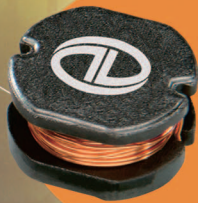




DATRONIX HOLDINGS LIMITED 連達科技控股有限公司*

(Stock Code: 889)



Interim Report 2007

* For identification purposes only

AWARDS



MEDTRONIC
"Supplier of the Year"



LUTRON
"Supplier of the Year"



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



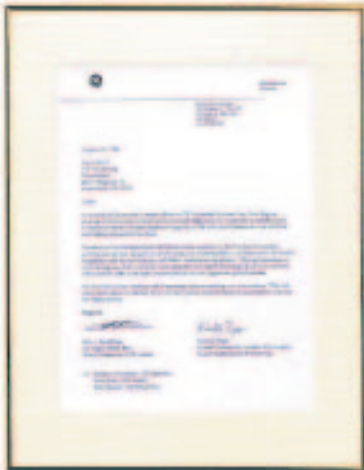
Polycom



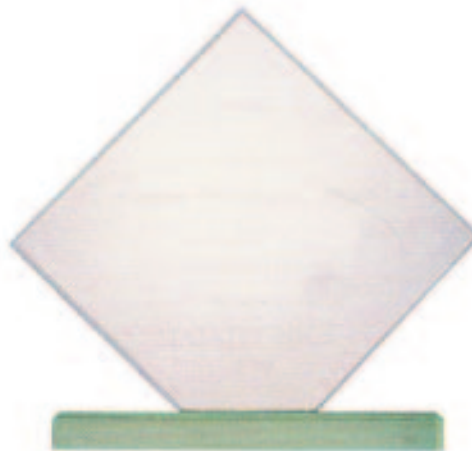
Ericsson



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



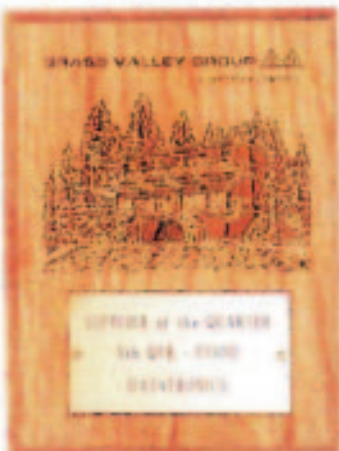
Xerox



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

Non-executive Director

SIU Ronald

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

SIU Paul Y.

QUALIFIED ACCOUNTANT

CHEUNG Wa 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

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 "Datatronix". 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**

Achievements and Awards

In recognition of the quality and value of its products and of the Group's service and performance, the Group has to date received 35 awards from numerous customers, including the following recent awards:

- Medtronic "Supplier of the Year"
- Lutron "Customer Service"
- Dataforth "Vendor of the Year"

The directors consider the followings 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

First half of 2007 was a good start for Datronix Holdings. Our financial results indicate good progress – revenue increased by 9.6% and profit increased by 8.22%. Revenues for the month ended 30 June 2007 were HK\$150.1 million, compared to HK\$136.9 million for the same period in 2006. Profit for the month ended 30 June 2007 were HK\$41.6 million, compared to HK\$38.4 million. Gross profit for the first six months was HK\$69.8 million, gross profit margin maintained at 46.5%. Datronix continued to generate sufficient cash with cash from operations HK\$35.2 million.

The operating environment continues to be challenging for 2007. Raw material and labor costs continued to skyrocket. The Group implemented a stringent cost control system in aid to minimize the production expenses and to increase efficiency.

Growth was broad based reflecting the benefits of a diverse market footprint with particular strength in military and commercial aerospace, medical devices and industrial applications. Our continued success reflects our commitment to develop excel technologies for our customers in all markets. We are excited about the future and confident in the ability of our excellent organization to meet challenges presented and to take advantage of many opportunities in front of us.

MARKET REVIEW

Communication and Networking

For the first half of 2007, sales for communication market were HK\$45.9 million. The drives are mainly from the sustainable demand of DC/DC converter business and networking infrastructure system. This market contributes 31% to the Group sales.

Data Processing

For the first half of 2007, data processing market reported sales of HK\$5.2 million. The data processing environment is competitive where customers have a strong bargaining power and demands scale economies. This market contributed 3% of the Group sales.

Industrial Application

The industrial application market is a relatively stable market, and less cyclical to economy, reports a \$37.8 million of sales. The sales are driven by organic growth by the demand of lighting solutions and other industrial applications. This market contributed 25% of the Group sales.

Military and Aerospace

The military and aerospace reported HK\$48.2 million of sales in the first half of 2007. The sales are driven by the strong demand of commercial aircraft, and other military programs in the US. This market contributes 32% of the Group sales.

