SIM Technology

SIM TECHNOLOGY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 2000)

Interim Report 09

GROUP FINANCIAL HIGHLIGHTS

	Unaudited consolidated For the six months ended 30 June 2009	2008	Approximate percentage of decrease
• Revenue (HK$ million)	**1,139**	1,507	24.46%
• Gross profit (HK$ million)	**100**	208	51.78%
• Gross profit margin	**8.81%**	13.8%	36.16%
• Net profit (HK$ million)	**31**	123	74.70%
• Basic earnings per share (HK cents)	**2.0**	8.1	75.31%
• Interim dividend per share (HK cents)	**0.8**	3.0	73.33%

CHAIRMAN'S STATEMENT

Market and Business Review

The first half of 2009 ("1H-2009" or "1H09" or "reporting period" or "period under review") was full of challenges resulted from global contracting economic environment under the impact of the global financial crisis, intense domestic handset market competition and telecom industry of the People's Republic of China (the "PRC" or "China") reshuffling after the restructuring of China's telecom industry and the issuance of the 3G licenses in early 2009. Nevertheless, business comes with challenges and opportunities. With the Group's solid foundation and strong financial position, the management will overcome these challenges and convert them into future business opportunities.

Facing the downturn of the global handset market condition over the course of the financial crisis during the period under review, the overall performance of SIM Technology Group Limited (the "Company") and its subsidiaries (the "Group") was adversely affected by the contraction in handset demand, as well as declining average selling price of handset products and acute supply shortage of some key components. Nonetheless, despite the weak market sentiment and keen competitive environment, both the unit shipment and revenue of our full handset product continued to grow in 1H-2009, especially for the international market.

In response to the challenging market environment, the Group continued to maintain a tight headcount, expense and capital expenditure control approach. As a result, the Group continued to maintain a strong net cash position with balances amounting to over HK$693.8 million (as at 31 December 2008: HK$623.4 million).

Mobile handset solutions

With persistent pressure of the domestic low-end market, the Group continued to execute the strategy of focusing our research and development ("R&D") resources to serve the high-end mobile handset demand of the domestic and international markets as to optimize our product and business mix. As a result, full handset unit shipments and revenue for 1H-2009 increased 73% and 67.5% respectively over the same period last year, especially for international sales. Additionally, after successfully completing the first ODM (original design manufacturer) project for the largest Japan handset OEM (original equipment manufacturer) in the second half of 2008, the Group commenced several new projects for this Japanese OEM in 1H-2009 covering 22 handset models developed under the TD-SCDMA, GSM and WCDMA based technology.

Despite the issuance of the 3G licenses to 3 major PRC telecom operators in early 2009, the revenue contributions of the 3G business remained small to the Group due to slower than expected 3G network build-out rate and relatively high monthly subscription fee during the period under review. However, the management is encouraged with recent forecast on the 3G network build-out and investments plans by all three major telecom operators and believes that these events may trigger a faster growth of the telecom industry of China for the next several years.

LCD Modules

Facing persistent price-cutting pressure and the economic contraction environment, the revenue of the liquid crystal display ("LCD") segment business for 1H09 decreased by 52.46% as compared to the corresponding period in 2008 while the gross profit margin improved slightly to 9.02%. The margin increase was primarily attributable to the high gross margin touch-panel sub-module.

Wireless communication modules and modems

Overall wireless module industry has begun to recover in late 1H09 as the financial crisis became stable. Our wireless module business was able to keep pace with the overall industry growth. In 1H09, the Group has won several TD-SCDMA module tenders and was one of the main TD-SCDMA module suppliers for China Mobile selected terminal OEMs. However, the modem business, especially 3G modems, was faced with intense price competition. As a result, both the revenue and gross profit for the segment have decreased.

Interim dividend

The board of directors of the Company (the "Board") has resolved to declare an interim dividend for the six months ended 30 June 2009 of HK0.8 cent per share in cash (2008: HK3.0 cents per share) to shareholders whose names appear on the register of members of the Company on 18 September 2009. The interim dividend will be paid on or about 6 October 2009.

Closure of register of members

The Company's register of members will be closed from 16 September 2009 to 18 September 2009, both days inclusive, during such period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on 15 September 2009.

Outlook

The global handset industry was under severe pressure over the weak economic condition in the first quarter of 2009. However, overall handset market showed initial signs of recovery during the end of the period under review, resulting from improved consumer sentiment and steady economic growth under the economic policies of key nations around the world to stimulate consumer consumption, especially in the domestic handset market.

Looking forward to the second half of the year, there remains a lot of uncertainty in the future economic environment. Yet, the management believes that the domestic telecom industry reshuffling, the 3G network build-out plans and China's economic policy to stimulate domestic consumption will inevitably drive the growth of the domestic handset market for future years. Capitalizing on the Group's R&D development capability and its full range of 3G handset solutions covering TD-SCDMA, CDMA2000/EVDO and WCDMA/HSDPA standards, the management expects that the Group will be best positioned to take advantage of the growth in the 3G era.

With the impending 3G network commercial rollout in China, the management also anticipates that high-end handset demand such as smart phone will grow substantially riding on the growth of potential mobile internet users given China's large and growing internet user base. The Group will leverage its R&D development strength and continue to expand its resources on smart phone to cater for this new growth driver.

