

YORKEY

Stock Code : 2788

YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.

精熙國際(開曼)有限公司*

(incorporated in the Cayman Islands with limited liability)



YORKEY OPTICAL

Interim Report 2009

* For identification purpose only

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CORPORATE INFORMATION

Executive Directors

Cheng Wen-Tao
Liao Kuo-Ming

Non-Executive Directors

Lai I-Jen
Wu Shu-Ping

Independent Non-Executive Directors

Chiang Hsiang-Tsai
Chou Chih-Ming
Lai Chung-Hsiung

Company Secretary and Qualified Accountant

Ng Chi-Ching, FCPA, CPA (Aust.)

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Place of Business in Hong Kong

Workshops 1-2, 6th Floor, Block A
Goldfield Industrial Centre
1 Sui Wo Road
Shatin
New Territories
Hong Kong

Place of Business in the PRC

No.2 Xiaobian Industrial District
Changan Town
Dongguan City
Guangdong Province
The PRC

Auditor

Deloitte Touche Tohmatsu

Principal Bankers

The Hong Kong and Shanghai Banking Corporation Ltd.
Bank SinoPac
Ta Chong Bank Ltd.
China Construction Bank
China Merchant Bank

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group
(Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
British West Indies

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Ltd.
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Stock Code

2788



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**TO THE BOARD OF DIRECTORS OF
YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.**
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 5 to 15 which comprises the condensed consolidated statement of financial position of Yorkey Optical International (Cayman) Ltd. as of 30th June, 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on 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 ("HKAS") 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 HKAS 34. 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 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. 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 HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

7th September, 2009

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2009

	<i>Notes</i>	1.1.2009 to 30.6.2009 US\$'000 (unaudited)	1.1.2008 to 30.6.2008 US\$'000 (unaudited)
Turnover		35,619	54,449
Cost of goods sold		(26,189)	(37,997)
Gross profit		9,430	16,452
Other income		1,253	2,706
Distribution costs		(627)	(1,005)
Administrative expenses		(6,112)	(8,687)
Profit before taxation		3,944	9,466
Taxation	5	374	(171)
Profit for the period		4,318	9,295
Other comprehensive income			
Exchange differences arising from the translation of financial statements of foreign operations		145	2,101
Total comprehensive income for the period		4,463	11,396
Earnings per share			
– Basic	7	US0.52 cents	US1.12 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2009

	Notes	30.6.2009 US\$'000 (unaudited)	31.12.2008 US\$'000 (audited)
Non-current assets			
Investment properties		710	746
Property, plant and equipment	8	31,434	32,299
Land use rights		253	255
Deposits made on acquisition of property, plant and equipment		168	286
Deferred taxation		1,173	1,173
		33,738	34,759
Current assets			
Inventories		8,420	8,831
Trade and other receivables	9	18,029	29,003
Amounts due from related companies		68	150
Bank balances and cash		125,192	132,157
		151,709	170,141
Current liabilities			
Trade and other payables	10	17,027	26,678
Taxation		811	1,189
		17,838	27,867
Net current assets		133,871	142,274
Net assets		167,609	177,033
Capital and reserves			
Share capital		1,066	1,066
Reserves		166,543	175,967
Total equity		167,609	177,033

The condensed consolidated financial statements on pages 5 to 15 were approved and authorised for issue by the Board of Directors on 7th September, 2009 and are signed on its behalf by:

