



DATRONIX HOLDINGS LIMITED

連達科技控股有限公司*

(Stock Code: 889)



INTERIM REPORT

2008

AWARDS



MEDTRONIC
"Supplier of the Year"



MICRO SYSTEMS ENGINEERING
"Special Recognition Award"



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



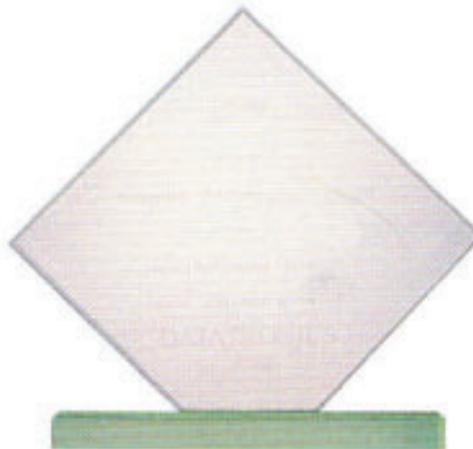
Ericsson



Milwaukee



**Preferred supplier
General Electric**



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



**Preferred supplier
Primex Aerospace**



Digital Equipment corp

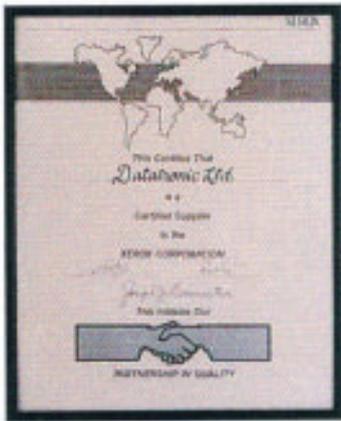


Xerox



United Technologies

AWARDS



Xerox



Xerox



ICL/Fujitsu



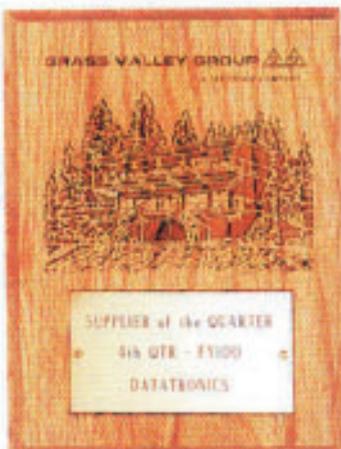
Xerox



Xerox



Xerox



Tektronix



Sola Electric



Tektronix

Customer Recognition For Quality, Service, Value



Honeywell



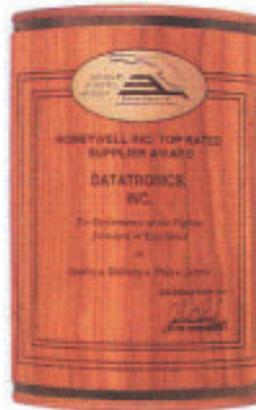
Honeywell



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

Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking

Corporation Limited

Bank of Communications

WEBSITE

www.datronixhldgs.com.hk

GENERAL

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

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

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

The Group's Product Line

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

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

Markets Served

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

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

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

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

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

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

The directors consider the 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

We are pleased to announce the results to our shareholders for the first six months ended 30 June 2008. The macroeconomic environment is impacting our overall business, particularly the slowdown among electronic manufacturers in global markets and the weakness in the US market. The pace of growth is gradually slowing in 2008 as consumer spending in the US is beginning to be affected by the financial market turmoil. In China, both the imposition of new labor regulations and appreciation of the Renminbi have posed challenges to us. Despite these difficulties, Datronix has worked diligently to lower costs, increase efficiency and enhance productivity in manufacturing.

MARKET REVIEW

Communication and Networking

For the first half of 2008, sales for the communication market were HK\$38.5 million, a decrease of 16% from the same period in 2007. Due to the cyclical nature of this sector, sales have been affected by the slowdown in spending. This market contributes 27% of Group sales.

Data Processing

For the first half of 2008, the data-processing market reported sales of HK\$7.2 million, an increase of 38% from same period in 2007. This market contributed 5% of Group sales.

Industrial Application

The industrial application market, having been less impacted by the economic slowdown, reported HK\$42.9 million in sales, an increase of 13%. We have observed a steady demand for safety equipment, lighting fixtures and other industrial applications. This market contributed 30% of Group sales.

High Reliability Segment

Military and Aerospace

The military and aerospace market reported HK\$41.3 million in sales for the first half of 2008. As this market consists of commercial aircraft and other military applications in the US, it is subject to government budget spending programs. This market contributes 29% of Group sales.