To drive growth for the Group besides the China market, the management will continue to focus on expanding the handset design service and wireless module solutions and products to global leading handset OEMs and mobile operators. Emerging markets will continue to be a key driver for growth of international business of the Group.

Amid all market uncertainties, the management remains confident that the Group is well placed to overcome the challenges ahead. The Group's solid foundation and leadership position in 3G solutions development coupled with our discipline in execution and strong financial fundamentals will enable us to improve our performance in the second half of the year and beyond.

Appreciation

The Board would like to thank our shareholders, customers, suppliers, bankers and professional advisers for their support of the Group and to extend our appreciation to all our staff for their dedication and contribution throughout the reporting period.

Yeung Man Ying
Chairman

Hong Kong, 21 August 2009

FINANCIAL REVIEW

Financial results

For the six months ended 30 June 2009, the Group's revenue decreased by 24.46% to HK$1,138.7 million (2008: HK$1,507.3 million) as compared with that of first half of 2008 ("1H-2008"). The significant sales drop was attributable to the decrease in sales orders of the Group after the financial crisis.

The gross profit of the Group decreased by 51.78% to HK$100.3 million (2008: HK$207.9 million) for 2009 as compared to 1H-2008 while the gross profit margin decreased to 8.81% (2008: 13.8%). The profit for the reporting period decreased by 74.7% year-on-year to HK$31.1 million (2008: HK$122.9 million). The basic earnings per share decreased 75.31% year-on-year to HK2 cents (2008: HK8.1 cents).

Segment results

	Six months ended 30 June							
	2009				2008			
	Revenue HK$'M	**Unit shipped '000**	**Gross profit HK$'M**	**Gross profit margin %**	Revenue HK$'M	Unit shipped '000	Gross profit HK$'M	Gross profit margin %
Mobile handset solutions	**684**	**5,906**	**21**	**3.12%**	835	7,117	85	10.11%
LCD modules	**125**	**1,950**	**11**	**9.02%**	263	2,569	22	8.41%
Wireless communication modules and modems	**330**	**2,378**	**68**	**20.51%**	409	2,400	101	24.78%
Total	**1,139**	**10,234**	**100**	**8.81%**	1,507	12,086	208	13.80%

Mobile handset solutions

During the reporting period, the sales orders dropped significantly under the economic downturn, and as a result, the revenue for the mobile handset solutions decreased by 18.13% to HK$683.7 million (2008: HK$835 million) as compared with that of 1H-2008. The gross profit margin dropped to 3.12% (2008: 10.11%) which was attributable to the intensified price competition of the handset market. Furthermore, the proportion of amortisation cost of the R&D capitalisation to revenue increased in 1H-2009 as compared with that in 1H-2008. The Group has launched 118 handset models and 29 handset platforms during the reporting period (2008: 95 handset models, 22 handset platforms).

LCD modules

The revenue and gross profit for LCD modules decreased dramatically by 52.46% and 49.01% respectively during the reporting period as compared to those in 1H-2008. The gross profit margin for LCD modules of the Group in 1H-2009 however improved slightly to 9.02% (2008: 8.41%) as compared to the same period last year because of the increase in sales of the high gross margin touch-panel sub-modules.

Wireless communication modules and modems

The revenue and gross profit of the wireless communication modules and modems of the Group for 1H-2009 decreased by 19.37% and 33.27% respectively as compared with that for 1H-2008, while the gross profit margin dropped to 20.51% (2008: 24.78%). Both the decrease in revenue and gross profit margin for the segment was mainly attributed to the intense price competition on 3G modem. Wireless communication modules continued to keep pace with the industry growth.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The financial position of the Group remains strong and healthy. As at 30 June 2009, the Group had bank balances of HK$958.5 million (31 December 2008: HK623.4 million), of which 77.44% was held in Renminbi, 21.38% was held in United States ("US") dollars and the remaining balance was held in Hong Kong dollars. The bank balances are expected to finance the Group's working capital and capital expenditure plans in developing new technologies for mobile handsets.

As at 30 June 2009, the Group had total bank borrowings amounting to HK$264.7 million (31 December 2008: Nil) comprising invoice financing bank loans and denominated in US dollars, were matured within one year. The annual interest rate on the above bank borrowings was approximately 1.7%.

For the period under review, the Group's turnover period for inventory, trade receivables together with notes and bills receivable, and trade payables were increased to 68 days, 39 days and 97 days respectively as compared to the full year of 2008 which were 50 days, 29 days and 65 days respectively. The turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

After reviewing the current financial position based on the Group's finance policy, the management of the Group considered that it was not necessary to use any financial instrument for hedging purpose nor adopt any particular hedging policy.

As at 30 June 2009, the Company had an issued capital comprising 1,520,893,000 ordinary shares of HK$0.10 each.

GEARING RATIO

As at 30 June 2009, the total assets value of the Group was HK$2,439.6 million (31 December 2008: HK$1,932.3 million) and the bank borrowings was HK$264.7 million (31 December 2008: Nil). The gearing ratio of the Group, calculated as total bank borrowings over total assets, was 10.85% (31 December 2008: 0%).

EMPLOYEES

As at 30 June 2009, the Group had 2,311 (31 December 2008: 2,194) employees. The Group operates a Mandatory Provident Fund retirement benefits scheme for all its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC. The Group also offers discretionary bonuses to its employees by reference to individual performance and the performance of the Group.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the human resources department and seeks to provide remuneration packages on the basis of their merit, qualifications and competence of the employees.

