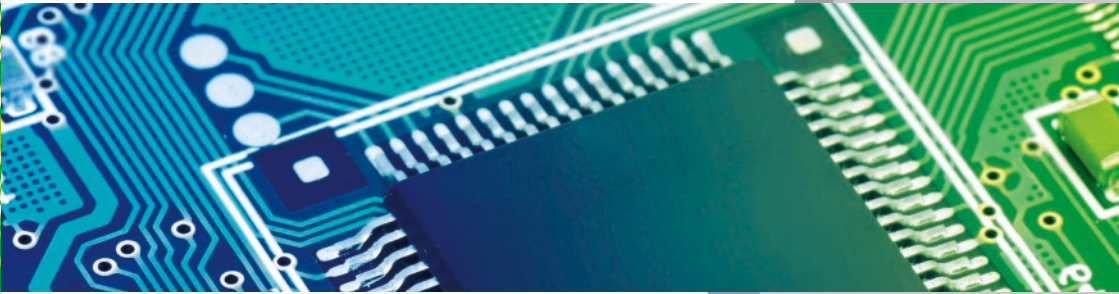




S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 1184)



Interim Report 2008

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Yim Yuk Lun, Stanley *JP*
(*Chairman and Managing Director*)
Mr. Wong Sui Chuen
Mr. Lau Ping Cheung

Non-Executive Director

Dr. Chang Chu Cheng

Independent Non-Executive Directors

Mr. Cheung Chi Kwan
Mr. Liu Chun Ning, Wilfred
Dr. Lui Ming Wah *SBS JP*
Mr. Wong Tak Yuen, Adrian

AUDIT COMMITTEE

Mr. Wong Tak Yuen, Adrian (*Chairman*)
Dr. Chang Chu Cheng
Mr. Cheung Chi Kwan

REMUNERATION COMMITTEE

Mr. Wong Sui Chuen (*Chairman*)
Dr. Lui Ming Wah *SBS JP*
Mr. Wong Tak Yuen, Adrian

COMPANY SECRETARY

Mr. Wong Wai Tai

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISOR

C. P. Cheung & Co.

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE

6th Floor, Tower B
Hunghom Commercial Centre
37 Ma Tau Wai Road
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Chong Hing Bank Limited
Dah Sing Bank Limited
Fubon Bank
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank
(Hong Kong) Limited

WEBSITE

<http://www.sasdragon.com.hk>

STOCK CODE

The Stock Exchange of Hong Kong Limited:
1184

FINANCIAL HIGHLIGHTS

- Turnover increased by 6.4% to HK\$1,573 million.
- Earnings before interest, tax, depreciation and amortization (EBITDA) decreased by 46.4% to HK\$28.4 million.
- Profit attributable to equity holders dropped by 60.9% to HK\$8.3 million.
- Basic earnings per share amounted to HK3.19 cents (2007: HK8.73 cents).
- Declared interim dividend of HK1 cent per share (2007: HK3 cents).

The board of directors (the “Board”) of S.A.S. Dragon Holdings Limited (the “Company”) announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2008, together with comparative figures for the previous period, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	Notes	For the six months ended 30 June	
		2008	2007
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
Turnover	2	1,572,521	1,478,070
Cost of sales		(1,484,641)	(1,374,475)
Gross profit		87,880	103,595
Interest income		3,454	5,157
Other income		2,911	2,903
Distribution costs		(13,043)	(8,508)
Administrative expenses		(59,567)	(56,143)
Finance costs		(11,378)	(17,467)
Share of results of associates		(40)	(3)
Profit before taxation		10,217	29,534
Taxation	3	(905)	(3,402)
Profit for the period	4	9,312	26,132
Attributable to:			
Equity holders of the Company		8,290	21,176
Minority interests		1,022	4,956
		9,312	26,132
Dividend paid	5	12,975	12,127
Earnings per share – Basic (HK cents)	6	3.19	8.73

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

		30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
	Notes		
Non-Current Assets			
Investment properties		103,450	111,830
Property, plant and equipment		163,672	145,628
Prepaid lease payments			
– non-current portion		–	1,243
Intangible assets		3,304	3,465
Goodwill		16,419	16,419
Interests in associates		639	678
Available-for-sale investments		8,180	8,180
Deposits paid on acquisition of property, plant and equipment		–	20,600
		295,664	308,043
Current Assets			
Inventories		424,311	504,601
Trade and other receivables	7	466,249	443,407
Bills receivable	7	1,833	25,012
Prepaid lease payments – current portion		–	26
Financial assets at fair value			
through profit or loss		41,379	28,178
Available-for-sale investments		5,099	5,084
Taxation recoverable		1,185	1,878
Pledged bank deposits		29,295	62,543
Bank balances and cash		175,853	179,501
		1,145,204	1,250,230