Healthcare

The healthcare market reported HK\$12.7 million in sales for the first six months of 2008. The main contributors to this sector are medical equipment/devices and oral healthcare products. 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 2008 together with comparative figures in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	Note	Six months ended 30 June	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Turnover	3	142,551	150,072
Cost of sales		(77,608)	(80,279)
Gross profit		64,943	69,793
Other revenue		2,230	3,887
Distribution and selling expenses		(9,931)	(10,817)
Administrative expenses		(14,776)	(13,960)
Profit before taxation	4	42,466	48,903
Income tax	5	(6,029)	(7,299)
Profit attributable to the equity shareholders of the Company		36,437	41,604
Interim dividend		13,440	13,440
Earnings per share	6		
– Basic		HK11.39 cents	HK13.00 cents
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET*At 30 June 2008*

	Note	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	7	36,804	36,788
Lease premium for land		19,578	19,398
		56,382	56,186
CURRENT ASSETS			
Lease premium for land		341	558
Inventories		78,132	77,425
Amount due from ultimate parent enterprise		18	18
Tax reserve certificates		13,624	13,624
Prepayments, deposits and other receivables		1,643	2,683
Trade receivables	8	40,689	36,913
Cash and cash equivalents		235,959	214,532
		370,406	345,753
CURRENT LIABILITIES			
Trade payables	9	12,638	14,303
Other payables and accruals		5,616	6,071
Taxation payables		17,618	14,301
		35,872	34,675
NET CURRENT ASSETS		334,534	311,078
TOTAL ASSETS LESS CURRENT LIABILITIES		390,916	367,264
NON-CURRENT LIABILITIES			
Deferred taxation		3,310	3,310
NET ASSETS		387,606	363,954
CAPITAL AND RESERVES			
Issued capital	10	32,000	32,000
Reserves		355,606	331,954
TOTAL EQUITY		387,606	363,954

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

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Net cash generated from operating activities	33,929	35,155
Net cash generated from investing activities	1,268	1,101
Net cash used in financing activities	(15,360)	(13,760)
Net increase in cash and cash equivalents	19,837	22,496
Effect of foreign exchange rate changes	1,590	1,130
Cash and cash equivalents at beginning of period	214,532	155,112
Cash and cash equivalents at end of period	235,959	178,738

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2008

	Issued capital	Share premium	Capital reserve	Property revaluation reserve	Exchange reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 2008	32,000	57,099	(23,724)	13,297	1,836	283,446	363,954
Dividends paid	-	-	-	-	-	(15,360)	(15,360)
Translation adjustments	-	-	-	-	2,575	-	2,575
Net profit for the period	-	-	-	-	-	36,437	36,437
At 30 June 2008	32,000	57,099	(23,724)	13,297	4,411	304,523	387,606

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 2007 Annual Report except as described below.

2. Accounting policies

In the current period, the Group has adopted, for the first time, the new or 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 2008 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 1 (Revised) Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised) Borrowing Costs	1 January 2009
HKAS 27 (Revised) Consolidated and Separate Financial Statements	1 July 2009
HKFRS 3 (Revised) Business Combinations	1 July 2009
HKFRS 8 Operating Segments	1 January 2009

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	
	2008 HK\$'000	2007 HK\$'000
United States of America (the "US")	125,243	127,978
Europe	7,029	10,564
Hong Kong	2,513	3,539
Southeast Asia (excluding Hong Kong)	7,766	7,991
	<u>142,551</u>	<u>150,072</u>

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

4. Profit before taxation

Profit before taxation is stated after charging the following:

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Cost of inventories sold (excluding write-down of inventories)	77,354	79,701
Depreciation and amortization	2,743	2,569
Write-down of inventories, net	254	578

5. Income tax

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

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Hong Kong profits tax	2,756	3,403
Overseas taxation	3,273	3,896
	6,029	7,299

Hong Kong profits tax was calculated at the rate of 16.5% (2007: 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	
	2008 HK\$'000	2007 HK\$'000
Profit before taxation	42,466	48,903
Effect of tax at Hong Kong profits tax rate of 16.5% (2007: 17.5%)	7,007	8,558
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,027	2,373
Income that are not taxable	(3,200)	(3,976)
Tax losses not recognized	195	175
Others	–	169
	6,029	7,299

6. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2008 was based on the profit attributable to shareholders of approximately HK\$36,437,000 (six months ended 30 June 2007: HK\$41,604,000) and on the weighted average number of 320,000,000 (2007: 320,000,000) shares in issue during the period.