LIAO KUO-MING
CHAIRMAN

CHENG WEN-TAO
CHIEF EXECUTIVE OFFICER

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2009

	Attributable to owners of the Company						
	Share capital US\$'000	Share premium US\$'000	Special reserve US\$'000	Translation reserve US\$'000	Statutory surplus reserve fund US\$'000	Retained profits US\$'000	Total US\$'000
At 1st January, 2008	1,066	63,800	19,350	5,546	2,276	85,350	177,388
Exchange differences arising from the translation of financial statements of foreign operations recognised directly in equity	-	-	-	2,101	-	-	2,101
Profit for the period	-	-	-	-	-	9,295	9,295
Total comprehensive income for the period	-	-	-	2,101	-	9,295	11,396
Dividend recognised as distribution	-	-	-	-	-	(18,572)	(18,572)
At 30th June, 2008	1,066	63,800	19,350	7,647	2,276	76,073	170,212
At 1st January, 2009	1,066	63,800	19,350	7,879	2,276	82,662	177,033
Exchange differences arising from the translation of financial statements of foreign operations recognised directly in equity	-	-	-	145	-	-	145
Profit for the period	-	-	-	-	-	4,318	4,318
Total comprehensive income for the period	-	-	-	145	-	4,318	4,463
Dividend recognised as distribution	-	-	-	-	-	(13,887)	(13,887)
At 30th June, 2009	1,066	63,800	19,350	8,024	2,276	73,093	167,609

The special reserve represents the differences between the nominal amount of the shares issued by the Company and the aggregate amount of share capital of the subsidiaries acquired pursuant to the group reorganisation in 2005.

As stipulated by the relevant laws and regulations for foreign investment enterprises in Mainland China (the "PRC"), the PRC subsidiary of the Company is required to maintain a statutory surplus reserve fund which is non-distributable. Appropriation to such reserve is made out of profit after taxation of the statutory financial statements of the PRC subsidiary while the amount and allocation basis are decided by its board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2009

	1.1.2009 to 30.6.2009 US\$'000 (unaudited)	1.1.2008 to 30.6.2008 US\$'000 (unaudited)
Net cash from operating activities	7,687	15,098
Net cash used in investing activities	(745)	(2,351)
Financing activities		
Dividends paid	(13,887)	(18,572)
Net decrease in cash and cash equivalents	(6,945)	(5,825)
Cash and cash equivalents at 1st January	132,157	128,590
Effect of foreign exchange rate changes	(20)	(33)
Cash and cash equivalents at 30th June	125,192	122,732

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30th June, 2009

1. GENERAL

The Company is incorporated in the Cayman Islands and registered as an exempted company with limited liability. Its shares are listed on the The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated financial information 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 (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial information have been prepared under the historical cost convention.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January, 2009.

HKAS 1 (Revised) Presentation of financial statements

HKAS 1 (Revised) 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. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard and has not resulted in a redesignation of the Group's reportable segment (see note 3).

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 27 (Revised)	Consolidated and separate financial statements ¹
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business combinations ¹
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners ¹
HK(IFRIC) – INT 18	Transfers of assets from customers ⁴

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

² Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate.

³ Effective for annual periods beginning on or after 1st January, 2010.

⁴ Effective for transfers on or after 1st July, 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors 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. OPERATING SEGMENT

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st January, 2009. HKFRS 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 in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, segment information reported externally was regarded as single business segment and geographical segment. The chief executive officer, being the chief operating decision maker of the Group, regularly reviews revenue analysis by business divisions, including plastic injection and moulding division, metal stamping division, coating and printing division, and mould design and fabrication division. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective business divisions. The chief executive officer reviews the operating results of the Group as a whole to make decisions about resource allocation. The operation of the Group constitutes one single reportable segment under HKFRS 8 and accordingly, no separate segment information is prepared.

4. DEPRECIATION

During the period, depreciation of US\$2,588,000 (US\$2,507,000 for the six months ended 30th June, 2008) was charged to the condensed consolidated income statement in respect of the Group's property, plant and equipment.

5. TAXATION

	1.1.2009 to 30.6.2009 US\$'000 (unaudited)	1.1.2008 to 30.6.2008 US\$'000 (unaudited)
The charge comprises:		
Mainland China (the "PRC") income tax calculated at the applicable income tax rate on the estimated assessable profit for the period	(217)	(171)
Overprovision in prior periods*	591	-
Deferred taxation	-	-
	374	(171)

* During the period, the local PRC tax authority in charge of taxation of a foreign enterprise of the Group, after an in-depth review of the Group's business activities in the PRC for the years 2002 to 2006, agreed that the presence of this foreign enterprise in the PRC during each of these years did not constitute a permanent establishment in the PRC. The PRC tax authority thus endorsed with an official circular that the relevant entity shall not be liable to Enterprises Income Tax ("EIT") for the years from 2002 to 2006. In prior periods, before this foreign enterprise could secure any official endorsement to rule out the exposure of permanent establishment, the management accrued EIT for those years. Included in the overprovision in prior periods above, an amount of US\$862,000 representing the relevant EIT provision for the years 2002 to 2006, is now considered unnecessary and released to the income statement.

