

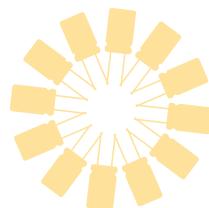


萬裕國際集團有限公司

MAN YUE INTERNATIONAL HOLDINGS LIMITED

(Stock Code: 0894)

INTERIM REPORT 2009



WE CARE

WE LISTEN



WE DELIVER

This report is printed on environmentally friendly paper



**SAMXON**<sup>®</sup>  
Aluminum Electrolytic Capacitors

**X-CON**<sup>®</sup>  
Conductive Polymer  
Aluminum Solid Capacitors



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# CORPORATE INFORMATION

## Board of Directors

## Executive Directors

Kee Chor Lin (*Chairman*)  
Chan Yu Ching, Eugene  
Ko Pak On  
Tso Yan Wing, Alan

## Independent Non-executive Directors

Li Sau Hung, Eddy  
Lo Kwok Kwei, David  
Mar, Selwyn

## Audit Committee

Mar, Selwyn (*Chairman*)  
Li Sau Hung, Eddy  
Lo Kwok Kwei, David

## Remuneration Committee

Lo Kwok Kwei, David (*Chairman*)  
Kee Chor Lin  
Li Sau Hung, Eddy

## Company Secretary

Tso Yan Wing, Alan

## Independent Auditor

PricewaterhouseCoopers,  
*Certified Public Accountants*

## Principal Bankers

The Hongkong and Shanghai Banking  
Corporation Limited  
Standard Chartered Bank (Hong Kong) Limited  
CITIC Ka Wah Bank Limited

## Registered Office

Clarendon House,  
2 Church Street,  
Hamilton HM11,  
Bermuda

## Principal Place of Business

16/F., Yiko Industrial Building  
10 Ka Yip Street, Chai Wan,  
Hong Kong

## Principal Share Registrar and Transfer Office

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre, 14 Bermudiana Road  
Pembroke, Bermuda

## Branch Share Registrar and Transfer Office

Tricor Tengis Limited  
26/F., Tesbury Centre  
28 Queen's Road East,  
Hong Kong

## Corporate Website

<http://www.manyue.com>

## Investor Relations Contact

E-mail: [ir@manyue.com](mailto:ir@manyue.com)

## Stock Code

0894



# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS HIGHLIGHTS

- Revenue declined by 36.2% to HK\$439,265,000
- Gross profit of HK\$107,159,000, representing a gross margin of 24.4% (Interim 2008: 21.2%)
- EBITDA of HK\$93,476,000, representing an EBITDA margin of 21.3% (Interim 2008: 15.2%)
- Profit for the period of HK\$42,113,000, representing a net margin of 9.6% (Interim 2008: 7.9%)
- Net debt to equity ratio improved to 24.1% (Interim 2008: 39.1%)
- Interim dividend of HK0.5 cents per share

## FINANCIAL RESULTS

Revenue for the six months ended 30 June 2009 (the “Period”) was HK\$439,265,000, representing a drop of 36.2% as compared with the same period last year. However, we are seeing improvements in the gross, EBITDA and net margin percentages.

Gross margin improved to 24.4% from 21.2%, EBITDA margin improved to 21.3% from 15.2% and net margin improved to 9.6% from 7.9%, as compared with the same period last year. These improvements were mainly attributable to the enhancement in the product mix and the significant reduction in manufacturing, selling, distribution and administrative overhead expenditures.

During the Period, a relatively larger proportion of new and advanced products was sold to customers and these products carry a higher profit margin. In addition, some of the orders for the lower margin products were intentionally turned down due to management’s strategy to focus on higher value adding businesses.

As a result of various cost rationalization programs carried out in 2008, significant amount of manufacturing, selling, distribution and administrative overhead expenditures were saved. Labour cost reduced significantly due to implementation of new and streamlined manufacturing methodology and automation devices. Despite the fact that total employees of the Group reduced significantly, there was no material impact on the production capacity and product quality. Other manufacturing, selling and general administrative costs were also reduced significantly as new business processes were in place to enhance efficiency and productivity in all major operating areas. All these cost rationalization programs had strengthened the competitiveness of the Group against its key competitors.



# MANAGEMENT DISCUSSION AND ANALYSIS

Earnings before interest, tax, depreciation and amortization (“EBITDA”) and profit for the period stood at HK\$93,476,000 and HK\$42,113,000 respectively. Basic earnings per share (“EPS”) for the Period was HK8.96 cents.

The Board has resolved to declare an interim dividend of HK0.5 cents per share, totalling HK\$2,391,000.

## BUSINESS REVIEW

### Electronic components

The size of the global Aluminum Electrolytic Capacitors (“E-Caps”) market suffered a decline in early 2009 as a result of the continuation of the widespread global economic turmoil started in late 2008. During this period, sales of consumer electronic and computer products declined significantly which caused the E-Caps market size to shrink.

Most of the players in the E-Caps market suffered a significant reduction in business during the first half of 2009 while the business volume of the Group is still maintaining at a satisfactory level. The business volume in the first quarter was challenging but we saw rapid recovery of business volume in the second quarter. Being the fifth largest E-Caps manufacturer of the world, most of the customers who previously purchase more expensive but similar quality Japanese E-Caps have come to our Group for sourcing. During this period, sales of our own brands (SAMXON and X-Con) showed encouraging recoveries.