Diluted earnings per share is not presented as there was no dilutive potential ordinary shares in existence during the period (2007: 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 2008 was HK\$1,700,000 (2007: HK\$2,030,000). There were no material disposals and write-offs of fixed assets during the six months ended 30 June 2008 and 30 June 2007.

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 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
0 to 30 days	23,427	18,767
31 to 60 days	12,413	13,233
61 to 90 days	3,784	3,824
Over 90 days	1,065	1,089
	40,689	36,913

9. Trade payables

The ageing analysis of trade payables is as follows:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
0 to 30 days	5,950	8,163
31 to 60 days	4,404	3,811
61 to 90 days	1,855	2,164
Over 90 days	429	165
	12,638	14,303

10. Share capital

	Number of shares	Amount HK\$'000
Authorised ordinary shares of HK\$0.1 each		
At 1 January 2008 and 30 June 2008	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK\$0.1 each		
At 1 January 2008 and 30 June 2008	320,000,000	32,000

11. Related party transactions

During the six months ended 30 June 2008, the Group's sales to Datatronics Romoland, Inc., a company in which Mr. Siu Paul Y., a director, has beneficial interest, amounted to HK\$37,900,000 (2007: HK\$40,100,000). The transactions constituted a continuing connected transaction under Chapter 14A of the Listing Rules and were carried out in the ordinary course of business and on normal commercial terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The turnover for the six months ended 30 June 2008 was HK\$142.6 million, compared to HK\$150.1 million for the same period in 2007. The profit attributable to equity shareholders for the six months ended 30 June 2008 was HK\$36.4 million, compared to HK\$41.6 million for the same period in 2007. The gross profit for the first six months in 2008 was HK\$64.9 million, compared to HK\$69.8 million for same period in 2007. The gross profit margin held steady at 45.5%, compared to 46.5% for the first six months of 2007. Datronix has continued to generate sufficient cash, with cash flow from operations currently at HK\$33.9 million.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2008, the Group had a total equity of approximately HK\$387.6 million (31 December 2007: HK\$364 million), and cash and cash equivalents of approximately HK\$236 million (31 December 2007: HK\$214.5 million), which were predominately denominated in Hong Kong dollars.

For the six months ended 30 June 2008, 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 2008.

Capital expenditure for the period under review amounted to approximately HK\$1.7 million (2007: HK\$2 million).

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

Employees and Remuneration Policies

As at 30 June 2008, the Group employed approximately 1,450 personnel around the world, with approximately 110 in Hong Kong, 1,320 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 was no material contingent liability as at 30 June 2008 (31 December 2007: HK\$ Nil).

Capital Commitments

The Group had no material capital commitment as at 30 June 2008 (31 December 2007: HK\$ 0.4 million).

Looking Ahead

Facing sluggish spending in the US market, our management is currently focused on exploring new geographic markets. We are applying lean manufacturing processes and restructuring efforts to better control manufacturing expenses. We believe that our management team, which has delivered strong profits in the past due to its successful execution of operations, will continue to enjoy success in the future.

We may be uncertain of what lies ahead, but with our healthy and strong balance sheet position, we continue to strive to provide confidence to our customers and shareholders. Once again, we thank our staff, customers and shareholders for their support and faith in Datronix.

OTHER INFORMATION**Directors' Interests in Shares**

As at 30 June 2008, 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 <i>(Note 1)</i>	233,000,000

(b) Associated corporation

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

Notes:

- 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 owns 90% and 10% of its issued share capital respectively, representing 72.8% of the issued share capital of the Company.
- These shares are held by Data Express Limited, a company incorporated in the Republic of Liberia, whose entire issued share capital is beneficially owned by Mr. Siu Paul Y..

Save as disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code of Securities Transactions by Directors of Listed Companies or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the directors and chief executives (including their spouses and children under the age of 18), had, as at 30 June 2008, 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 2008, 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 18 September 2008, the Board has resolved to declare an interim dividend of HK4.2 cents (2007: HK4.2 cents) per share, totaling HK\$13,440,000 (2007: HK\$13,440,000) in respect of the six months ended 30 June 2008 to shareholders whose names appear on the register of members of the Company on Thursday, 16 October 2008.

Close of Register of Members

The register of members of the Company will be closed from Monday, 13 October 2008 to Thursday, 16 October 2008, both dates inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with Hong Kong Registrars Limited, the Company's branch share registrars in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 10 October 2008. The cheques for dividend payment will be sent on about Tuesday, 28 October 2008.

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 2008.

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, 18 September 2008