,967</b>	286,059
0 – 30 days	<b>77,828</b>	58,823
31 – 60 days	<b>43,840</b>	21,214
61 – 90 days	<b>7,301</b>	9,629
Over 90 days	<b>11,224</b>	6,605
	<b>531,160</b>	382,330

### 17 Commitments

#### (a) Capital commitments

Capital commitments in respect of property, plant and equipment at the balance sheet date are as follows:

	<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
Contracted but not provided for	<b>791,594</b>	271,270
Authorised but not contracted for	<b>63,736</b>	6,998
	<b>855,330</b>	278,268

At 30 June 2007, the Group had commitment in respect of the injection of additional capital into certain subsidiaries established in the PRC totalling approximately HK\$343,200,000 (2006: HK\$433,700,000).

#### (b) Operating lease commitments

The future aggregate minimum lease expense under non-cancellable operating leases in respect of land and buildings is payable as follows:

	<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
Within one year	<b>2,767</b>	3,387
One to five years	<b>1,437</b>	2,035
More than five years	<b>5,003</b>	5,027
	<b>9,207</b>	10,449

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 18 Partial disposal of a subsidiary

In April 2007, the Group disposed of 6.29% interest in a subsidiary, Mica-Ava (No.3) Limited ("MA3"), at a consideration of US\$1,887,000 (approximately HK\$14,718,600), to a minority shareholder of a subsidiary.

Details of the net assets disposed of are as follows:

	<b>Acquiree's carrying amount 2007 HK\$'000</b>
Net assets disposed of	
Debtors and prepayments	<b>29,039</b>
Cash and bank balances	<b>200,651</b>
Property, plant and equipment	<b>3,579</b>
Land use rights	<b>8,596</b>
Creditors and accruals	<b>(248)</b>
Balances with group companies	<b>(8,267)</b>
	<hr/>
Net assets value	<b>233,350</b>
	<hr/>
Disposal of share of net assets value (6.29%)	<b>14,678</b>
Gain on disposal of a subsidiary	<b>41</b>
	<hr/>
Total consideration	<b>14,719</b>
	<hr/>

### 19 Related party transactions

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

The Group is controlled by SuSih, which owns 58.25% of the Company's shares. The ultimate parent of the Group is SuSih.

The Group regularly conducts transactions in the normal course of business with the associated companies and related parties during the period, details of which are as follows:

#### (a) Purchase of raw materials (Note i)

	<b>Unaudited Six months ended 30 June</b>	
	<b>2007 HK\$'000</b>	2006 HK\$'000
Associated companies		
Guangdong Shengyi Sci. Tech Co., Ltd.	<b>175,604</b>	127,357
Suzhou Shengyi Sci. Tech Co., Ltd.	<b>20,302</b>	17,940
	<hr/>	<hr/>
A subsidiary of a minority shareholder of a subsidiary Hitachi Chemical Co. (Hong Kong) Limited	<b>60,532</b>	67,043
	<hr/>	<hr/>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 19 Related party transactions (Continued)

#### (b) Purchase of finished goods (Note i)

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
A subsidiary of a minority shareholder of a subsidiary Hitachi Chemical Co. (Hong Kong) Limited	<b>844</b>	11,684

#### (c) Interest income (Note ii)

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Companies beneficially owned by directors of the Company		
Su Sih Enterprises Limited	-	265
Le Baron International Ltd.	-	491
A director		
Tang Hsiang Chien	-	886

#### (d) Management fee expenses (Note iii)

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Company beneficially owned by directors of the Company		
Su Sih Enterprises Limited	-	3,000

#### (e) Sales of finished goods (Note iv)

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
A subsidiary of a minority shareholder of a subsidiary Hitachi Chemical Co. (Hong Kong) Limited	<b>19,565</b>	11,293

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 19 Related party transactions (Continued)

#### (f) Amounts due to related parties

		<b>Unaudited 30 June 2007 HK\$'000</b>	Audited 31 December 2006 HK\$'000
Related parties			
Non-trade balances			
Companies beneficially owned by directors of the Company			
Qingyi Precision Maskmaking (Shenzhen) Ltd.		-	5
Photomask (HK) Limited		-	(709,603)
		<u>-</u>	<u>(709,598)</u>
A subsidiary of a minority shareholder of a subsidiary			
Trade balance	(v)	<u><b>(46,061)</b></u>	<u>(63,359)</u>
Associated companies			
Trade balance	(v)	<u><b>(114,939)</b></u>	<u>(120,742)</u>
A minority shareholder			
Dividend payable	(vi)	<u><b>(54,770)</b></u>	<u>-</u>