The emoluments of the directors ("Directors") and senior management of the Company will be reviewed by the Remuneration Committee, having regard to factors including the Group's operating results, responsibilities of the Directors and senior management and comparable market statistics.

The Company has adopted a pre-listing share option scheme to recognise and reward the contribution of certain Directors and employees of the Group to the growth and development of the Group. The Group has also adopted another share option scheme, the primary purpose of which is to motivate the eligible persons referred to in the scheme, which includes employees of the Group, to optimise their future contributions to the Group and to reward them for their efforts.

CHARGES ON GROUP ASSETS

As at 30 June 2009, there were no charges on the Group's assets.

FOREIGN EXCHANGE EXPOSURE

Most of the sales of the Group are denominated in Renminbi and most of the purchases of inventories are denominated in US dollars. With the introduction of a more elastic exchange rate regime for Renminbi, the Renminbi exchange rate movements might become more volatile, creating an uncertainty effect on the Group's business. Furthermore, certain trade receivables, trade payables and bank balances are denominated in US dollars, therefore exposing the Group to US dollars currency risk. The Group does not have a foreign currency hedging policy but will continue to monitor any further changes in Renminbi's exchange rate and would proactively take measures to minimise any adverse impact that fluctuations of exchange rates might have on the Group.

FUTURE PLANS FOR MATERIAL INVESTMENT

As at 30 June 2009, the Group did not have any other material investment plans.

CONTINGENT LIABILITIES

As at 30 June 2009, the Group did not have any material contingent liabilities.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	NOTES	Six months ended 30 June 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Revenue	3	**1,138,652**	1,507,322
Cost of sales		**(1,038,375)**	(1,299,385)
Gross profit		**100,277**	207,937
Other income		**8,304**	65,487
Recycling of gain on disposal of available-for-sale investments		**25,366**	–
Research and development expenses		**(34,297)**	(46,148)
Selling and distribution costs		**(32,158)**	(41,002)
Administrative expenses		**(42,711)**	(50,699)
Finance costs		**(1,735)**	(396)
Profit before taxation		**23,046**	135,179
Tax credit (charge)	4	**8,063**	(12,237)
Profit for the period	5	**31,109**	122,942
Earnings per share	7		
Basic		**HK2.0 cents**	HK8.1 cents
Diluted		**–**	HK8.1 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Six months ended 30 June	
		2009	2008
		HK$'000	HK$'000
	NOTES	**(unaudited)**	(unaudited)
Profit for the period		**31,109**	122,942
Other comprehensive income			
Exchange difference arising on translation to presentation currency		**6,556**	50,628
Change in fair value of available-for-sale investments		**25,366**	(50,114)
Reclassification adjustment – transfer to profit or loss on disposal of available-for-sale investments		**(25,366)**	–
Surplus on transfer of land use rights and property, plant and equipment to investment properties at fair value	8	**1,243**	–
Deferred tax on surplus on transfer of land use rights and property, plant and equipment to investment properties at fair value	9	**(310)**	–
Other comprehensive income for the period (net of tax)		**7,489**	514
Total comprehensive income for the period		**38,598**	123,456

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2009

	NOTES	30 June 2009 HK$'000 (unaudited)	31 December 2008 HK$'000 (audited)
Non-current assets			
Investment properties	8	**18,297**	16,396
Property, plant and equipment	8	**299,945**	291,406
Land use rights		**77,578**	77,909
Intangible assets	8	**138,951**	161,598
Deferred tax assets	9	**3,439**	3,410
Available-for-sale investments		**–**	36,866
Deposit paid for land use right		**48,844**	44,748
		587,054	632,333
Current assets			
Inventories		**507,137**	277,678
Trade receivables	10	**203,286**	232,420
Notes and bills receivable	10	**35,688**	18,129
Other receivables, deposits and prepayments		**147,982**	148,311
Bank balances and cash		**958,493**	623,388
		1,852,586	1,299,926
Current liabilities			
Trade and notes payables	11	**587,192**	352,092
Other payables, deposits received and accruals		**209,607**	207,971
Tax payable		**1,546**	22,868
Bank borrowings	12	**264,684**	–
		1,063,029	582,931
Net current assets		**789,557**	716,995
Total assets less current liabilities		**1,376,611**	1,349,328
Capital and reserves			
Share capital	13	**152,089**	151,749
Reserves		**1,211,816**	1,183,642
		1,363,905	1,335,391
Non-current liabilities			
Deferred tax liabilities	9	**12,706**	13,937
		1,376,611	1,349,328