		30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
	<i>Notes</i>		
<hr/>			
Current Liabilities			
Trade and other payables	8	291,361	316,669
Bills payable	8	67,169	97,762
Derivative financial instruments		692	692
Taxation payable		6,606	3,400
Bank borrowings – due within one year		469,959	499,291
		835,787	917,814
<hr/>			
Net Current Assets		309,417	332,416
		605,081	640,459
<hr/>			
Capital and Reserves			
Share capital		25,949	25,949
Reserves		385,452	387,254
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Equity attributable to equity holders of the Company		411,401	413,203
Minority interests		26,990	30,983
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Total Equity		438,391	444,186
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Non-Current Liabilities			
Bank borrowings – due after one year		155,502	184,812
Deferred tax liabilities		11,188	11,461
		166,690	196,273
<hr/>			
		605,081	640,459
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Attributable to equity holders of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Share Option reserve HK\$'000	Accumulated profit HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2008	25,949	29,298	1,109	11,145	65,669	24,149	824	(521)	430	255,151	413,203	30,983	444,186
Exchange realignment	-	-	-	-	-	-	-	2,652	-	-	2,652	-	2,652
Gain on fair value changes of Available-for-sale investments	-	-	-	-	-	-	16	-	-	-	16	-	16
Profit for the period	-	-	-	-	-	-	-	-	-	8,290	8,290	1,022	9,312
Total recognized income and expense for the period	-	-	-	-	-	-	16	2,652	-	8,290	10,958	1,022	11,980
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	-	-	215	-	215	-	215
Dividend paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	(5,015)	(5,015)
Dividend paid	-	-	-	-	(12,975)	-	-	-	-	-	(12,975)	-	(12,975)
At 30 June 2008 (unaudited)	25,949	29,298	1,109	11,145	52,694	24,149	840	2,131	645	263,441	411,401	26,990	438,391
At 1 January 2007	24,254	10,992	1,109	11,145	85,580	24,149	450	(1,388)	-	209,869	366,160	7,680	373,840
Exchange realignment	-	-	-	-	-	-	-	219	-	-	219	-	219
Profit for the period	-	-	-	-	-	-	-	-	-	21,176	21,176	4,956	26,132
Total recognized income and expense for the period	-	-	-	-	-	-	-	219	-	21,176	21,395	4,956	41,846
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	15,495	15,495
Dividend paid	-	-	-	-	(12,127)	-	-	-	-	-	(12,127)	-	(12,127)
At 30 June 2007 (unaudited)	24,254	10,992	1,109	11,145	73,453	24,149	450	(1,169)	-	231,045	375,428	28,131	403,559

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2008*

	For the six months ended 30 June	
	2008	2007
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Net cash from (used in) operating activities	57,037	(67,897)
Net cash from (used in) investing activities	27,324	(25,533)
Net cash (used in) from financing activities	(88,009)	28,506
Net decrease in cash and cash equivalents	(3,648)	(64,924)
Cash and cash equivalents at beginning of the period	179,501	225,705
Cash and cash equivalents at end of the period	175,853	160,781
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	175,853	160,781

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2007, except as described below.

In the current period, the Group has adopted, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on 1 January 2008.

The adoption of these new HKFRSs has had no material effect on how the results of operations and financial position of the Group are prepared and presented.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Group has commenced considering the potential impact of those new HKFRSs but is not yet in a position to determine whether they would have a significant impact on how its results of operations and financial position are presented. Those new HKFRSs may result in changes in the future as to how the results and financial position are presented.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 July 2009.

³ Effective for annual periods beginning on or after 1 July 2008.

2. SEGMENT INFORMATION

The turnover and contributions to profit of the Group for the six months ended 30 June 2008, analyzed by business segments and by geographical segments, are as follows:

Business segments

For management purposes, the Group's operations are organized into three operating division namely distribution of electronic components and semiconductors products, design, manufacture and sales of LCMs and distribution of sports products. These divisions are the basis on which the Group reports its primary segmental information.