6. DIVIDENDS

	1.1.2009 to 30.6.2009 US\$'000 (unaudited)	1.1.2008 to 30.6.2008 US\$'000 (unaudited)
Dividends recognised as distribution during the period:		
Final dividend for 2008 of US1.68 cents per share (2008: final dividend for 2007 of US2.24 cents per share) paid	13,887	18,572
Dividends proposed:		
Interim dividend for 2009 of US0.48 cents per share (2008: US0.6 cents per share) proposed	3,949	4,988

On 7th September, 2009, the Directors declared an interim dividend for the six months ended 30th June, 2009 of HK\$0.037 (approximately US0.48 cents) per share based on 827,778,000 shares in issue as at the date of this report.

7 EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30th June, 2009 is based on the consolidated profit for the period attributable to equity holders of the Company of US\$4,318,000 (US\$9,295,000 for the six months ended 30th June, 2008) and on the weighted average number of 827,778,000 (827,778,000 for the six months ended 30th June, 2008) shares in issue during the period.

No diluted earnings per share is presented as there were no potential dilutive shares during the period.

8. PROPERTY, PLANT AND EQUIPMENT

The Group spent US\$1,590,000 (US\$2,918,000 for the six months ended 30th June, 2008) on additions to property, plant and equipment in order to upgrade its manufacturing capacities.

9. TRADE AND OTHER RECEIVABLES

	30.6.2009 <i>US\$'000</i> (unaudited)	31.12.2008 <i>US\$'000</i> (audited)
Trade receivables		
– related companies in which certain directors of the Company have beneficial interests	1,118	1,427
– others	16,602	27,372
	17,720	28,799
Less: Allowance for doubtful debts	(190)	(111)
	17,530	28,688
Value-added tax recoverable	137	163
Other receivables	362	152
	18,029	29,003

Payment terms with customers are mainly on credit together with deposits. Invoices to outside customers are normally payable within 30 to 120 days of issuance, while invoices to long-established customers are normally payable within one year. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

	30.6.2009 <i>US\$'000</i> (unaudited)	31.12.2008 <i>US\$'000</i> (audited)
Age		
0 to 60 days	12,224	13,388
61 to 90 days	2,878	8,031
91 to 180 days	2,089	7,238
Over 181 days	339	31
	17,530	28,688

10. TRADE AND OTHER PAYABLES

	30.6.2009 <i>US\$'000</i> (unaudited)	31.12.2008 <i>US\$'000</i> (audited)
Trade payables		
– related companies in which certain directors of the Company have beneficial interests	95	155
– others	13,395	22,262
	13,490	22,417
Payable for purchase of property, plant and equipment	–	214
Payroll and welfare payables	930	1,043
Other payables	2,607	3,004
	17,027	26,678

The following is an aged analysis of trade payables at the balance sheet date:

	30.6.2009 <i>US\$'000</i> (unaudited)	31.12.2008 <i>US\$'000</i> (audited)
Age		
0 to 60 days	9,300	12,261
61 to 90 days	2,363	5,669
91 to 180 days	1,747	4,474
Over 181 days	80	13
	13,490	22,417

11. RELATED PARTY TRANSACTIONS

During the period, the Group has the following significant transactions with related companies in which a director of the Company Mr. Cheng Wen-Tao has beneficial interests:

Nature of transactions	1.1.2009 to 30.6.2009 US\$'000 (unaudited)	1.1.2008 to 30.6.2008 US\$'000 (unaudited)
Sales of goods	1,155	550
Purchases of raw materials	251	432
Property rental income	144	175
Management fees paid	708	708

The Company's directors represented that no emoluments were paid to the Group's key management during the period (2008: Nil).