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Share capital HK$'000	Share premium HK$'000	Statutory surplus reserve HK$'000 (note a)	Other reserve HK$'000 (note b)	Share option reserve HK$'000	Properties revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated profits HK$'000	Total equity attributable to owners of the Company HK$'000
At 1 January 2008 (audited)	151,588	478,880	27,599	97,091	11,691	–	29,371	72,823	375,958	1,245,001
Profit for the period	–	–	–	–	–	–	–	–	122,942	122,942
Exchange difference arising on translation to presentation currency	–	–	–	–	–	–	–	50,628	–	50,628
Change in fair value of available-for-sale investments	–	–	–	–	–	–	(50,114)	–	–	(50,114)
Total comprehensive income for the period	–	–	–	–	–	–	(50,114)	50,628	122,942	123,456
Issue of new shares upon exercise of share options	161	1,481	–	–	–	–	–	–	–	1,642
Transfer upon exercise of share options	–	1,020	–	–	(1,020)	–	–	–	–	–
Transfer upon forfeiture of share options	–	–	–	–	(1,260)	–	–	–	1,260	–
Recognition of equity settled share based payments	–	–	–	–	5,796	–	–	–	–	5,796
Dividend paid	–	–	–	–	–	–	–	–	(37,937)	(37,937)
At 30 June 2008 (unaudited)	151,749	481,381	27,599	97,091	15,207	–	(20,743)	123,451	462,223	1,337,958
At 1 January 2009 (audited)	151,749	481,381	27,599	97,091	20,162	8,911	–	112,185	436,313	1,335,391
Profit for the period	–	–	–	–	–	–	–	–	31,109	31,109
Exchange difference arising on translation to presentation currency	–	–	–	–	–	–	–	6,556	–	6,556
Change in fair value of available-for-sale investments	–	–	–	–	–	–	25,366	–	–	25,366
Transfer to profit or loss on disposal of available-for-sale investments	–	–	–	–	–	–	(25,366)	–	–	(25,366)
Surplus on transfer of land use rights and property, plant and equipment to investment properties at fair value	–	–	–	–	–	1,243	–	–	–	1,243
Deferred tax liability on surplus on transfer of land use rights and property, plant and equipment to investment properties at fair value	–	–	–	–	–	(310)	–	–	–	(310)

	Share capital HK$'000	Share premium HK$'000	Statutory surplus reserve HK$'000 (note a)	Other reserve HK$'000 (note b)	Share option reserve HK$'000	Properties revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated profits HK$'000	Total equity attributable to owners of the Company HK$'000
Total comprehensive income for the period	-	-	-	-	-	933	-	6,556	31,109	38,598
Issue of new shares upon exercise of share options	340	2,482	-	-	-	-	-	-	-	2,822
Transfer upon exercise of share options	-	291	-	-	(291)	-	-	-	-	-
Recognition of equity settled share based payments	-	-	-	-	2,269	-	-	-	-	2,269
Dividend paid	-	-	-	-	-	-	-	-	(15,175)	(15,175)
At 30 June 2009 (unaudited)	152,089	484,154	27,599	97,091	22,140	9,844	-	118,741	452,247	1,363,905

Notes:

(a) As stipulated by the relevant People's Republic of China ("PRC") laws and regulations, before distribution of the net profit each year, the subsidiaries established in the PRC shall set aside 10% of their net profit after taxation to the statutory surplus reserve. The reserve fund can only be used, upon approval by the board of directors of the relevant subsidiaries and by the relevant authority, to offset accumulated losses or increase capital.

(b) Other reserve is arisen from a reorganisation to rationalise the structure of the Group in preparation for listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	**109,236**	101,238
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(25,084)**	(68,827)
Proceeds from disposal of property, plant and equipment	**338**	1
Expenditure on intangible assets	**(60,093)**	(72,948)
Deposit paid for purchase of land use right	**(3,700)**	–
Proceeds from disposal of available-for-sale investments	**62,479**	–
NET CASH USED IN INVESTING ACTIVITIES	**(26,060)**	(141,774)
FINANCING ACTIVITIES		
Issue of shares	**2,822**	1,642
New bank borrowings raised	**264,684**	126,868
Dividends paid	**(15,175)**	(37,937)
Interest paid	**(1,735)**	(396)
NET CASH FROM FINANCING ACTIVITIES	**250,596**	90,177
NET INCREASE IN CASH AND CASH EQUIVALENTS	**333,772**	49,641
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**623,388**	620,440
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**1,333**	33,174
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH	**958,493**	703,255

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda (as amended) with limited liability. Its ultimate and immediate holding company is Info Dynasty Group Limited, a company incorporated in the British Virgin Islands.

The Company is an investment holding company. The principal activities of its subsidiaries are sale of liquid crystal display ("LCD") modules, mobile handset solutions, wireless communication modules and modems.

The functional currency of the Company is Renminbi. The condensed consolidated financial statements are presented in Hong Kong dollar, as the directors consider that such presentation is more appropriate for a company listed in Hong Kong and for the convenience of the shareholders.

The condensed consolidated financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the accounting policy on borrowing costs as described below.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments or interpretations, ("new and revised IFRSs") issued by International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are effective for the Group's financial year beginning 1 January 2009.

IAS 1 (Revised 2007)	Presentation of financial statements
IAS 23 (Revised 2007)	Borrowing costs
IAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
IFRS 1 & IAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
IFRS 2 (Amendment)	Vesting conditions and cancellations
IFRS 7 (Amendment)	Improving disclosures about financial instruments
IFRS 8	Operating segments
IFRIC 9 & IAS 39 (Amendments)	Embedded derivatives
IFRIC 13	Customer loyalty programmes
IFRIC 15	Agreements for the construction of real estate
IFRIC 16	Hedges of a net investment in a foreign operation
IFRSs (Amendments)	Improvements to IFRSs issued in 2008, except for the amendment to IFRS 5 that is effective for accounting periods beginning on or after 1 July 2009
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 in relation to the amendment to paragraph 80 of IAS 39

IAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. IAS 23 (Revised 2007) removes the option available under the previous version of the standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The revised accounting policy has been applied prospectively and does not have a material effect on the reported results and financial position of the Group for the current or prior accounting periods.

IFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, IAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14 (see note 3).

The adoption of the new and revised IFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Amendment to IFRS 5 as part of improvements to IFRSs issued in 2008 [1]
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 [2]
IAS 27 (Revised in 2008)	Consolidated and separate financial statements [1]
IAS 39 (Amendment)	Eligible hedged items [1]
IFRS 1 (Amendment)	Additional exemptions for first-time adopters [3]
IFRS 2 (Amendment)	Group cash-settled share-based payment transactions [3]
IFRS 3 (Revised in 2008)	Business combinations [1]
IFRIC 17	Distribution of non-cash assets to owners [1]
IFRIC 18	Transfer of assets from customers [4]

[1] Effective for accounting periods beginning on or after 1 July 2009.
[2] Amendments that are effective for accounting periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
[3] Effective for accounting periods beginning on or after 1 January 2010.
[4] Effective for transfers on or after 1 July 2009.

The adoption of IFRS 3 (Revised in 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. IAS 27 (Revised in 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted IFRS 8 "Operating segments" with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the board of directors, in order to allocate resources to segments and to assess their performance. The application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14, nor has the adoption of IFRS 8 changed the basis of measurement of segment profit or loss.

The Group is currently organised into three revenue streams – sale of mobile handset solutions, sale of LCD modules and sale of wireless communication modules and modems. These revenue streams are the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

Segment information about these businesses is presented below:

Six months ended 30 June 2009

	Sale of mobile handset solutions HK$'000	Sale of LCD modules HK$'000	Sale of wireless communication modules and modems HK$'000	Consolidated HK$'000
Revenue				
External sales	683,669	125,134	329,849	1,138,652
Result				
Segment result	(28,464)	(4,434)	46,026	13,128
Recycling of gain on disposal of available-for-sale investments				25,366
Other income				3,345
Corporate expenses				(17,058)
Finance costs				(1,735)
Profit before taxation				23,046

Six months ended 30 June 2008

	Sale of mobile handset solutions HK$'000	Sale of LCD modules HK$'000	Sale of wireless communication modules and modems HK$'000	Consolidated HK$'000
Revenue				
External sales	835,016	263,232	409,074	1,507,322
Result				
Segment result	60,211	821	83,973	145,005
Other income				2,551
Corporate expenses				(11,981)
Finance costs				(396)
Profit before taxation				135,179

All of the segment revenue reported above is from external customers.

Segment result represents the financial result by each segment without allocation of recycling of gain on disposal of available-for-sale investments, other income, corporate expenses and finance costs. This is the measure reported to the Group's management for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by operating segments:

	30 June 2009 HK$'000	31 December 2008 HK$'000
Sale of mobile handset solutions	**697,437**	528,203
Sale of LCD modules	**180,400**	188,977
Sale of wireless communication modules and modems	**238,232**	179,256
Total segment assets	**1,116,069**	896,436

4. TAX CREDIT (CHARGE)

	Six months ended 30 June 2009 HK$'000	2008 HK$'000
Tax credit (charge) comprises:		
PRC Enterprise Income Tax		
– current period	**(2,280)**	(21,949)
– overprovision in prior periods (note)	**8,685**	8,909
Deferred tax credit (note 9)	**1,658**	803
	8,063	(12,237)

Note: The tax credit of HK$8,685,000 (1 January 2008 to 30 June 2008: HK$8,909,000) relates to additional tax deductions approved by the tax authority on research and development costs incurred in the prior periods by certain subsidiaries which were classified as "Hi-New Technology Enterprises".

No provision for Hong Kong Profits Tax has been made for both periods as the Company and its subsidiaries have no assessable profits arising in Hong Kong.

PRC Enterprise Income Tax is calculated at the rate prevailing in the relevant districts of the PRC taking relevant tax incentives into account.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Profit for the period is arrived at after charging (crediting):		
Amortisation of intangible assets (included in cost of sales)	**85,626**	82,603
Amortisation of land use rights	**830**	807
Depreciation of property, plant and equipment	**18,343**	15,235
Less: Amount capitalised in development costs classified as intangible assets	**(2,442)**	(1,770)
	15,901	13,465
Staff costs including directors' emoluments	**100,742**	142,181
Less: Amount capitalised in development costs classified as intangible assets	**(39,587)**	(51,668)
	61,155	90,513
Write-down of inventories (included in cost of sales)	**19,757**	33,914
Allowance for bad and doubtful debts	**4**	1,327
Government subsidies	**(1,257)**	(5,244)
Refund of Value Added Tax ("VAT") (note)	**(4,599)**	(32,500)
Interest income	**(1,515)**	(2,551)
Net foreign exchange loss (gain)	**1,027**	(23,917)
Rental income from investment properties (included in other income)	**(891)**	–
Less: Outgoings	**94**	–
	(797)	–

Note: The Group's subsidiaries, Shanghai Simcom Limited, Shanghai Speedcomm Technology Limited and Shanghai Simcom Wireless Solutions Limited are engaged in the business of distribution of self-developed and produced software. Under the current PRC tax regulation, they are entitled to a refund of VAT paid for sales of self-developed software in the PRC.