Healthcare

The healthcare market reported HK\$13 million of sales in the first 6 months of 2007. We see a strong demand in the medical devices, especially the use in the implanted heart defibrillators, electronic toothbrush and so on. This market contributed 9% 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 2007 together with comparative figures in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

	Note	Six months ended 30 June	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Turnover	3	150,072	136,919
Cost of sales		(80,279)	(70,819)
Gross profit		69,793	66,100
Other revenue		3,887	2,181
Distribution and selling expenses		(10,817)	(10,202)
Administrative expenses		(13,960)	(13,829)
Profit before taxation	4	48,903	44,250
Taxation	5	(7,299)	(5,807)
Profit attributable to the equity holders of the Company		41,604	38,443
Interim dividend		13,440	11,840
Earnings per share	6		
– Basic		HK13.00 cents	HK12.01 cents
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET*At 30 June 2007*

	Note	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	7	36,456	36,206
Lease premium for land and land use rights		20,182	20,292
		56,638	56,498
CURRENT ASSETS			
Inventories		83,932	83,488
Amount due from ultimate parent enterprise		13	13
Tax reserve certificates		13,624	13,624
Prepayments, deposits and other receivables		1,884	1,718
Trade receivables	8	49,961	46,900
Cash and cash equivalents		178,738	155,112
		328,152	300,855
CURRENT LIABILITIES			
Trade payables	9	16,759	16,769
Other payables and accruals		5,680	7,173
Taxation payable		19,095	19,814
		41,534	43,756
NET CURRENT ASSETS		286,618	257,099
TOTAL ASSETS LESS CURRENT LIABILITIES		343,256	313,597
NON-CURRENT LIABILITIES			
Deferred taxation		3,149	3,149
NET ASSETS		340,107	310,448
CAPITAL AND RESERVES			
Issued capital	10	32,000	32,000
Reserves		308,107	278,448
TOTAL EQUITY		340,107	310,448

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2007*

	Six months ended 30 June	
	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Net cash inflow from operations	35,155	28,605
Net cash from investing activities	1,101	273
Net cash used in financing activities	(13,760)	(9,599)
Net increase in cash and cash equivalents	22,496	19,279
Effect of cumulative translation adjustment	1,130	760
Cash and cash equivalents at beginning of period	155,112	110,734
Cash and cash equivalents at end of period	178,738	130,773

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2007

	Issued capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Property revaluation reserve HK\$'000	Cumulative translation adjustments HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2007	32,000	57,099	(23,724)	12,322	27	232,724	310,448
Dividends paid	-	-	-	-	-	(13,760)	(13,760)
Translation adjustments	-	-	-	-	1,815	-	1,815
Net profit for the period	-	-	-	-	-	41,604	41,604
At 30 June 2007	32,000	57,099	(23,724)	12,322	1,842	260,568	340,107
At 1 January 2006	32,000	57,099	(23,724)	10,503	(1,031)	175,763	250,610
Dividends paid	-	-	-	-	-	(9,600)	(9,600)
Translation adjustments	-	-	-	-	1,059	-	1,059
Net profit for the period	-	-	-	-	-	38,443	38,443
At 30 June 2006	32,000	57,099	(23,724)	10,503	28	204,606	280,512

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”).

The accounting policies and basis of preparation adopted in these condensed consolidated interim financial statements are consistent with those adopted in the Company’s 2006 Annual Report except as described below.

2. Accounting policies

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 2007 and which are relevant to its operations. The adoption of the new HKFRSs has no significant impact on these condensed consolidated interim financial statements.

The following new/revised standards and interpretations have been issued but not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new/revised standards and interpretations but is still not in a position to state whether these new/revised standards and interpretations would have a significant impact on its results of operations and financial position.

	Effective for accounting period beginning on or after
HKAS 23 (Revised) Borrowing costs	1st January 2009
HKFRS 8 Operating segments	1st January 2009
HK(IFRIC) Interpretation 11, HKFRS 2 - Group and treasury share transactions	1st March 2007
HK(IFRIC) Interpretation 12, Service concession arrangements	1st January 2008

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 business segment analysis is presented as there is only one business segment.

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

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
United States of America (the "US")	127,978	113,364
Europe	10,564	17,451
Hong Kong	3,539	3,181
Southeast Asia (excluding Hong Kong)	7,991	2,923
	150,072	136,919

No analysis of profit attributable to the equity holders 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/(crediting) the following:

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Cost of inventories	79,701	72,566
Depreciation and amortization	2,569	2,202
Write-down/(reversal of write-down) of inventories, net	578	(1,747)

5. Taxation

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

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Hong Kong profits tax	3,403	3,461
Overseas taxation	3,896	2,346
	7,299	5,807

Hong Kong profits tax was calculated at the rate of 17.5% (2006: 17.5%) 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	
	2007	2006
	HK\$'000	HK\$'000
Profit before taxation	48,903	44,250
Effect of tax at Hong Kong profits tax rate of 17.5% (2006: 17.5%)	8,558	7,744
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,373	1,391
Income that are not taxable	(3,976)	(3,740)
Tax losses not recognised	175	412
Others	169	–
	7,299	5,807

6. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2007 was based on the profit attributable to the equity holders of the Company of approximately HK\$41,604,000 (six months ended 30 June 2006: HK\$38,443,000) and on the weighted average number of 320,000,000 (2006: 320,000,000) shares in issue during the period.

