# Meadville Holdings Limited
# 美 維 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 3313)

# Interim Report 2009

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# CORPORATE INFORMATION AND FINANCIAL CALENDAR

## BOARD OF DIRECTORS

### Executive Directors

Mr. Tang Hsiang Chien
*(Honourary Founding Chairman)*
Mr. Tang Chung Yen, Tom
*(Executive Chairman and Group Managing Director)*
Ms. Tang Ying Ming, Mai
*(Vice Chairman)*
Mr. Chung Tai Keung, Canice
*(Chief Executive Officer)*

### Independent Non-executive Directors

Mr. Lee, Eugene
Mr. Leung Kwan Yuen, Andrew
Dr. Li Ka Cheung, Eric

## AUDIT COMMITTEE

Mr. Lee, Eugene *(Chairman)*
Mr. Leung Kwan Yuen, Andrew
Dr. Li Ka Cheung, Eric

## REMUNERATION COMMITTEE

Dr. Li Ka Cheung, Eric *(Chairman)*
Mr. Lee, Eugene
Mr. Leung Kwan Yuen, Andrew
Ms. Tang Ying Ming, Mai
Mr. Chung Tai Keung, Canice

## NOMINATION COMMITTEE

Mr. Leung Kwan Yuen, Andrew *(Chairman)*
Mr. Lee, Eugene
Dr. Li Ka Cheung, Eric
Ms. Tang Ying Ming, Mai
Mr. Chung Tai Keung, Canice

## EXECUTIVE COMMITTEE

Mr. Tang Chung Yen, Tom *(Chairman)*
Mr. Tang Hsiang Chien
Ms. Tang Ying Ming, Mai
Mr. Chung Tai Keung, Canice

## AUTHORISED REPRESENTATIVES

Ms. Tang Ying Ming, Mai
Mr. Chung Tai Keung, Canice
Ms. Ng Sai Yee

## COMPANY SECRETARY

Ms. Ng Sai Yee

## LEGAL ADVISER

Woo Kwan Lee & Lo

## AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants*

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China Limited

## REGISTERED OFFICE

Clifton House, 75 Fort Street
P.O. Box 1350 GT, George Town
Grand Cayman, Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 4 Dai Shun Street, Tai Po Industrial Estate
Tai Po, New Territories, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Corporate Services (Cayman) Limited
Clifton House, 75 Fort Street
P.O. Box 1350 GT, George Town
Grand Cayman, Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

## WEBSITE

www.meadvillegroup.com

## STOCK CODE

3313

## FINANCIAL CALENDAR

| | | |
|---|---|---|
| Book closure dates | : | from 15 September 2009 to 17 September 2009 |
| Interim dividend payment date | : | 6 October 2009 |

# CHAIRMAN'S STATEMENT

The first half-year of 2009 was a challenging period for the Group. However, the Group was able to achieve profitable results and generate positive net operating cash flow during the period in spite of the unprecedented global economic crisis.

Our performance can be attributed to a number of factors – stringent cost control measures taken since the fourth quarter of 2008, temporary scaling down of available capacity and the Group's capability to continuously attract demand for high technology PCB.

The Group's turnover, gross profit, operating profit and net profit stood at approximately HK$2,365 million, HK$469 million, HK$205 million and HK$145 million respectively for the six months ended 30 June 2009.

## Business Review

The drop in Group's turnover and profit was primarily due to lower PCB export sales by about 20.0% to export sales of 2008. However, this was partially compensated by higher PCB local sales in mainland China by about 13.7% to local sales of 2008 as benefited from China's 3G set-up.

Other factors adversely affecting the profit were the significant decline in functional foreign exchange gain (as a result of the strengthening RMB in 2008) and the material drop in the share of net profit of associated companies.

January sales were 33.4% lower than that of 2008. In February, orders from local China customers began to gradually pick up largely due to the plans to pull ahead the implementation of 3G technology in the Mainland by almost a year.

To cope with higher PCB demand, the Group restarted operations at the GME plant in Guangzhou in February 2009 and at the MAS plant in Suzhou in March 2009.

However, due to a worker shortage during the three months from February to April 2009, the Group was unable to reap the full benefit of the 3G implementation. Without this shortfall in manpower, local sales for the first six months of 2009 would have been markedly higher.