6. DIVIDEND

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Dividend recognised as distribution – final dividend for year 2008 of HK1.0 cent (2008: HK2.5 cents for year 2007) per share	**15,175**	37,937

Subsequent to the balance sheet date, the directors resolved that an interim dividend of HK0.8 cent (1 January 2008 to 30 June 2008: HK3.0 cents) per share be paid to the shareholders of the Company whose names appear on the register of members on 18 September 2009.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period)	**31,109**	122,942
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,517,824**	1,517,257
Share options	**–**	8,209
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,517,824**	1,525,466

For the period ended 30 June 2009, the denominators used are the same as those detailed above for both basic and diluted earnings per share. No diluted earnings per share have been presented because the exercise prices of the Company's share options were higher than the average market price of the shares in the current period.

For the period ended 30 June 2008, weighted average number of ordinary shares for the purpose of the computation of diluted earnings per share has accounted for the effect of the share based payments for the options with dilutive effect.

8. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group's investment properties were fair valued by the directors by reference to recent market transactions of similar types of properties. Based on the assessment by the directors, the fair value of investment properties as at 30 June 2009 are not materially different from the professional valuation made at 31 December 2008 and, accordingly, no fair value changes have been recognised directly in profit or loss for the six months ended 30 June 2009 (2008: nil).

During the period, a building has been leased out for earning rental income. As a result, certain land use rights and properties have been transferred to investment properties. The carrying amounts of these land use rights and properties amounted to HK$186,000 and HK$327,000 respectively. The fair value of these properties as at the date of transfer was HK$1,756,000, which was assessed by Vigers Appraisal and Consulting Limited, independent qualified professional valuers not connected with the Group. The difference between the carrying amount and the fair value of these properties was credited to the properties revaluation reserve.

During the period, additions to the Group's property, plant and equipment amounted to HK$25,084,000 (1 January 2008 to 30 June 2008: HK$68,827,000).

During the period, additions to the Group's intangible assets amounted to HK$62,535,000 (1 January 2008 to 30 June 2008: HK$76,660,000).

9. DEFERRED TAXATION

The followings are the major deferred tax assets (liabilities) recognised by the Group and the movement thereon during the current period and prior year:

	Development cost capitalised HK$'000	Revaluation of buildings and land use rights transfer to investment properties HK$'000	Write-down of inventories and trade receivables HK$'000	Total HK$'000
At 1 January 2008 (audited)	(6,478)	-	3,592	(2,886)
Charge to consolidated income statement	(4,126)	-	(384)	(4,510)
Charge to properties revaluation reserve	-	(2,971)	-	(2,971)
Exchange realignment	(362)	-	202	(160)
At 31 December 2008 (audited)	(10,966)	(2,971)	3,410	(10,527)
Credit to consolidated income statement	1,658	-	-	1,658
Charge to properties revaluation reserve	-	(310)	-	(310)
Exchange realignment	(90)	(27)	29	(88)
At 30 June 2009 (unaudited)	(9,398)	(3,308)	3,439	(9,267)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2009 HK$'000	31 December 2008 HK$'000
Deferred tax assets	**3,439**	3,410
Deferred tax liabilities	**(12,706)**	(13,937)
	(9,267)	(10,527)

10. TRADE RECEIVABLES AND NOTES AND BILLS RECEIVABLE

The normal credit period taken on sales of goods is 0 to 90 days. The following is an aged analysis of trade receivables net of impairment losses and notes and bills receivable at the reporting date:

	30 June 2009 HK$'000	31 December 2008 HK$'000
0 – 30 days	**184,525**	75,098
31 – 60 days	**15,036**	136,951
61 – 90 days	**1,729**	3,133
91 – 180 days	**1,687**	15,326
Over 180 days	**10,882**	12,396
	213,859	242,904
Less: Accumulated allowances	**(10,573)**	(10,484)
Trade receivables	**203,286**	232,420
0 – 30 days	**33,978**	16,321
31 – 60 days	**–**	1,808
61 – 90 days	**1,710**	–
Notes and bills receivable (note)	**35,688**	18,129

Note: Notes and bills receivable represent the promissory notes received which were issued by banks of the customers.

11. TRADE AND NOTES PAYABLES

The normal credit period taken for trade purchases is 30 to 60 days. The following is an aged analysis of trade and notes payables at the reporting date:

	30 June 2009 HK$'000	31 December 2008 HK$'000
0 – 30 days	**505,177**	256,996
31 – 60 days	**53,171**	22,053
61 – 90 days	**15,757**	17,077
Over 90 days	**13,087**	55,966
	587,192	352,092

12. BANK BORROWINGS

During the period, the Group obtained new short-term bank borrowings in the amount of HK$264,684,000 (1 January 2008 to 30 June 2008: HK$126,868,000). The borrowings bear interest at fixed rates ranging from 1.25% to 2.42% per annum and are repayable within one year. The proceeds were used to meet short-term expenditure needs.

13. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2009 and 30 June 2009	3,000,000	300,000
Issued:		
At 1 January 2009	1,517,490	151,749
Exercise of share options (note)	3,403	340
At 30 June 2009	1,520,893	152,089

Note: During the period, the Company issued a total of 312,500 and 3,090,500 new shares of HK$0.10 each at a price of HK$1.02 and HK$0.81 per share respectively to eligible employees upon exercise of share options. The shares which were issued during the period rank pari passu with each others in all respects.

14. OPERATING LEASE ARRANGEMENT

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2009 HK$'000	31 December 2008 HK$'000
Within one year	**2,412**	2,377
In the second to fifth year inclusive	**2,434**	3,496
	4,846	5,873

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2009 HK$'000	31 December 2008 HK$'000
Within one year	**1,954**	1,853
In the second to fifth year inclusive	**8,594**	7,992
After five years	**10,642**	11,859
	21,190	21,704

15. COMMITMENTS

	30 June 2009 HK$'000	31 December 2008 HK$'000
Capital commitment		
Expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– building construction	**25,220**	49,952
Expenditure in respect of building construction authorised but not contracted for	**–**	27,937

16. RELATED PARTY TRANSACTIONS

The remuneration of key management during the period was as follows:

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Short term benefits	**2,628**	4,473
Post-employment benefits	**102**	95
Share based payments	**21**	539
	2,751	5,107

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES

As at 30 June 2009, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Future Ordinance (CAP 571, Laws of Hong Kong) ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Long position in the shares of the Company and the shares of associated corporations of the Company

Name of director	Name of corporation	Nature of interest	Total number of ordinary shares	Approximate percentage of interest in the corporation (note 3)
Mr Wong Cho Tung	Company	Corporate interest (note 1)	910,000,000	59.83%
	Info Dynasty Group Limited ("Info Dynasty")	Personal interest	1,000	49.95%
Ms Yeung Man Ying	Company	Corporate interest (note 2)	841,175,000	55.31%
	Company	Personal interest	320,000	0.02%
	Subtotal		841,495,000	55.33%
	Info Dynasty	Personal interest	1,000	49.95%
Mr Wong Hei, Simon	Info Dynasty	Personal interest	1	0.05%
Mr Zhang Jianping	Company	Personal interest	1,500,000	0.10%
Ms Tang Rongrong	Company	Personal interest	186,000	0.01%

Notes:

1. Mr Wong Cho Tung ("Mr Wong") controls more than one-third of the voting power of Info Dynasty. Mr Wong is therefore deemed to be interested in all the 841,175,000 shares held by Info Dynasty in the Company by virtue of Part XV of the SFO. Both Intellipower Investments Limited ("Intellipower") and Simcom Limited ("Simcom (BVI)") are wholly-owned by Mr Wong and he is therefore deemed to be interested in all the 48,825,000 shares and 20,000,000 shares held by Intellipower and Simcom (BVI) in the Company respectively by virtue of Part XV of the SFO.

2. Ms Yeung Man Ying ("Mrs Wong"), the spouse of Mr Wong, controls more than one-third of the voting power of Info Dynasty. Mrs Wong is therefore deemed to be interested in all the 841,175,000 shares held by Info Dynasty by virtue of Part XV of the SFO.

3. Calculation of percentage of interest in the Company is based on the issued share capital of 1,520,893,000 shares of the Company as at 30 June 2009.

(b) Interest in the underlying shares of equity derivatives of the Company

Please see the section headed "Share Options" on page 35 to 37 of this report for information of the interests of the Directors and chief executive of the Company in the underlying shares of the equity derivatives of the Company as at 30 June 2009.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the interests or short position of other persons (other than a Director or chief executive of the Company) in the shares and underlying shares and debentures of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO were as follows:

Name of shareholder	Nature of interest	Number of shares in the Company	Approximate percentage of interest in the Company (note 1)
Info Dynasty	Beneficial interest	841,175,000	55.31%

Notes:

1. Calculation of percentage of interest in the Company is based on the issued share capital of 1,520,893,000 shares of the Company as at 30 June 2009.

2. The relationship between Info Dynasty and Mr Wong and the relationship between Info Dynasty and Mrs Wong is disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Position in Shares" above.

SHARE OPTIONS

The Company granted share options under the pre-listing share option scheme adopted by the Company on 30 May 2005 ("Pre-IPO Options") and under a share option scheme ("Post-IPO Options") adopted on 30 May 2005.

The details of the options under Pre-IPO Options and Post-IPO Options granted to certain Directors and employees of the Group and movements in such holdings were illustrated below:

Category of participants	Name of scheme	Date of grant	Outstanding at 1 January 2009	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2009
Directors							
Mr Zhang Jianping	Pre-IPO Options	30.5.2005	1,500,000	-	-	-	1,500,000
	Post-IPO Options	28.3.2008	1,600,000	-	(236,000)	-	1,364,000
Ms Tang Rongrong	Pre-IPO Options	30.5.2005	464,000	-	-	-	464,000
	Post-IPO Options	28.3.2008	1,600,000	-	(50,000)	-	1,550,000
Mr Chan Tat Wing, Richard	Pre-IPO Options	30.5.2005	500,000	-	-	-	500,000
	Post-IPO Options	28.3.2008	1,600,000	-	-	-	1,600,000
			7,264,000	-	(286,000)	-	6,978,000
Employees of the Group	Pre-IPO Options	30.5.2005	11,458,500	-	(312,500)	(1,286,000)	9,860,000
	Post-IPO Options	12.5.2006	7,055,000	-	-	(517,500)	6,537,500
	Post-IPO Options	13.11.2007	14,290,000	-	-	(945,000)	13,345,000
	Post-IPO Options	28.3.2008	65,180,000	-	(2,804,500)	(5,985,000)	56,390,500
			105,247,500	-	(3,403,000)	(8,733,500)	93,111,000

Notes:

1. The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK$1 per share.

2. In relation to each grantee of the options granted under the Pre-IPO Options, 25% of the options will vest during the period from 1 April 2006 to 31 December 2006 and in each of the three calendar years from 1 January 2007 to 31 December 2009. The exercise price per share is HK$1.02 and the exercise period is 1 April 2006 to 29 May 2015.