Segment information about these businesses is presented as follows:

	For the six months ended 30 June			
	Turnover		Results	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Distribution of electronic components and semiconductors products	1,543,752	1,459,375	21,395	43,849
Design, manufacture and sales of liquid crystal display modules ("LCMs")	16,154	5,505	(555)	908
Distribution of sports products	12,615	13,190	1,632	510
	1,572,521	1,478,070	22,472	45,267
Interest income			3,454	5,157
Unallocated corporate expenses			(6,455)	(5,362)
Unallocated corporate income			2,163	1,942
Finance costs			(11,378)	(17,467)
Share of results of associates			(39)	(3)
Profit before taxation			10,217	29,534
Taxation			(905)	(3,402)
Profit for the period			9,312	26,132

Geographical segments

The Group's operations are located in the People's Republic of China excluding Hong Kong and Taiwan regions (the "PRC"), Hong Kong and Taiwan. The Group's distribution of electronic components and semiconductors products is mainly carried out in the PRC, Hong Kong and Taiwan. Design, manufacture and sales of LCMs and distribution of sports products are mainly carried out in the PRC and Hong Kong.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	For the six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
The PRC	1,028,650	913,887
Hong Kong	374,439	400,807
Taiwan	140,555	143,186
Others	28,877	20,190
	1,572,521	1,478,070

3. TAXATION

	For the six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Hong Kong Profits Tax	1,177	3,402
Deferred taxation	(272)	–
	905	3,402

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for period.

4. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
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Profit for the period has been arrived at after charging:

Depreciation of property, plant and equipment	6,641	5,911
Amortisation of intangible assets	161	160
Amortisation of prepaid lease payments	-	12
	<hr/> <hr/>	<hr/> <hr/>

5. DIVIDEND PAID

	For the six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
<hr/>		

Final dividend in respect of the previous financial year,
paid during the period, of HK5 cents per share
(2007: HK5 cents)

	12,975	12,127
	<hr/> <hr/>	<hr/> <hr/>

6. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2008 is based on the profit for the period attributable to equity holders of the Company of approximately HK\$8,290,000 (2007: HK\$21,176,000) and weighted average number of 259,490,720 shares (2007: 242,540,720 shares) in issue during the period.

No diluted earnings per share has been presented since the exercise price of the Company's share options were higher than the average market price per share during the six months ended 30 June 2008.

No diluted earnings per share has been presented since the Company had no potential ordinary shares outstanding during the six months ended 30 June 2007.

7. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

An aged analysis of trade and bills receivables by due dates (net of allowance for doubtful debts) is as follows:

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Current	265,988	227,717
0 to 30 days	107,968	116,839
31 to 60 days	31,012	30,787
61 to 90 days	10,447	7,230
Over 90 days	11,755	14,044
Trade receivables and bills receivable	427,170	396,617
Other receivables	40,912	71,802
	468,082	468,419

The Group allows a credit period ranged from 30 days to 120 days to its trade customers.

8. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

An aged analysis of trade and bills payables by due date is as follows:

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Current	185,297	244,531
0 to 30 days	67,566	92,186
31 to 60 days	61,494	18,118
61 to 90 days	2,263	2,645
Over 90 days	1,438	3,068
Trade payables and bills payable	318,058	360,548
Other payables	40,472	53,883
	358,530	414,431

9. CONNECTED AND RELATED PARTY TRANSACTIONS AND BALANCES

(i) *Connected parties*

During the period, the Group had significant transactions and balances with related parties, some of which are also deemed to be connected parties pursuant to the Listing Rules. The significant transactions during the period and balances at the balance sheet date with related parties are as follows:

(a) *Transactions*

Name of party	Interested director	Nature of transactions	For the six months ended 30 June	
			2008 HK\$'000	2007 HK\$'000
Hon Hai Precision Industry Co Ltd ("Hon Hai") (note) and its subsidiaries	–	Sales of electronic products	214,579	133,973
		Purchases of electronic products	16,128	21,193

(b) *Balances*

Name of party	Nature of transactions	30 June	31 December
		2008 HK\$'000	2007 HK\$'000
Hon Hai (note) and its subsidiaries	Balance		
	– trade receivables	110,637	96,193
	– trade payables	10,319	13,102

Note: Hon Hai is a substantial shareholder of the Company.