**Business Review (Continued)**

With the initial phase of the 3G system set-up completed and tested in May 2009, the China market seasonal slowdown that has been observed in previous years came again from May through June 2009.

Sales of conventional PCB, HDI PCB, rigid-flex PCB, integrated circuit substrate and quick-turn-around value-added services amounted to 62.1%, 31.0%, 1.6%, 1.8% and 3.5% respectively of the Group's PCB turnover for the period. By comparison, 64.6%, 28.1%, 0%, 3.7% and 3.6% were the results for the corresponding period in 2008.

For the six months ended 30 June 2009, the Group's PCB turnover dropped by 9.5% to approximately HK$2,245 million, and total prepreg and laminate sales to both external and internal customers came to approximately HK$309 million representing a drop of 26.9%, versus the corresponding period in 2008.

For the first half of 2009, the Group's gross profit margin was 19.8% with a net profit margin of 6.1% as compared with the first half of 2008 19.7% and 12.1% respectively.

As of 30 June 2009, the Group's net asset value increased to approximately HK$3,357 million as compared with approximately HK$3,204 million at the end of 2008.

With capacity expansion halted due to anticipated slower market conditions, the Group had been able to generate positive cash flow with net gearing dropping from 85.7% at the end of 2008 to 79.3% as of 30 June 2009.

During the period, the Group remained focused on technology development and was able to achieve a blended average layer count of 8.1 with an average selling price of US$26.9 per square foot, compared with 7.6 layers at an average price of US$26.6 during the same period in 2008.

The Group's Hong Kong operation was AS9100B certified in the first half of 2009. This allows the Group in supplying the PCB requirements for aerospace industry which requires very stringent quality and reliability performance. The Group has already obtained orders from a European multi-national corporation which supplies component parts to aircraft manufacturers.

Obtaining the AS9100B certificate is in line with the Group's long-term business direction in development of high potential and high valued-added PCB business in the aerospace industry in Europe, U.S.A. and China supplying PCB to aircraft manufacturers either directly or indirectly through their qualified components suppliers.

## CHAIRMAN'S STATEMENT (Continued)

### Future Prospects

Despite the challenging economic climate, the Group maintains a positive outlook on future prospects due to its continuous focus on the key sectors of high technology and high value-added PCB which enables the Group to enjoy a strong and long-standing position in mainland China.

With the second half of 2009 showing gradual improvement in the global economy and the Group's recent order bookings situation, the business for export sales is expected to improve in the second half this year.

With China's RMB4 trillion stimulus package, the Chinese government's continued infrastructure spending added momentum to local spending. The third phase of the installation of the td-SCDMA and the next phase of 3G systems set-up are also expected to continue to create demand for high layered PCB in the local China market.

The Group expects that 3G mobile handsets in mainland China's domestic market will also drive 2+HDI PCB requirements in the second half of 2009.

The Group is closely monitoring the increasing demand in the U.S. and Europe to source rigid-flex PCB from China, especially in the application of medical devices and data communication appliances, to ensure timely and accurate capacity set-up in the production of rigid-flex PCB in the second half of 2009.

With the restart of GME and MAS, the Group considers current production capacity should be sufficient for the coming year. The Group has continued to freeze capacity expansion except those for technology upgrades and replacement of machinery.

The Group expects to continue generating surplus operational cash flow through business operations and enhanced financial management in the second half of 2009.

Necessary adjustments to business strategies will be made promptly and proactively to cope with the complexities of the global economic climate. In addition, China's telecommunication infrastructure and mobile businesses will continue to be monitored with the utmost prudence.

## CHAIRMAN'S STATEMENT (Continued)

### Future Prospects (Continued)

Barring any unforeseen circumstances, the Group expects to see improved results for the second half of 2009.

On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to our shareholders, our business associates and all our employees for their continued support. I look forward to an improved and profitable second half-year ahead.

**Tang Chung Yen, Tom**
*Executive Chairman and Group Managing Director*

Hong Kong, 17 August 2009

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital Structure, Liquidity and Financial Resources

For the six months ended 30 June 2009, the Group financed its liquidity requirements by cash generated from operations and bank borrowings.