12. EVENT AFTER THE END OF INTERIM PERIOD

In August 2009, the Company's substantial shareholders, Asia Promotion Optical International Ltd. and Ability Enterprise BVI Co., Ltd., have submitted an application for the proposed issue of up to 80,000,000 unit of Taiwan Depositary Receipts ("TDRs") on the Taiwan Stock Exchange Corporation, by transferring up to 80,000,000 ordinary shares of the Company to a depository bank, where each unit of TDR represents one ordinary share of the Company. The application is subject to the approvals by the relevant regulatory authorities in Taiwan.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial Review

The Group is principally engaged in the manufacture and sale of plastic and metallic parts and components of optical and opto-electronic products including digital still cameras ("DSC"), copiers (including copier-based multifunction peripherals), computer peripherals, handsets, traditional film cameras, etc., and subsequently related accessories as well as the manufacture, painting and sale of molds and cases.

Being affected by the economic downturn in the first half year and the decrease in demand for electronic consumer products that had caused contraction of business turnover, the Group's turnover for the six months ended 30th June, 2009 was approximately US\$35,619,000 (2008: US\$54,449,000), representing a decrease of 34.6% compared with that in the corresponding period last year. The profit after taxation was approximately US\$4,318,000, representing a decrease of 53.5% compared with that in the corresponding period last year.

Despite the economic downturn that had caused operating losses to most large corporations in electronic consumer products industry in Japan, the Group was able to achieve a high gross profit margin at approximately 26.5% and to continuously keep the operation profitable, as proof of the Group's excellence in its core competitiveness.

The turnover for the first six months was mainly derived from the sales of components for DSCs of approximately US\$27,407,000. It is expected that there will be a turnaround in the global economy in the second half year when, traditionally being regarded as high season in sales activities for the electronic consumer products industry, the well branded DSCs manufacturers will work hard in devising their sales promotion activities that would directly bring positive effect to the Group's turnover.

Liquidity and Financial Resources

As at 30th June, 2009, the Group had current assets of approximately US\$151,709,000 (as at 31st December, 2008: US\$170,141,000) while current liabilities of approximately US\$17,838,000 (as at 31st December, 2008: US\$27,867,000). The current ratio of the Group was approximately 850%.

The Group finances its operation with internally generated resources. As at 30th June, 2009, the Group had cash at bank and on hand of approximately US\$125,192,000 (as at 31st December, 2008: US\$132,157,000), and zero bank borrowings.

Net cash generated from operating activities in six months ended 30th June, 2009 was US\$7,687,000.

Net cash outflow from investing activities in six months ended 30th June, 2009 was US\$745,000 after the offset between the capital expenditure of approximately US\$1,472,000 and the bank interest income of approximately US\$727,000.

Net cash outflow from financing activities was US\$13,887,000 for the six months ended 30th June, 2009, representing a payment of final dividend of approximately US\$1.68 cents per share in respect of the year ended 31st December, 2008.

For the six months period ended 30th June, 2009, the Group's aggregate bank balances and cash amounted approximately US\$125,192,000. The liability ratio (total liability divided by total assets) was approximately 9.6% with zero bank borrowing. Therefore, the Board is in the opinion that the Group continues to be in a strong and healthy financial position and has sufficient resources to support its operation and meet its foreseeable capital expenditure.

Exchange Risk Exposure and Contingent Liabilities

The Group's sales were principally denominated in US dollars or Hong Kong dollars while purchases were also transacted mainly in US dollars, Renminbi and Hong Kong dollars. The Group does not foresee significant risk in exchange rate fluctuation and no financial instruments have been used for hedging purposes. The group will use forward exchange contract for hedging purposes appropriately.

As at 30th June, 2009, the Group had no significant contingent liabilities.