The production of aluminum foils was also keeping pace with the business volume of the Group’s E-Caps operations. As at the present moment, the Group is able to produce close to half of the aluminum foils for internal consumption.

### Research and Development

Being one of the most innovative E-Caps companies in the world, the Group is speeding up its pace for the development of technology break-through products. The initial launch of Electric Double-layer Capacitors in early 2009 was considered successful and such products are being tested and approved by customers. The Group is also seriously engaging in the development of next generation polymer capacitors that possess significant market growth potentials. This product is currently produced by only a few companies in the world. This product will be released to customers for testing and approval in early 2010.



## MANAGEMENT DISCUSSION AND ANALYSIS

Since 2004, the Group established close cooperative relationship with the Research Institute of Tsinghua University in Shenzhen ("Shenzhen Tsinghua"). This cooperative relationship has enabled the Group to stay ahead of its competitors in the research and development field. In June 2009, the Group renewed its cooperative relationship with Shenzhen Tsinghua for a second five-year term. This extension of cooperation will enable the Group to maintain as one of the technology leaders in the global E-Caps industry.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, the Group's gross borrowings in respect of bank loans amounted to HK\$604,838,000 (31 December 2008: HK\$775,283,000). Of this amount, HK\$389,924,000 was included in current liabilities. This amount can be further divided into current portion of long term bank loans of HK\$241,875,000; trade finance credits of HK\$48,504,000 and revolving credits of HK\$99,545,000. Included in non-current liabilities were bank loan facilities that is repayable between one to two years of HK\$146,343,000 and repayable between two to five years of HK\$68,571,000.

After deducting cash and cash equivalents of HK\$364,697,000 (31 December 2008: HK\$406,466,000), the Group's net borrowing amounted to HK\$240,141,000 (31 December 2008: HK\$368,817,000). The decrease in net borrowing was mainly due to the Group's strategic decision to strengthen cashflow, improvement in working capital management and suspension of capital expenditure during the Period. Shareholders' equity at 30 June 2009 was HK\$997,475,000 (31 December 2008: HK\$954,127,000). Accordingly, the Group's net borrowing to shareholder's equity ratio was 24.1% (31 December 2008: 38.7%).

Net cash inflow from operating activities during the Period amounted to HK\$129,169,000, which compared with an outflow of HK\$51,930,000 for the corresponding period. This figure represents profit before tax of HK\$46,591,000, adding back adjustments for non-cash items such as depreciation and amortization of HK\$40,950,000 and adding net decrease in working capital and other adjustments of HK\$41,628,000. The Group's net cash outflow for investing activities for the Period included purchases of non-current assets of HK\$21,375,000, increase in investments in jointly controlled entities of HK\$7,313,000 less proceeds from the sale of an investment property of HK\$30,000,000.

The Group's financial statements are denominated in Hong Kong dollars. The Group conducts its business transactions mainly in Hong Kong dollars, Renminbi, United States dollars and Japanese yens. As Hong Kong dollar remained pegged to United States dollar, there is no material exchange risk in this respect. The Group receives Renminbi from its customers and at the same time incurs Renminbi expenditures. The receipts, however, cannot fully offset the payments in Renminbi and therefore appreciation of



# MANAGEMENT DISCUSSION AND ANALYSIS

Renminbi during the Period caused an additional financial burden to the Group. The Group is now increasing its revenue within Mainland China and hopefully the additional receipts in Renminbi will eventually hedge against its Renminbi expenditures. The Group monitors its foreign exchange exposure in Japanese yens and Renminbi mainly by entering into foreign currency forward contracts. Most of the Group's long-term bank loan facilities are denominated in Hong Kong Dollars and carry interests at floating rates. Credit risk was hedged mainly through credit insurance policies.

## EMPLOYMENT AND REMUNERATION POLICY

At 30 June 2009, the Group employed 77 employees in Hong Kong (30 June 2008: 84) and employed a total work force of approximately 3,645 (30 June 2008: 5,207) inclusive of its staff in China and overseas offices. Salaries, bonuses and benefits were determined with reference to market terms and the performance, qualifications and experience of individual employees.

## OUTLOOK

The Group is cautiously optimistic of a recovery of business volume in the second half of 2009 as more orders have been received for new and advanced products.

With the Group's continuing commitments in research and development, several new types of components, other than E-Caps and Polymer Caps, will be launched in the coming financial periods. We will develop the Group into a multi-component manufacturer which focuses on the supply of several components to the high technology sectors such as advanced consumer electronic products, computer and peripherals, and industrial sectors such as renewable energy and power management. All these new components will enable the Group to broaden its business base in future.

With the encouragement of the PRC government to boost certain industrial sectors, such as computer motherboard, electrical appliances, telecommunication and renewable energy, in Mainland China, the Group is seeing additional business opportunities to grow its PRC sales. We expect this policy will continue in the foreseeable future.

We are also seeing signs of recovery in other major markets such as the United States, Europe, Japan and Southeast Asia.

With the improvement in the cashflow position of the Group, it is expected that the net gearing ratio will further improve towards the end of 2009.

Cost rationalization programs initiated by management in 2008 will also contribute to reducing operating costs and enhance profit margins for the rest of 2009 and the years beyond.