Diluted earnings per share is not presented as there was no dilutive potential ordinary share in existence during the period (2006: Nil).

7. Property, plant and equipment

The total cost of additions to property, plant and equipment of the Group during the six months ended 30 June 2007 was HK\$2,030,000 (2006: HK\$1,219,000). There were no material disposals and write-offs of fixed assets during the six months ended 30 June 2007 and 30 June 2006.

8. Trade receivables

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

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
0 to 30 days	24,911	19,452
31 to 60 days	14,925	13,680
61 to 90 days	8,496	6,418
Over 90 days	1,629	7,350
	49,961	46,900

9. Trade payables

The ageing analysis of trade payables is as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
0 to 30 days	7,374	7,549
31 to 60 days	6,013	6,634
61 to 90 days	3,034	1,940
Over 90 days	338	646
	16,759	16,769

10. Share capital

	Number of share	Amount HK\$'000
Authorised ordinary shares of HK\$0.1 each		
At 1 January 2007 and 30 June 2007	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK\$0.1 each		
At 1 January 2007 and 30 June 2007	320,000,000	32,000

11. Related party transactions

During the six months ended 30 June 2007, the Group's sales to Datatronix Romoland, Inc., a company in which Mr. Siu Paul Y., a director, has beneficial interest, amounted to HK\$40,100,000 (2006: HK\$48,363,000). 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

For the six months ended 30 June 2007, the Group recorded a turnover of HK\$150.1 million which represented a growth of approximately 9.6% or HK\$13.2 million as compared to HK\$136.9 million of the corresponding period of 2006. There is strong growth in military and high reliability, telecommunications and technology equipment products markets, especially in the US. The US market remains the largest market of the Group, which contributed over 85% of the Group's turnover for the half year ended 30 June 2007.

For the period under review, the Group reported a profit attributable to the equity holders of the Company and earnings per share of approximately HK\$41.6 million and HK13 cents respectively as compared to HK\$38.4 million and HK12.01 cents for the corresponding period in 2006. The significant improvement in operating results was largely due to the growth in turnover and improvement in operational efficiency and higher productivity.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2007, the Group had a total equity of approximately HK\$340.1 million (31 December 2006: HK\$310.4 million), and cash and cash equivalents of approximately HK\$178.7 million (31 December 2006: HK\$155.1 million), which were predominately denominated in US and Hong Kong dollars.

For the six months ended 30 June 2007, 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 2007.

Capital expenditure for the period under review amounted to approximately HK\$2 million (2006: HK\$1.2 million).

The Group had 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 2007, the Group employed approximately 1,630 personnel around the world, with approximately 110 in Hong Kong, 1,500 in the People's Republic of China and 20 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 is no contingent liability as at 30 June 2007 (31 December 2006: HK\$Nil).

Capital Commitments

The Group has no material capital commitment as at 30 June 2007 (31 December 2006: HK\$Nil).

Outlook

Building on 9.6% growth in turnover in the first half of 2007, it is expected that the momentum will continue in the second half of the year.

The Group is committed to improving its production facilities to increase production efficiency and expanding its production capability to cope with increasing demand.

The prospects for global electronics business remain cautiously optimistic and the Group will continue to build on its competitive advantage to sustain growth for the rest of the year and in the coming years.

OTHER INFORMATION

Directors' Interests in Shares

As at 30 June 2007, 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.	–	–	233,000,000	233,000,000
			(Note 1)	

(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	200,000
				(Note 2)	

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 executives of the Company or their respective associates in the shares and underlying shares 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 2007, 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 2007, 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 19 September 2007, the Board have resolved to declare an interim dividend of HK4.2 cents (2006: HK3.7 cents) per share, totaling HK\$13,440,000 (2006: HK\$11,840,000) in respect of the six months ended 30 June 2007 to shareholders whose names appear on the register of members of the Company on Wednesday, 17 October 2007.

Close of Register of Members

The register of members of the Company will be closed from Friday, 12 October 2007 to Wednesday, 17 October 2007, 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 registrars in Hong Kong, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Thursday, 11 October 2007. The cheques for dividend payment will be sent on about Monday, 29 October 2007.

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 2007.

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:

Corporate Governance *(Continued)*

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, 19 September 2007