Employment, Training and Development

As at 30th June, 2009, the Group had a total of 3,566 employees. A long term and stable human capital policy accommodated with fringe benefits, including medical insurance and provident fund, and competitive remuneration packages are adopted to attract, retain and motivate employees.

The Group strives to maintain good relations with its employees and is committed to employee training and development on a regular basis to maintain the quality of our products.

Outlook

As affected by the economic contraction in the first half year, those well-branded DSCs manufacturers acted conservatively in conducting their business activities and were focused on monitoring stock level that had caused global reduction in production output. However, with an expectation of economic rebound in the second half year, the manufacturers would commit themselves in launching new products facilitated by continuous expansion of outsourced production process to stimulate the market demand. During the time, the Group expects that there will be a remarkable growth in sales and revenue.

Looking ahead, with a diversified customers base and an ability to provide "one-stop" production and services, the Group has maintained its worldwide leading position in manufacture and supply of parts and components for the DSCs. The Group's management is confident that the business will continue to grow in the future and generate good returns to the Company's shareholders.

OTHER INFORMATION

Disclosure of Interests

Directors and Chief Executive's Interests in Shares

As at 30th June, 2009, the interest or short positions of the directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") to be notified to the Stock Exchange and the Company, are set out below:

1. Long positions in the shares, underlying shares and debentures of the Company

Name of director/chief executive of the Company	Nature of interest	Total number of shares/ underlying shares in the Company	Percentage of issued share capital in the Company
Mr. Cheng Wen-Tao	Interest of a controlled corporation	242,000,000 (Note 1)	29.23%
Mr. Cheng Wen-Tao	Interest of a party to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(b) and 318 of the SFO	113,000,000 (Note 2)	13.65%

Note 1: Mr. Cheng Wen-Tao ("Mr. Cheng") is taken to be interested in an aggregate of 242,000,000 shares held by Asia Promotion Optical International Ltd. ("Asia Promotion"). Asia Promotion is owned as to 49.3% by Mr. Cheng, as to 26.2% by the spouse of Mr. Cheng, Ms. Huang Ching-Hui and as to 24.5% by Mr. Liao Kuo-Ming. Mr. Cheng is also the sole director of Asia Promotion.

Note 2: Mr. Cheng is also deemed to be interested in the 113,000,000 shares in the Company directly held by Fortune Lands International Ltd. ("Fortune Lands") by virtue of section 317 of the SFO because he, being a controlling person (within the meaning of section 317(7) of the SFO) and a director of the Company, advanced a loan in the sum of HK\$38,400,000 to Fortune Lands with the knowledge that it would be applied for the subscription of shares in the Company.

Save as disclosed above, as at 30th June, 2009, none of the directors or chief executives of the Company had any long position in the shares, underlying shares and debentures of the Company as recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

2. *Short positions in the shares, underlying shares and debentures of the Company and interests and short positions in the shares, underlying shares and debentures of the Company's associated corporation*

As at 30th June, 2009, none of the directors or chief executives of the Company, had any interest in short position in the shares, underlying shares or debentures of the Company or any interest or short position in the shares, underlying shares or debentures of the Company's associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Stock Exchange and the Company pursuant to the Model Code.

At no time during the period was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares, or debentures of, the Company or its associated corporation.

Substantial Shareholders

As at 30th June, 2009, the interests or short positions of every person, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, are set out below:

1. Long position in the shares and underlying shares of the Company

Name of shareholder of the Company	Type of interest	Number of shares/ underlying shares in the Company	Percentage of issued share capital in the Company
Ability Enterprise (BVI) Co., Ltd.	Beneficial owner	174,252,000	21.05%
Ability Enterprise Co., Ltd.	Interest of a controlled corporation	174,252,000 (Note 1)	21.05%
Asia Promotion Optical International Ltd.	Beneficial owner	242,000,000	29.23%
Fortune Lands International Ltd.	Founder of discretionary trust	114,800,000 (Note 2)	13.87%
Fortune Lands International Ltd.	Interest of a party to be disclosed under sections 317(1)(b) and 318 of the SFO	242,000,000 (Note 2)	29.23%
Mr. Tawara Seiichi	Interest of a controlled corporation	356,800,000 (Note 3)	43.10%
Ms. Huang Ching-Hui	Interest of a spouse	355,000,000 (Note 4)	42.89%