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道會計師事務所

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

## To the Board of Directors of Man Yue International Holdings Limited

*(incorporated in Bermuda with limited liability)*

### Introduction

We have reviewed the interim financial information set out on pages 9 to 34 which comprises the condensed consolidated balance sheet of Man Yue International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the interim financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.





## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

### **Conclusion**

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

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 31 August 2009



# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		For the six months ended 30 June	
		2009	2008
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue	5 & 6	439,265	688,427
Cost of sales		(332,106)	(542,579)
Gross profit		107,159	145,848
Other income		1,374	1,551
Other gains/(losses), net		3,183	(1,677)
Selling and distribution costs		(16,120)	(23,954)
Administrative expenses		(44,438)	(70,303)
Other operating expenses		(64)	(253)
Changes in fair values of investment properties		—	7,700
Operating profit	7	51,094	58,912
Finance costs		(5,935)	(11,866)
Finance income		2,929	6,284
Net finance costs	8	(3,006)	(5,582)
Share of results of jointly-controlled entities		(1,089)	4,987
Share of results of an associate		(408)	2,459
		(1,497)	7,446
Profit before tax		46,591	60,776
Tax	9	(4,478)	(6,248)
Profit for the period		42,113	54,528
Profit attributable to:			
— equity holders of the Company		42,831	54,528
— minority interests		(718)	—
		42,113	54,528
Earnings per share for profit attributable to the equity holders of the Company	10		
— basic		HK8.96 cents	HK11.41 cents
— diluted		HK8.96 cents	HK11.41 cents
Interim dividend per share		HK0.5 cents	HK3.0 cents

The notes on pages 16 to 34 form an integral part of this condensed consolidated interim financial information.



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	For the six months ended 30 June 2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Profit for the period	<b>42,113</b>	54,528
Other comprehensive income:		
Fair value losses on available-for-sale investments, net of tax	—	(1,630)
Currency translation differences	<b>2,702</b>	77,245
Share of reserves of a jointly-controlled entity	<b>(36)</b>	1,584
Other comprehensive income for the period, net of tax	<b>2,666</b>	77,199
Total comprehensive income for the period	<b>44,779</b>	131,727
Total comprehensive income attributable to:		
— equity holders of the Company	<b>45,497</b>	131,727
— minority interests	<b>(718)</b>	—
	<b>44,779</b>	131,727

The notes on pages 16 to 34 form an integral part of this condensed consolidated interim financial information.



# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	654,025	677,912
Prepaid land premiums		94,523	95,517
Investment properties		—	29,500
Other intangible asset		3,403	—
Investments in jointly-controlled entities		41,437	42,716
Investment in an associate		37,751	35,851
Deposits on purchases of property, plant and equipment		35,623	29,953
Prepayments		1,200	1,650
Deferred tax assets		2,067	4,634
<b>Total non-current assets</b>		<b>870,029</b>	917,733
<b>CURRENT ASSETS</b>			
Inventories		252,198	305,898
Trade receivables	13	300,185	278,556
Prepayments, deposits and other receivables		40,676	84,227
Loans to a jointly-controlled entity		63,171	55,848
Due from jointly-controlled entities		16,628	15,624
Available-for-sale investments	14	—	2,570
Financial assets at fair value through profit or loss	15	64	38
Derivative financial instruments		393	1,984
Tax receivables		8,480	8,546
Cash and cash equivalents		364,697	406,466
<b>Total current assets</b>		<b>1,046,492</b>	1,159,757

The notes on pages 16 to 34 form an integral part of this condensed consolidated interim financial information.



# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
<b>CURRENT LIABILITIES</b>			
Trade payables	16	167,499	182,987
Other payables and accrued liabilities		62,181	78,879
Derivative financial instruments		523	1,308
Tax payable		4,146	4,618
Bank loans	17	389,924	474,976
Finance lease payables		—	21
Dividend payables		2,409	5,078
Total current liabilities		626,682	747,867
<b>NET CURRENT ASSETS</b>		419,810	411,890
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,289,839	1,329,623
<b>NON-CURRENT LIABILITIES</b>			
Bank loans	17	214,914	300,286
Provision for long service payments		1,756	1,578
Deferred tax liabilities		6,073	6,072
Deferred income		60,813	61,437
Total non-current liabilities		283,556	369,373
Net assets		1,006,283	960,250
<b>EQUITY</b>			
Share capital	18	47,824	47,809
Reserves	19	947,260	903,928
Proposed dividend		2,391	2,390
Equity attributable to equity holders of the Company		997,475	954,127
Minority interests		8,808	6,123
Total equity		1,006,283	960,250

The notes on pages 16 to 34 form an integral part of this condensed consolidated interim financial information.



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Notes	Unaudited				Total equity HK\$'000
		Attributable to equity holders of the Company			Minority interest HK\$'000	
		Share capital	Reserves	Total		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Balance at 1 January 2008</b>		47,764	792,907	840,671	—	840,671
Profit for the period		—	54,528	54,528	—	54,528
Other comprehensive income:						
Fair value losses on available-for-sale investments, net of tax	19	—	(1,630)	(1,630)	—	(1,630)
Currency translation differences	19	—	77,245	77,245	—	77,245
Share of reserves of a jointly-controlled entity	19	—	1,584	1,584	—	1,584
<b>Total comprehensive income for the period ended 30 June 2008</b>		—	131,727	131,727	—	131,727
Share options exercised	18 & 19	45	675	720	—	720
Warrants exercised	18 & 19	—	8	8	—	8
2007 final dividend	11	—	(26,295)	(26,295)	—	(26,295)
		45	(25,612)	(25,567)	—	(25,567)
<b>Balance at 30 June 2008</b>		47,809	899,022	946,831	—	946,831

The notes on pages 16 to 34 form an integral part of this condensed consolidated interim financial information.