(II) Related parties, other than connected parties

The significant transactions with related parties, other than connected parties, during the period, and significant balances with them at the balance sheet date, are as follows:

(a) Transactions

Name of party	Nature of transactions	For the six months ended 30 June	
		2008 HK\$'000	2007 HK\$'000
Kitronix Limited	Sales of electronic products	7,732	6,041
Associates:			
Bestime Technology Development Ltd	Sales of electronic products	-	62
Now Electron Inc	Sales of electronic products	2,709	3,168

(b) Balances

Name of party	Nature of transactions	30 June	31 December
		2008 HK\$'000	2007 HK\$'000
Venturers of Kitronix Limited	Balance – trade receivables	1,888	3,410
Associates:			
Bestime Technology Development Ltd	Balance – trade receivables	650	760
Now Electron Inc	Balance – trade receivables	983	969

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK1 cent (2007: HK3.0 cents) per share payable to the shareholders of the Company whose names appear on the Register of Members of the Company on 24 September 2008. The dividend warrants are expected to despatch to shareholders on or about 3 October 2008.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from 23 September 2008 to 24 September 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 22 September 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Affected by the trouble-stricken financial sector and the global economic slowdown, the electronic industry experienced a marked drop in demands in the first six months of 2008. However, by continuing to diversify its customer base and enhance the quality of value-added services, the Group was able to maintain sales revenue despite the unfavorable market and economic environment.

To maintain competitiveness, the Group put more resources into materials planning and inventory control and as a result decreased the overall level of working capital as compared with that at the end of the last financial year. Also, the Group reevaluated all customers' credit lines and dealt only with customers with credit certification or willing to pay cash on delivery.

Distribution of Electronic Components and Semiconductors Products

The overall demand for electronic components and semiconductor products slowed down compared with last year. Distribution of electronic components for consumer electronics and computer products recorded moderate growth, with momentum from the strong demand for set-top-box and Ultra-Mobile PC. Sales lowered for the mobile products sector, largely because of the slow down in demand in the PRC market after years of rapid growth.

Design, Manufacture and Sales of LCMs

With demand for mobile handsets softening and plenty of competition in the PRC, the LCMs production plant operated at a relatively low capacity level during the review period. Although the plant rendered negative contribution during the period under review, the Group is confident of it achieving a rebound when new products and solutions designed by it for local and overseas customers in the pipeline are launched.

Distribution of Sports Products

Sales of sports products declined slightly after the Group changed to strategically focus on promoting those products under the first-tier brand names of “Wilson” and “Babolat”. The move has successfully brought more profit contribution to the Group during the period under review.

PROSPECTS

Looking forward, although the current unfavorable economic climate expected to last in the short to medium term, we see a tremendous opportunity to grow our business. Demands for electronic products will provide massive business opportunities to the Group.

The Group will continue to strengthen its partnership with vendors as well as diversify its customer base. More resources will be allocated to Shanghai and its vicinity area to expand market coverage of the Group in Eastern China. At the same time, with staff support, we will continue to strictly control administrative expenses to defend our margins.

FINANCIAL REVIEW

For the six months period ended 30 June 2008, the Group's turnover increased 6.4% to HK\$1,572,521,000 (2007: HK\$1,478,070,000), gross profit decreased by 15.2% to HK\$87,880,000 (2007: HK\$103,595,000) and EBITDA (represented gross profit plus interest and other income minus distribution costs and administrative expenses plus depreciation and amortization) declined 46.4% to HK\$28,437,000 (2007: HK\$53,087,000).

Profit attributable to equity holders of the Company declined by 60.9% to HK\$8,290,000 (2007: HK\$21,176,000), which resulted in a basic earnings per share of HK3.19 cents (2007: HK8.73 cents).

Liquidity and Financial Resources

On 30 June 2008, the Group's current ratio was 137.0% (31 December 2007: 136.2%), net gearing ratio was 95.9% (31 December 2007: 99.5%), which is calculated based on the Group's net borrowings (calculated as total interest-bearing borrowings minus total cash and bank balances) of approximately HK\$420,313,000 (31 December 2007: HK\$442,059,000) and total equity of HK\$438,391,000 (31 December 2007: HK\$444,186,000).

The Group recorded debtors turnover of approximately 49 days for the period under review (2007: 41 days) based on the amount of trade and bills receivable as at 30 June 2008 divided by sales of the same period multiplied by 182 days for the six months ended 30 June 2008 (365 days for the year ended 31 December 2007).