Name of shareholder of the Company	Type of interest	Number of shares/ underlying shares in the Company	Percentage of issued share capital in the Company
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Ms. Arai Keiko	Interest of a spouse	356,800,000 (Note 5)	43.10%
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Templeton Asset Management Ltd.	Beneficial owner	41,580,000	5.02%
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Note 1: Ability Enterprise Co., Ltd. (“Ability Enterprise”) holds 100% direct interest in the issued capital of Ability Enterprise (BVI) Co., Ltd. (“Ability Enterprise BVI”) and therefore is taken to be interested in an aggregate of 174,252,000 shares in the Company held by Ability Enterprise BVI.

Note 2: Fortune Lands is the founder of The Yorkey Employee’s Trust and is the registered owner of 114,800,000 shares in the Company which it will hold as trustee of The Yorkey Employees’ Trust.

Fortune Lands is also deemed to be interested in the 242,000,000 shares in the Company in which Mr. Cheng is interested by virtue of application of section 317 of the SFO because Mr. Cheng, being a controlling person (within the meaning of section 317(7) of the SFO) and a director of the Company, advanced a loan in the sum of HK\$38,400,000 to Fortune Lands with the knowledge that it would be applied for the subscription of shares in the Company.

Note 3: Mr. Tawara Seiichi, being the sole shareholder of Fortune Lands, is taken to be interested in an aggregate of 114,800,000 shares in the Company held by Fortune Lands.

Mr. Tawara is also deemed to be interested in the 242,000,000 shares in the Company in which Fortune Lands is deemed to be interested by virtue of application of section 317 of the SFO because Mr. Cheng, being a controlling person (within the meaning of section 317(7) of the SFO) and a director of the Company, advanced a loan in the sum of HK\$38,400,000 to Fortune Lands with the knowledge that it would be applied for the subscription of shares in the Company.

Note 4: Ms. Huang Ching-Hui, the spouse of Mr. Cheng, is taken to be interested in an aggregate of 355,000,000 shares in which Mr. Cheng is interested in.

Note 5: Ms. Arai Keiko, the spouse of Mr. Tawara, is taken to be interested in an aggregate of 356,800,000 shares in which Mr. Tawara is interested in.

Save as disclosed above, as at 30th June, 2009, the Company had not been notified of any long position being held by any persons, other than a director or chief executive of the Company, in the shares or underlying shares in the Company which would be recorded in the register required be kept under section 336 of the SFO.

2. *Short positions in the shares and underlying shares of the Company*

As at 30th June, 2009, the Company had not been notified of any short position being held by any persons, other than a director or chief executive of the Company, in the shares or underlying shares in the Company which would be recorded in the register required to be kept under section 336 of the SFO.

Interim Dividend

The Board resolved to declare an interim dividend of HK\$0.037 (2008: HK\$0.047) per share in respect of the six months ended 30th June, 2009, payable to shareholders whose names appear on the register of members of the Company on 23rd October, 2009.

The interim dividend will be paid before the end of November 2009.

Closure of Register of Members

The register of members of the Company will be closed from 21st to 23rd October, 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all valid documents in respect of transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Tuesday, 20th October, 2009.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30th June, 2009.

Audit Committee

The Company has established an audit committee with written terms of reference in compliance with the code provisions under the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules. The audit committee of the Company has reviewed the interim results for the six months ended 30th June, 2009.

Further, the interim financial information for the six months ended 30th June, 2009 are unaudited, but have been reviewed by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed they have fully complied with the required standard set out in the Model Code.

Corporate Governance Practices

The Group is committed to ensuring high standards of corporate governance in the interest of its shareholders.

The Group has adopted the code provisions set out in the Code of Corporate Governance Practices as stated in Appendix 14 to the Listing Rules in the period cover by this interim report.