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Notes	Unaudited				
		Attributable to equity holders of the Company			Minority interest	Total equity
		Share capital	Reserves	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>Balance at 1 January 2009</b>		47,809	906,318	954,127	6,123	960,250
Profit for the period		—	42,831	42,831	(718)	42,113
Other comprehensive income:						
Currency translation differences	19	—	2,702	2,702	—	2,702
Share of reserves of a jointly-controlled entity	19	—	(36)	(36)	—	(36)
<b>Total comprehensive income for the period ended 30 June 2009</b>		—	45,497	45,497	(718)	44,779
Share options exercised	18 & 19	15	225	240	—	240
Warrants exercised	18 & 19	—	1	1	—	1
Contribution from minority shareholders		—	—	—	3,403	3,403
2008 final dividend	11	—	(2,390)	(2,390)	—	(2,390)
		15	(2,164)	(2,149)	3,403	1,254
<b>Balance at 30 June 2009</b>		47,824	949,651	997,475	8,808	1,006,283

The notes on pages 16 to 34 form an integral part of this condensed consolidated interim financial information.



# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	For the six months ended 30 June 2009 (Unaudited) HK\$'000		2008 (Unaudited) HK\$'000
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>129,169</b>		(51,930)
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>4,112</b>		(149,460)
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES</b>	<b>(170,412)</b>		153,889
Net decrease in cash and cash equivalents	<b>(37,131)</b>		(47,501)
Cash and cash equivalents at beginning of period	<b>406,466</b>		390,683
Effects of foreign exchange rate changes, net	<b>(4,638)</b>		33,094
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>364,697</b>		376,276
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	<b>237,020</b>		248,456
Time deposits with original maturity of less than three months when acquired	<b>127,677</b>		127,820
Cash and cash equivalents	<b>364,697</b>		376,276

The notes on pages 16 to 34 form an integral part of this condensed consolidated interim financial information.





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 1 GENERAL INFORMATION

The principal activities of Man Yue International Holdings Limited (“the Company”) and its subsidiaries (together, “the Group”) are manufacturing and trading of electronic components and trading of raw materials.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in HK dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 31 August 2009.

This condensed consolidated interim financial information has not been audited.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 3 ACCOUNTING POLICIES (Continued)

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009:

- HKAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who makes strategic decisions.
- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The Group will make additional relevant disclosures in its financial statements for the year ending 31 December 2009.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 3 ACCOUNTING POLICIES (Continued)

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009:

- HKAS 23 (amendment) — Borrowing costs
- HKFRS 2 (amendment) — Share-based payment
- HKAS 32 (amendment) — Financial instruments: presentation
- HK(IFRIC) 9 (amendment) — Reassessment of embedded derivatives
- HKAS 39 (amendment) — Financial instruments: Recognition and measurement
- HK(IFRIC) 13 — Customer loyalty programmes
- HK(IFRIC) 15 — Agreements for the construction of real estate
- HK(IFRIC) 16 — Hedges of a net investment in a foreign operation

The adoption of the above standards, amendments to standards and interpretations, if relevant, did not have significant impact on the Company's consolidated accounts.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- HKAS 39 (amendment) — Financial instruments: Recognition and measurement
- HKFRS 3 (revised) — Business combinations
- HK(IFRIC) 17 — Distributions of non-cash assets to owners
- HK(IFRIC) 18 — Transfers of assets from customers
- HKFRS 2 (amendment) — Share-based payments
- HKFRS 5 (amendment) — Non-current assets held for sale and discontinued operations
- HKFRS 8 (amendment) — Operating segments
- HKAS 1 (amendment) — Presentation of financial statements
- HKAS 7 (amendment) — Statement of cash flows
- HKAS 17(amendment) — Leases
- HKAS 36 (amendment) — Impairment of assets
- HKAS 38 (amendment) — Intangible assets
- HK(IFRIC) 9 (amendment) — Reassessment of embedded derivatives
- HK(IFRIC) 16 (amendment) — Hedges of a net investment in a foreign operation



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 4 COMPARATIVE FIGURES

Certain comparative amounts in the condensed consolidated income statement have been reclassified to conform with the changes in presentation in the current period and to ensure proper classification in accordance with the accounting policies. The effect of the reclassification on the income condensed consolidated statement during the six months ended 30 June 2008 is set out below:

	<i>HK\$'000</i>
Decrease in other income	(10,147)
Increase in other losses, net	(1,677)
Decrease in administrative expenses	9,428
Increase in share of results of an associate	2,396
	—



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 5 SEGMENT INFORMATION

The Group's Executive Team, comprising all Executive Directors and headed by the Managing Director, is considered as the Chief Operating Decision Maker ("CODM"). The CODM reviews the performance of the Group on a regular basis.