3. In relation to each grantee of the options granted on 12 May 2006 under Post-IPO Options, 25% of the options will vest in each of the four calendar years from 1 January 2007. The exercise price per share is HK$3.675 and the exercise period is 1 January 2007 to 29 May 2015.

4. In relation to each grantee of the options granted on 13 November 2007 under Post-IPO Options, 25% of the options will vest in each of the four calendar years from 1 April 2008. The exercise price per share is HK$1.64 and the exercise period is 1 April 2008 to 29 May 2015.

5. In relation to each grantee of the options granted on 28 March 2008 under Post-IPO Options, 25% of the options will vest in each of the four calendar years from 15 April 2009. The exercise price per share is HK$0.81 and the exercise period is 15 April 2009 to 29 May 2015.

6. Mr Tsang Hen Loon, Raymond ("Mr Tsang") resigned from non-executive Director on 31 March 2009. As at 1 January 2009, Mr Tsang has an Pre-IPO Options of 750,000 share options (granted on 30 May 2005).

The fair values of the share options granted on 28 March 2008, 13 November 2007, 12 May 2006 and Pre-IPO Options determined at the date of grant using the Black-Scholes option pricing model was approximately HK$22,137,000, HK$8,554,000, HK$18,465,000 and HK$28,012,000 respectively.

The following assumptions were used to calculate the fair values of share options:

	Post-IPO Options granted on			Pre-IPO
	28 March 2008	13 November 2007	12 May 2006	Options
Share price (note 1)	HK$0.81	HK$1.49	HK$3.65	HK$1.70
Exercise price	HK$0.81	HK$1.64	HK$3.675	HK$1.02
Expected life of options	5 years	5 years	6 years	10 years
Expected volatility (note 2)	67.84%	58.1%	68.0%	33.3%
Expected dividend yield	6.8%	6.6%	6.4%	3.9%
Risk free rate	2.0%	3.9%	3.8%	3.8%

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. The changes in subjective input assumptions can materially affect the fair value estimate.

Notes:

1. The share price represented the Company's share price at the date of grant of the respective Post-IPO Options. The share price of the Company's shares at the date of grant of Pre-IPO Options was estimated to be HK$1.7 per share, which is equal to the offer price of the listing shares.

2. The expected volatility for options granted on 28 March 2008 was determined by calculating the historical volatility of the Company's share price over three years immediately before the date of grant.

   The expected volatility for options granted on 13 November 2007 and 12 May 2006 were determined by calculating the historical volatility of the Company's share price over 90 days immediately before the date of grant.

   The expected volatility for Pre-IPO Options was determined by calculating the historical volatility of the price of listed companies with similar business as the Group, due to lack of historical data.

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements that enable the Directors or the chief executive of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and save as disclosed in this report, none of the Directors, the chief executive, their spouses or children under the age of 18, had any right to subscribe for securities of the Company, or had exercise any such right during the period.

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the reporting period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions laid down in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the reporting period.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code for securities transactions. All Directors have confirmed, following specific enquiry by the Company with all the Directors, that they have fully complied with the required standard as set out in the Model Code for the reporting period.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") has reviewed with management the accounting principles and practice adopted by the Group and discussed the auditing and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2009. In addition, the condensed consolidated financial statements of the Group for the six months ended 30 June 2009 have been reviewed by our auditor, Messrs. Deloitte Touche Tohmatsu, and an unqualified review report was issued. The Audit Committee comprises the three independent non executive Directors.

CHANGE OF INFORMATION OF DIRECTOR

As informed by Mr Xie Linzhen, an independent non-executive Director, he was appointed as an independent board member in July 2009 of Pypo China Holdings Limited, the securities of which are listed on the Over The Counter Bulletin Board of the United States of America.

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Ms YEUNG Man Ying *(Chairman)*
Mr WONG Cho Tung
Mr ZHANG Jianping
Mr WONG Hei, Simon
Ms TANG Rongrong
Mr CHAN Tat Wing, Richard

Independent non-executive Directors
Mr LIU Hing Hung
Mr ZHUANG Xingfang
Mr XIE Linzhen

AUDIT COMMITTEE

Mr LIU Hing Hung *(Chairman)*
Mr ZHUANG Xingfang
Mr XIE Linzhen

REMUNERATION COMMITTEE

Mr ZHUANG Xingfang *(Chairman)*
Mr XIE Linzhen
Mr WONG Cho Tung

COMPANY SECRETARY

Ms WONG Tik

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISER AS TO HONG KONG LAW

Chiu & Partners

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Bank of Communications
Shanghai Pudong Development Bank

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