The Group recorded inventory turnover and average payable period of approximately 52 days and 39 days respectively for the six months ended 30 June 2008 (2007: approximately 56 days and 40 days respectively) based on the amount of inventory and trade and bills payables as at 30 June 2008 divided by cost of sales of the same period multiplied by 182 days for the six months ended 30 June 2008 (365 days for the year ended 31 December 2007).

The Group generated net operating cash inflow of HK\$57,037,000 and used in net repayment of bank borrowings of HK\$58,644,000 for the period under review, compared with net operating cash outflow of HK\$67,897,000 and net bank borrowings raised of HK\$58,155,000 recorded in the last corresponding period.

Foreign Exchange Risk Management

Most sales and purchases and business transactions conducted by the Group are either in Hong Kong Dollars, United States Dollars or Renminbi. The Group utilized foreign currency forward contracts to hedge the exposure to foreign currencies.

Employee and Remuneration Policy

At 30 June 2008, the Group employed approximately 400 employees in the PRC and Hong Kong. They were remunerated according to their merit, qualification, competence and job nature. Other staff benefits include share option scheme, provident fund schemes and medical insurance. Also, discretionary bonus may be granted to eligible employees based on the Group's financial results and individual performance.

Pledge of Assets

At 30 June 2008, certain of the Group's assets (including investment properties, leasehold land and buildings, bank deposits, trade receivables, available-for-sales investments, financial assets at fair value through profit or loss and inventory) with the carrying value of totaling approximately HK\$512 million were pledged to secure general banking facilities granted to the Group.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

On 30 June 2008, the interests of the directors of the Company in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Future Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of directors	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Yim Yuk Lun, Stanley JP	Beneficial owner	13,990,000	5.39%
	Held by controlled corporation (Note)	63,771,400	24.58%
		77,761,400	29.97%
Wong Sui Chuen	Beneficial owner	762,000	0.29%
Lau Ping Cheung	Beneficial owner	100,000	0.04%

Note: These shares are held by a unit trust whose trustee is Unimicro Limited, a company incorporated in the British Virgin Islands, of which Mr. Yim Yuk Lun, Stanley JP is also a director. All units in the unit trust are beneficially owned by a discretionary trust established by Mr. Yim Yuk Lun, Stanley JP, the beneficiaries of which include the spouse and issues of Mr. Yim Yuk Lun, Stanley JP.

Save as disclosed above and other than certain nominee shares in subsidiaries held by certain directors in trust for the Company, none of the directors or chief executives or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2008.

SUBSTANTIAL SHAREHOLDERS

On 30 June 2008, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Hon Hai	Held by controlled corporation (<i>Note</i>)	46,000,000	17.73%
Foxconn Holding Limited ("Foxconn")	Beneficial owner	46,000,000	17.73%
CCB International Assets Management Limited	Beneficial owner	16,950,000	6.53%

Note: Hon Hai owns 100% interest in Foxconn and is accordingly deemed to be interested in those ordinary shares of the Company beneficially owned by Foxconn.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2008.

SHARE OPTION SCHEMES

Pursuant to the Company's share option scheme, the following share options were outstanding during six months period ended 30 June 2008:

	Date of grant	Exercise price per share	Exercisable period	Options outstanding as at 1 January 2008	Options granted during the period	Options exercised during the period	Options lapsed during the period	Options cancelled during the period	Options outstanding as at 30 June 2008	
Director:										
	Lau Ping Cheung	3 July 2007	HK\$1.50	3 July 2008 to 2 July 2010	1,000,000	-	-	-	-	1,000,000
	Employees	3 July 2007	HK\$1.50	3 July 2008 to 2 July 2010	5,000,000	-	-	(500,000)	-	4,500,000
					6,000,000	-	-	(500,000)	-	5,500,000

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

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months period ended 30 June 2008, except for the following deviations:

Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Yim Yuk Lun, Stanley *JP* acting as both the Chairman and the Managing Director of the Group is acceptable and in the best interest of the Group.

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. The non-executive directors have not been appointed for a specific term. However, according to the Bye-laws of the Company, one-third of the directors for the time being shall retire from office by rotation at each annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those in the Code.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and policies adopted by the Group and the unaudited interim financial statements for the six months ended 30 June 2008.

MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct adopted by the Company regarding securities transactions by directors.

APPRECIATION

On behalf of the Board, I would like to thank all staff members for their contribution and effort. I wish to extend my sincere gratitude to our shareholders and business partners for their continuous and valuable support.

On behalf of the Board

Yim Yuk Lun, Stanley JP

Chairman and Managing Director

Hong Kong, 5 September 2008