As over 90% of the Group's business operations relate to the manufacturing, selling and distribution of electronic components, namely Aluminum Electrolytic Capacitors, the CODM makes decisions about resources allocation and performance assessment based on the entity-wide financial information. Accordingly, there is only one single reportable segment for the Group. Set out below is a summary list of key performance indicators reviewed by CODM on a regular basis:

	<b>For the six months ended 30 June 2009 (Unaudited) HK\$'000</b>	2008 (Unaudited) HK\$'000
Revenue	<b>439,265</b>	688,427
Gross profit	<b>107,159</b>	145,848
Gross profit margin (%)	<b>24.4%</b>	21.2%
EBITDA	<b>93,476</b>	104,696
EBITDA margin (%)	<b>21.3%</b>	15.2%
Operating expenses	<b>60,622</b>	94,510
Operating expenses/Revenue (%)	<b>13.8%</b>	13.7%
Profit for the period	<b>42,113</b>	54,528
Net profit margin (%)	<b>9.6%</b>	7.9%



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 5 SEGMENT INFORMATION (Continued)

	<b>As at 30 June 2009 (Unaudited) HK\$'000</b>	As at 31 December 2008 (Audited) HK\$'000	As at 30 June 2008 (Unaudited) HK\$'000
Total assets	<b>1,916,521</b>	2,077,490	2,238,097
Equity attributable to equity holders of the Company	<b>997,475</b>	954,127	946,831
Inventories	<b>252,198</b>	305,898	380,535
Inventory days	<b>138</b>	107	128
Trade receivables	<b>300,185</b>	278,556	343,541
Trade receivable days	<b>124</b>	79	91
Trade payables	<b>167,499</b>	182,987	327,617
Trade payable days	<b>92</b>	64	110
Total interest-bearing debts	<b>604,838</b>	775,283	824,186
Cash and cash equivalents	<b>364,697</b>	406,466	454,295
Net debts	<b>240,141</b>	368,817	369,891
Net debts to equity ratio (%)	<b>24.1%</b>	38.7%	39.1%



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

### 5 SEGMENT INFORMATION (Continued)

The following table presents the revenue and non-current assets of the Group by geographical segments:

#### Revenue

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	33,368	63,943
Mainland China	182,745	214,032
Taiwan	55,231	266,297
Southeast Asia	107,798	68,700
Korea	14,438	19,632
Other countries	45,685	55,823
Total	439,265	688,427

#### Non-current assets

	30 June	31 December
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	17,021	47,879
Mainland China	813,160	829,331
Other countries	37,781	35,889
Total	867,962	913,099

For the six months ended 30 June 2009, revenue of approximately HK\$71,620,000 (for the six months ended 30 June 2008: HK\$146,797,000) is derived from a single external customer.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

### 6 REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for trade returns and discounts.

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Manufacturing and trading of electronic components	437,533	673,898
Trading of raw materials	1,732	14,529
	<b>439,265</b>	<b>688,427</b>

### 7 OPERATING PROFIT

The following items of unusual nature, size or incidence have been (credited)/charged to the operating profit during the Period:

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation for property, plant and equipment	39,920	31,041
Amortisation of prepaid land premiums	1,030	1,009
Amortisation of other intangible asset	—	4
Fair value loss on derivative instruments		
— transactions not qualifying as hedges	807	3,834
Fair value (gain)/loss on short term investments	(26)	50
Gain on disposal of an investment property	(500)	(7,752)





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 8 NET FINANCE COSTS

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans	(5,935)	(11,859)
Interest on finance leases	—	(7)
	<b>(5,935)</b>	(11,866)
Interest income from term deposits and bank balances	2,929	6,284
Finance costs, net	<b>(3,006)</b>	(5,582)

## 9 TAX

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current:		
Hong Kong	—	107
Mainland China	1,888	7,829
Overseas	—	6
	<b>1,888</b>	7,942
Deferred	<b>2,590</b>	(1,694)
Total tax charge for the period	<b>4,478</b>	6,248

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

### 9 TAX (Continued)

In accordance with the relevant tax rules and regulations in Mainland China, certain of the Company's subsidiaries in Mainland China enjoy tax exemptions and reductions. Certain subsidiaries in Mainland China are subject to income taxes at applicable rates ranging from 12.5% to 25%.

The tax affairs of certain subsidiaries of the Group for prior years are currently reviewed by the Hong Kong Inland Revenue Department ("IRD"). In connection with the review by the IRD, notices of assessments were issued to the subsidiaries of the Group for the years from 1998 to 2002 and objections were lodged with the IRD. Tax reserve certificates of HK\$8,480,000 were purchased as at the date of this report.

Whilst management considers that the subsidiaries have grounds to support their tax position for prior years, the outcome of the review remains undetermined at the date of this report. The Directors of the Company, after consultation with the Company's tax advisers, consider that it is premature to estimate the amount of potential liabilities, if any, that may arise from the review and accordingly no additional tax provision has been made in the financial statements as at 30 June 2009.

### 10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the Period attributable to ordinary equity holders of the Company of HK\$42,831,000 (2008: HK\$54,528,000), and the weighted average of 478,094,003 (2008: 477,981,580) ordinary shares in issue during the Period.

Diluted earnings per share for the six months ended 30 June 2008 and 30 June 2009 is the same as the basic earnings per share for the same periods as the Company's share options and warrants outstanding during the periods had an anti-dilutive effect on the earnings per share.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 11 DIVIDENDS

A dividend that relates to the period to 31 December 2008 amounted to HK\$2,390,000 was paid on 3 July 2009 (2008: HK\$26,295,000).