- (i) Purchases of raw materials/finished goods from associated companies and a subsidiary of a minority shareholder of a subsidiary are made at prices and terms no more than those charged by and contracted with other third party suppliers of the Group.
- (ii) The interest income from a controlling shareholder and a director were calculated at prime rate and 5.3% per annum on the amount receivable, respectively, for the six months period ended 30 June 2006.
- (iii) Management fee expense was subject to the terms of an agreement signed by the parties at a fixed monthly fee for the provision of management services and consultancy services by the controlling shareholder. The monthly fee was HK\$500,000 during 2006. The service contract expired on 31 October 2006.
- (iv) Sales of finished goods are made at prices and terms no less than those sold by and contracted with other third party customers of the Group which are due within a normal credit terms.
- (v) The amounts due to a subsidiary of a minority shareholder of a subsidiary/ associated companies are unsecured, interest-free and payable within normal trade terms. The carrying amounts approximate their fair values.
- (vi) The dividend payable to a minority shareholder is unsecured, interest-free and payable on demand.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Directors' and chief executive's interest in shares of the Company ("Shares")

As at 30 June 2007, the interests or short positions of the directors and chief executive 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 maintained by the Company 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") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### Long position

#### Beneficial interests in the Shares of the Company

Name of Director	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total Number of Shares	Approximate Percentage of Shareholding
Tang Hsiang Chien ("HC Tang")	Nil	Nil	1,165,001,000 (Note 1)	235,305,000 (Note 2)	1,400,306,000	70.02% (Note 3)
Chung Tai Keung, Canice	48,064,000	Nil	Nil	Nil	48,064,000	2.40%

#### Notes:

- These 1,165,001,000 Shares comprise: (i) 1,129,895,000 Shares owned by Su Sih (BVI) Limited ("SuSih"); (ii) 29,352,000 Shares held by Total Glory Holdings Limited ("Total Glory"), a wholly-owned subsidiary of SuSih, in trust for certain employees of the Group; and (iii) 5,754,000 Shares held by Top Mix Investments Limited ("Top Mix"), a wholly-owned subsidiary of SuSih. HC Tang is deemed to be interested in the aforesaid Shares under the SFO because he is the sole shareholder of SuSih, which wholly owns Total Glory and Top Mix.
- HC Tang holds the 235,305,000 Shares in his capacity as the trustee of a discretionary trust, namely Mein et Moi Trust ("MEM Trust").
- This percentage comprises the 1,129,895,000 Shares owned by SuSih, the 29,352,000 Shares held by Total Glory as trustee for certain employees of the Group, the 5,754,000 Shares held by Top Mix and the 235,305,000 Shares held by HC Tang as the trustee of MEM Trust, which respectively represent approximately 56.49%, 1.47%, 0.29% and 11.77% of the issued share capital of the Company.

Save as disclosed above, as at 30 June 2007, none of the directors and chief executive of the Company or their associates had any interests or short positions in any Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register maintained under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

### Substantial shareholders' interest in Shares of the Company

As at 30 June 2007, the interests or short positions of every person, other than the directors and chief executive of the Company, in the Shares and underlying shares of the Company, as recorded in the register maintained by the Company under section 336 of the SFO were as follows:

#### Long position

<b>Name of Substantial Shareholder</b>	<b>Nature of Interest</b>	<b>Number of Shares</b>	<b>Approximate Shareholding Percentage</b>
SuSih	Beneficial owner and interest in controlled companies	1,165,001,000 (Note 1)	58.25% (Note 2)

#### Notes:

- These 1,165,001,000 Shares comprise: (i) 1,129,895,000 Shares owned by SuSih; (ii) 29,352,000 Shares held by Total Glory in trust for certain employees of the Group; and (iii) 5,754,000 Shares held by Top Mix. HC Tang is deemed to be interested in the aforesaid Shares under the SFO because he is the sole shareholder of SuSih, which wholly owns Total Glory and Top Mix.
- This percentage comprises the 1,129,895,000 Shares owned by SuSih, the 29,352,000 Shares held by Total Glory as trustee for certain employees of the Group and the 5,754,000 Shares held by Top Mix, which respectively represent approximately 56.49%, 1.47% and 0.29% of the issued share capital of the Company.

Save as disclosed above, as at 30 June 2007, no other interests or short positions in the Shares or underlying shares of the Company were recorded in the register maintained under section 336 of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

### Share options

The Company had adopted a share option scheme (the "Share Option Scheme") on 12 January 2007 and no option had been granted under the Share Option Scheme since its adoption on 12 January 2007. Summary of principal terms of the Share Option Scheme is set out below.

Unless otherwise cancelled or amended, the Share Option Scheme shall be valid and effective for a period of 10 years from its adoption date, after which period no further options will be issued but any options then outstanding will continue to be exercisable in accordance with their terms of issue. The remaining life of the Share Option Scheme is 9 years and 6 months.

The Share Option Scheme is designed to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to eligible participants ("Eligible Participants"). The Board may, at its discretion, grant options to subscribe for Shares in the Company to Eligible Participants. Eligible Participants include:

- (i) any executive or non-executive directors including independent non-executive directors or any employees (whether full-time or part-time) of each member of the Group;
- (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the Group;
- (iii) any consultants, professional and other advisors to each member of the Group (or persons, firms or companies proposed to be appointed for providing such services);
- (iv) any chief executives or substantial shareholders of the Company;
- (v) any associates of director, chief executive or substantial shareholder of the Company; and
- (vi) any employees (whether full-time or part-time) of substantial shareholder of the Company, provided that the Board may have absolute discretion to determine whether or not one falls within the above categories.