The Board of Directors has resolved to declare an interim dividend for the six months ended 30 June 2009 of HK0.5 cents (2008: HK3.0 cents) in cash per share, totalling HK\$2,391,000 payable on Friday, 16 October 2009 to shareholders whose names appear on the Register of Members of the Company on Friday, 25 September 2009.

## 12 PROPERTY, PLANT AND EQUIPMENT

	For the six months ended	
	30 June	2008
	2009	(Unaudited)
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Opening net book amount, 1 January	677,912	574,619
Additions	16,033	89,415
Depreciation	(39,920)	(31,041)
Closing net book amount, 30 June	654,025	632,993

## 13 TRADE RECEIVABLES

	30 June	31 December
	2009	2008
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Trade receivables	316,528	294,043
Less: provision for impairment of trade receivables	(16,343)	(15,487)
	300,185	278,556

Trade receivables generally have credit terms ranging from 15 to 150 days.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

### 13 TRADE RECEIVABLES (Continued)

An aging analysis of trade receivables at the balance sheet date, based on the payment due date and net of provisions, is as follows:

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Neither past due nor impaired	<b>203,144</b>	210,447
1 to 3 months past due	<b>46,993</b>	57,029
4 to 6 months past due	<b>31,652</b>	1,610
7 to 12 months past due	<b>18,083</b>	8,840
Over 1 year past due	<b>313</b>	630
	<b>300,185</b>	278,556

### 14 AVAILABLE-FOR-SALE INVESTMENTS

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Overseas listed equity investments, at fair value	—	2,570

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets.

The fair values of listed equity investments are based on quoted market prices.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

### 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Hong Kong listed equity investments, at market value	<b>64</b>	38

The above equity investments at 30 June 2009 were classified as held for trading.

### 16 TRADE PAYABLES

An aging analysis of the trade payables at the balance sheet date, based on the invoice date, is as follows:

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Accounts payable:		
Less than 3 months	<b>67,996</b>	47,681
4 to 6 months	<b>45,804</b>	91,466
7 to 12 months	<b>23,048</b>	8,612
Over 1 year	<b>1,225</b>	4,161
	<b>138,073</b>	151,920
Bills payable	<b>29,426</b>	31,067
	<b>167,499</b>	182,987



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 17 BANK LOANS

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Non-current	<b>214,914</b>	300,286
Current	<b>389,924</b>	474,976
	<b>604,838</b>	775,262

Movement in bank loans are analysed as follows:

	<b>For the six months ended 30 June 2009 (Unaudited) HK\$'000</b>		2008 (Unaudited) HK\$'000
Opening amount, 1 January	<b>775,262</b>		654,301
New borrowings	<b>147,994</b>		379,635
Repayments of borrowings	<b>(318,418)</b>		(209,892)
Closing amount, 30 June	<b>604,838</b>		824,044

## 18 SHARE CAPITAL

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	<b>100,000</b>	100,000
Issued and fully paid:		
478,239,534 (31 December 2008: 478,088,901) ordinary shares of HK\$0.10 each	<b>47,824</b>	47,809



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

### 18 SHARE CAPITAL (Continued)

A summary of the transactions involving the Company's share capital and share premium account is as follows:

	Number of shares in issue	Issued capital HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2008	477,635,168	47,764	163,416	211,180
Share options exercised	450,000	45	1,329	1,374
Warrants exercised	3,733	—	8	8
At 30 June 2008	478,088,901	47,809	164,753	212,562

	Number of shares in issue	Issued capital HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2009	478,088,901	47,809	164,753	212,562
Share options exercised	150,000	15	443	458
Warrants exercised	633	—	1	1
At 30 June 2009	478,239,534	47,824	165,197	213,021

#### (a) Share options

Share options exercised during the period to 30 June 2009 resulted in 150,000 shares being issued (30 June 2008: 450,000 shares) with exercise proceeds of HK\$240,000 (30 June 2008: HK\$720,000).

#### (b) Warrants

On 18 April 2007, the Company proposed a conditional bonus warrant issue to the shareholders of the Company on the register of members on 23 May 2007. The bonus warrant issue was made in the proportion of one warrant for every ten ordinary shares of the Company, resulting in 47,421,130 warrants being issued. Each warrant entitles the holder thereof to subscribe for one ordinary share of HK\$0.10 at a subscription price of HK\$2.25 per share, subject to adjustment, from 6 June 2007 to 5 June 2009 (both days inclusive). The warrants were issued to the shareholders of the Company on 6 June 2007.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 18 SHARE CAPITAL (Continued)

### (b) Warrants (Continued)

During the period, 633 warrants (30 June 2008: 3,733 warrants) were exercised for 633 shares (30 June 2008: 3,733 shares) of HK\$0.10 each at the price of HK\$2.25 per share (30 June 2008: HK\$2.25 per share), with a total cash consideration, before expenses, of approximately HK\$1,424 (30 June 2008: HK\$8,400). All the outstanding warrants expired on 5 June 2009.

## 19 RESERVES

	Share premium amount (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Asset revaluation (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	PRC reserve funds (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance at 1 January 2009	164,753	3,712	2,800	8,638	174,925	42,069	509,421	906,318
Profit for the period	-	-	-	-	-	-	42,831	42,831
Other comprehensive income:								
Currency translation differences	-	-	-	-	2,702	-	-	2,702
Share of reserves of a jointly-controlled entity	-	-	-	(36)	-	-	-	(36)
Total comprehensive income for the period ended 30 June 2009	-	-	-	(36)	2,702	-	42,831	45,497
Share options exercised	443	(218)	-	-	-	-	-	225
Warrants exercised	1	-	-	-	-	-	-	1
2008 final dividend	-	-	-	-	-	-	(2,390)	(2,390)
	444	(218)	-	-	-	-	(2,390)	(2,164)
Balance at 30 June 2009	165,197	3,494	2,800	8,602	177,627	42,069	549,862	949,651





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 19 RESERVES (Continued)

	Share premium (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Asset revaluation (Unaudited) HK\$'000	Available-for-sale investments revaluation reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	PRC reserve funds (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance at 1 January 2008	163,416	4,438	2,800	7,054	4,218	109,122	34,810	467,049	792,907
Profit for the period	–	–	–	–	–	–	–	54,528	54,528
Other comprehensive income:									
Fair value losses on available-for-sales investments, net of tax	–	–	–	–	(2,073)	443	–	–	(1,630)
Currency translation differences	–	–	–	–	–	77,245	–	–	77,245
Share of reserves of a jointly-controlled entity	–	–	–	1,584	–	–	–	–	1,584
Total comprehensive income for the period ended 30 June 2008	–	–	–	1,584	(2,073)	77,688	–	54,528	131,727
Share options exercised	1,329	(654)	–	–	–	–	–	–	675
Warrants exercised	8	–	–	–	–	–	–	–	8
2007 Final dividend	–	–	–	–	–	–	–	(26,295)	(26,295)
	1,337	(654)	–	–	–	–	–	(26,295)	(25,612)
Balance at 30 June 2008	164,753	3,784	2,800	8,638	2,145	186,810	34,810	495,282	899,022



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 20 COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
<hr/>		
Contracted, but not provided for:		
Plant and machinery	<b>27,662</b>	32,026
Building	<b>9,413</b>	1,599
Land use right	<b>1,156</b>	1,156
Leasehold improvements	<b>—</b>	517
	<hr/> <b>38,231</b> <hr/>	35,298
Contracted, but not provided for:		
Unpaid capital contribution to subsidiaries	<b>5,672</b>	5,670
	<hr/> <b>5,672</b> <hr/>	5,670

## 21 OPERATING LEASE ARRANGEMENTS AS LESSEE

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
<hr/>		
Office properties, factory premises and warehouses:		
Within one year	<b>14,555</b>	16,834
In second to fifth years, inclusive	<b>17,352</b>	11,744
After five years	<b>6,826</b>	8,339
	<hr/> <b>38,733</b> <hr/>	36,917



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2009

## 22 RELATED PARTY TRANSACTIONS

- (a) During the period, the Group had the following material transactions with its jointly controlled entities:

		<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2009</b>	2008
		<b>(Unaudited)</b>	(Unaudited)
	Notes	<b>HK\$'000</b>	<b>HK\$'000</b>
Sales of raw materials	(i)	<b>7,957</b>	4,816
Purchase of raw materials	(ii)	<b>14,462</b>	—
Rental expenses	(iii)	<b>5,447</b>	11,994

Notes:

- (i) The above sales transactions were carried out in accordance with the Group's pricing policy, and were calculated on a cost-plus basis.
- (ii) The above purchase of raw materials was carried out in accordance with the terms similar to those offered by other suppliers.
- (iii) The rental expenses were charged at rates with mark-to-market yield.
- (b) Compensation of key management personnel of the Group:

		<b>For the six months ended</b>	
		<b>30 June</b>	
		<b>2009</b>	2008
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
Salaries and allowances		<b>7,507</b>	6,421
Pension scheme contributions		<b>36</b>	36
Total compensation for key management personnel		<b>7,543</b>	6,457



## SUPPLEMENTARY INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, the interests and short positions of the directors or chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept 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 (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

#### Long positions in ordinary shares and underlying shares of the Company:

Name of director	Capacity	Nature of interest	Number of shares and underlying shares held, capacity and nature of interest		Approximate percentage of the Company's issued share capital
			Interests in shares	Interest in underlying shares (options)	
Kee Chor Lin	Beneficial Owner	Personal	39,609,667	—	8.28%
	Interest in controlled corporation	Corporate	209,689,667 (Note)	—	43.85%
Chan Yu Ching, Eugene	Beneficial owner	Personal	4,716,666	—	0.99%
Ko Pak On	Beneficial owner	Personal	2,066,666	1,000,000	0.64%
Tso Yan Wing, Alan	Beneficial owner	Personal	116,000	700,000	0.17%

Note: These shares are held by Man Yue Holdings Inc., a company wholly and beneficially owned by Ms. Kee Chor Lin, the Chairman of the Company.