The period under which an option may be exercised will be determined by the Board at its absolute discretion, save that an option shall expire not later than 10 years from the date of grant. Unless otherwise determined by the Board, and specified in the offer letter at the time of offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for a period of 21 days from the date of offer. The amount payable on acceptance of an option is HK\$1.00. The full amount of the subscription price for the Company's Shares has to be paid upon exercise of an option. The subscription price shall be such price solely determined by the Board at the time of offer of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)**

### **Share options (Continued)**

The subscription price shall be at least the highest of the nominal value of the Company's Shares, the average of the closing prices of the Company's Shares quoted in the Stock Exchange's daily quotation sheets on the five trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's Shares quoted in the Stock Exchange's daily quotation sheets on the date of an offer of the grant of the options.

The total number of the Company's Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company (excluding options lapsed in accordance with the terms of the Share Option Scheme) shall not in aggregate exceed 10% of the total number of the Company's Shares in issue on the date of commencement of dealings in the Shares on the Stock Exchange, being 200,000,000 Shares.

The limit on the number of the Company's Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's Shares in issue from time to time. As at the date of this report, a total of 200,000,000 Shares representing 10% of the issued share capital of the Company are available for issue under the Share Option Scheme.

The total number of the Company's Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of the Company's Shares in issue unless approved by the Company's shareholders in general meeting.

### **Directors' rights to acquire shares**

At no time during the six months ended was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of Shares in the Company or any other body corporate.

### **Interim dividend**

The Board has resolved to recommend the payment of the interim dividend of 2 HK cents per share, amounting to approximately HK\$40 million (2006: Nil). The interim dividends will be payable to the shareholders on around 28 September 2007 whose names appear on the register of members of the Company on 20 September 2007.

### **Closure of register of members**

The register of members of the Group will be closed from 17 September 2007 to 20 September 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Group's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 14 September 2007.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)**

### **Purchase, sale or redemption of the Company's listed securities**

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed shares.

### **Corporate governance practices**

The Company is committed to the maintenance of high standards corporate governance practices and procedures. The Board has established various committees, including the Audit Committee, the Nomination Committee, the Remuneration Committee and the Executive Committee.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has applied the principles and complied with all the applicable code provisions set out in the Code since the Listing Date. In addition to the mandatory Code, the Board will continuously enhance the corporate governance standard of the Company by reference to certain recommended best practices contained in Appendix 14 to the Listing Rules whenever suitable and appropriate.

### **Model code for securities transactions by directors**

The Company had adopted an Internal Code for Securities Transactions by Employees of Meadville Group ("Internal Code") as its own code of conduct regarding directors' and relevant employees' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules. Having made specific enquiry, all directors have confirmed that they have fully complied with the required standards as set out in the Internal Code.

### **Audit committee**

The Company has established an audit committee ("Audit Committee") with written terms of reference in compliance with the Code to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three independent non-executive directors, namely, Mr Lee, Eugene as chairman, Mr Leung Kwan Yuen, Andrew and Dr Li Ka Cheung, Eric. The interim results for the six months ended 30 June 2007 have been reviewed by the Audit Committee and the Company's auditors, PricewaterhouseCoopers.



## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

### Nomination committee

The Company has established a nomination committee (“Nomination Committee”) with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The Nomination Committee comprises three independent non-executive directors, namely, Mr Leung Kwan Yuen, Andrew as chairman, Dr Li Ka Cheung, Eric, Mr Lee, Eugene and two executive directors, Mr Chung Tai Keung, Canice, and Ms Tang Ying Ming, Mai. The Nomination Committee meeting will be held at least once a year. The primary duties of the Nomination Committee include making recommendations to the Board on appointment of directors and review of the structure, size and composition of the Board on a regular basis.

### Remuneration committee

The Company has established a remuneration committee (“Remuneration Committee”) with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The Remuneration Committee comprises three independent non-executive directors, namely, Dr Li Ka Cheung, Eric as chairman, Mr Lee, Eugene, Mr Leung Kwan Yuen, Andrew and two executive directors, namely, Mr Chung Tai Keung, Canice and Ms Tang Ying Ming, Mai. The primary duties of the Remuneration Committee include review of and recommendations to the Board on the remuneration structure for all directors and senior management of the Group.

### Executive committee

The Company has established an executive committee (“Executive Committee”) with written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. The Executive Committee comprises all the Executive Directors, namely, Mr Tang Chung Yen, Tom as chairman, Mr Tang Hsiang Chien, Mr Chung Tai Keung, Canice and Ms Tang Ying Ming, Mai. The primary duties of the Executive Committee include supervision of day-to-day management of the Group.

By Order of the Board  
**Tang Chung Yen, Tom**  
*Executive Chairman and  
 Managing Director*

Hong Kong, 17 August 2007

*As at the date of this report, the Board comprises 7 directors, of which Mr TANG Hsiang Chien, Mr TANG Chung Yen, Tom, Mr CHUNG Tai Keung, Canice and Ms TANG Ying Ming, Mai are executive directors of the Company, Mr LEE, Eugene, Mr LEUNG Kwan Yuen, Andrew and Dr LI Ka Cheung, Eric are independent non-executive directors of the Company.*