Save as disclosed above, as at 30 June 2009, none of the directors or chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## SUPPLEMENTARY INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed under the sections headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" above and "SHARE OPTION SCHEME" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

### SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

As at 30 June 2009, 2,400,000 share options remained outstanding under the Share Option Scheme and the details of the movements of the said outstanding share options were as follows:

Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options <sup>1</sup>	Exercise price of share options <sup>2</sup>	Price of Company's shares <sup>3</sup>	
	At 1 January 2009	Exercised during the period	At 30 June 2009				Immediately before the exercise date	At exercise date of options
							HK\$ per share	HK\$ per share
<b>Directors</b>								
Ko Pak On	500,000	—	500,000	8.8.2006	8.8.2006 to 25.5.2016	1.60	N/A	N/A
	500,000	—	500,000	8.8.2006	8.8.2007 to 25.5.2016	1.60	N/A	N/A
	<u>1,000,000</u>	<u>—</u>	<u>1,000,000</u>					
Tso Yan Wing, Alan	700,000	—	700,000	8.8.2006	8.8.2006 to 25.5.2016	1.60	N/A	N/A
<b>Other employees</b>								
In aggregate	150,000	—	150,000	8.8.2006	8.8.2006 to 25.5.2016	1.60	N/A	N/A
In aggregate	700,000	(150,000)	550,000	8.8.2006	8.8.2007 to 25.5.2016	1.60	1.50	1.56
	<u>850,000</u>	<u>(150,000)</u>	<u>700,000</u>					
	<u>2,550,000</u>	<u>(150,000)</u>	<u>2,400,000</u>					



## SUPPLEMENTARY INFORMATION

### SHARE OPTION SCHEME (Continued)

- <sup>1</sup> The vesting period of the share options is from date of grant until the commencement of the exercise period.
- <sup>2</sup> The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- <sup>3</sup> The prices of the Company's shares immediately before the exercise date and as at the date of exercise of the share options are the weighted average of the closing prices of the Company's shares as quoted on the Stock Exchange immediately before the dates and as at the dates on which the options were exercised over all the options exercised during the period as referred to in the above table respectively.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long positions:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Man Yue Holdings Inc. ("MYHI")		Beneficial interest	209,689,667	43.85%
DJE Investment S.A. ("DJE")	1, 2 & 3	Beneficial interest	42,600,000	8.91%
Dr. Jens Ehrhardt Kapital AG ("DJE AG")	1, 2 & 3	Corporate/Interest of controlled corporation	42,600,000	8.91%
Dr Jens Alfred Karl Ehrhardt ("Dr. Ehrhardt")	2 & 3	Corporate/Interest of controlled corporation	42,600,000	8.91%
Martin Currie (Holdings) Limited		Beneficial interest	39,149,600	8.19%



## SUPPLEMENTARY INFORMATION

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)**

Notes:

1. DJE AG holds an 81% interest in DJE and is accordingly deemed to have interests in the shares held by DJE.
2. Dr. Ehrhardt holds a 68.5% interest in DJE AG and is accordingly deemed to have interests in the shares held by DJE or deemed to be interested by DJE AG.
3. The interests of DJE, DJE AG and Dr. Ehrhardt are in respect of the same 42,600,000 shares and duplicated each other.

Save as disclosed above, as at 30 June 2009, no person, other than the directors or chief executive of the Company, whose interests are set out in the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

### **CORPORATE GOVERNANCE**

The Company has adopted all the Code Provisions set out in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules and has complied with all the Code Provisions during the Period except for the following deviation:

All Independent Non-executive Directors ("INEDs") of the Company are not appointed for specific terms but are subject to retirement by rotation under Bye-law 87 of the Company's Bye-laws.

Save as disclosed above, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are in line with the Code Provisions.



## SUPPLEMENTARY INFORMATION

### COMPLIANCE WITH THE MODEL CODE

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules to govern securities transactions by the directors. After having made specific enquiry by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the Period.

### AUDIT COMMITTEE

The Audit Committee of the Company (the “Audit Committee”) comprises three members and all of whom are the INEDs. None of them is employed by or otherwise affiliated with the former or existing auditors of the Company.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group in the interim financial report for the Period.

### REMUNERATION COMMITTEE

A Remuneration Committee was established on 22 March 2006 by the Company to consider the remuneration of the directors and the senior management of the Company. The Remuneration Committee comprises of two INEDs and one Executive Director. As at 30 June 2009, the members of the Remuneration Committee comprised Mr. Lo Kwok Kwei, David, Ms. Kee Chor Lin and Dr. Li Sau Hung, Eddy. Mr. Lo is the Chairman of the Remuneration Committee.

### INTERNAL CONTROL

The Board has overall responsibility for the Group’s systems of internal control and for reviewing their effectiveness. The Board conducts regular reviews regarding internal control systems of the Group. The Group convenes meetings periodically to discuss the financial, operational and risk management control matters. During the Period, the Board has reviewed the operational and financial reports, budgets and business plans provided by the management.

### INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend for the six months ended 30 June 2009 of HK0.5 cents (2008: HK3.0 cents) in cash per share, totalling HK\$2,391,000 payable on Friday, 16 October 2009 to shareholders whose names appear on the Register of Members of the Company on Friday, 25 September 2009.





## SUPPLEMENTARY INFORMATION

### CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 21 September 2009 to Friday, 25 September 2009, both days inclusive, during which period no transfer of shares and no share of the Company will be issued upon exercise of any subscription right attaching to the outstanding options issued by the Company will be effected. In order to qualify for the interim dividend, all transfer, accompanied by the relevant share certificates, must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4.00 p.m. on Friday, 18 September 2009.

### APPRECIATION

The Board would like to take this opportunity to express its gratitude to all members of the staff for their loyalty and dedication and the continuous support from our customers, suppliers, banks and shareholders.

By order of the Board

**Kee Chor Lin**

*Chairman*

Hong Kong, 31 August 2009