During the six months ended 30 June 2009, the Group managed to improve the current ratio to 1.30 as at 30 June 2009 (31 December 2008: 1.06). This was primarily due to the reduction in capital expenditures and short-term borrowings as well as better working capital management during the period under review. As at 30 June 2009, the Group's consolidated current assets and consolidated current liabilities stood at approximately HK$2,559 million (31 December 2008: HK$2,700 million) and approximately HK$1,969 million (31 December 2008: HK$2,543 million) respectively.

As at 30 June 2009, the Group's total bank borrowings decreased to approximately HK$3,557 million (31 December 2008: HK$3,636 million), and total cash and bank balances maintained at approximately HK$894 million (31 December 2008: HK$890 million). Total equity increased to approximately HK$3,357 million (31 December 2008: HK$3,204 million) as contributed by the first six months' profit in 2009, and net gearing ratio (expressed as total net borrowings over total equity) decreased to 0.79 (31 December 2008: 0.86).

As at 30 June 2009, the Group had been granted banking facilities in the total amount of approximately HK$7,673 million (comprising mainly bank borrowings and bilateral) of which approximately HK$3,607 million was not yet utilised.

With the Group's current level of cash and bank balances, funds generated from operations and the unutilised available banking facilities, the Board is confident that the Group will have sufficient resources to meet its foreseeable capital expenditure and debt repayment requirements.

The Group's assets were free from charge at 30 June 2009.

## Capital Commitments and Contingent Liabilities

As at 30 June 2009, the Group had outstanding capital commitments in respect of purchases of property, plant and equipment of approximately HK$290 million (31 December 2008: HK$358 million). In addition, the Group had commitments in respect of injection of additional capital into certain subsidiaries established in mainland China totalling approximately HK$404 million (31 December 2008: HK$655 million), of which approximately HK$218 million will be due within 2009. Such injection of capital will be mainly used to pay for the purchase of property, plant and equipment and operating expenses. These capital commitments will be financed by the Group's internal resources.

The Group had no significant contingent liabilities as at 30 June 2009.

## Employees and Remuneration Policy

As at 30 June 2009, the Group had a total of approximately 12,100 employees (31 December 2008: approximately 10,200). The increase in headcount was mainly due to the re-start of operations of the two manufacturing plants in GME and MAS in February and March 2009 respectively which had been temporarily suspended from operations starting from December 2008. The Group's staff costs decreased to approximately HK$373 million for the six months ended 30 June 2009 (for the six months ended 30 June 2008: HK$391 million).

The Group remunerates its employees based on their performance, work experience and prevailing market compensation packages. Salaries of employees are maintained at competitive level while bonuses are granted by reference to the performance of the Group, individual plant operation and individual employees.

The Company approved the Share Option Scheme for the purposes of providing a longer term incentive and reward to eligible participants who have contributed to the success of the Group. In view that a total of 134.8 million shares in the capital of the Company were granted to the employees by a substantial shareholder during the initial public offering in 2007, the Group considers there is no need to grant any share options to employees under this option scheme in the foreseeable future.

## Foreign Exchange Fluctuation Exposures and Hedges

The Group operates principally in Hong Kong and mainland China, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group attempts to minimise its foreign exchange risk exposure through matching its operating costs and borrowings against its receivables on sales. Nevertheless, the Group is still exposed to relevant foreign exchange risk in respect of RMB and U.S. dollar exchange rate fluctuations such that the Group's profit margin may be impacted accordingly. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange controls promulgated by the Chinese government.

In order to monitor the Group's exposure to foreign exchange rate risks, the Group, during the first half of 2009, entered into certain simple foreign exchange forward contracts to hedge against (i) the financial liabilities representing the contingent consideration of put option payable to Aspocomp Holding Pte. Ltd. in early 2013 and (ii) certain purchases of machineries denominated in foreign currencies. As at 30 June 2009, the notional amount of these contracts was approximately HK$179 million and their respective fair value was approximately HK$16 million which was recorded as derivative financial instruments in the condensed consolidated interim statement of financial position.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

**Material Acquisition and Disposal of Subsidiary and Associated Company**

The Group had no significant acquisition or disposal of subsidiaries and associated companies during the six months ended 30 June 2009.

**Segment Information**

Details of segmental information are set out in Note 4 to the condensed consolidated interim financial information.

**Review of Operating Results – Six Months Ended 30 June 2009 ("1H 2009") Compared to Six Months Ended 30 June 2008 ("1H 2008")**

Revenue and gross profit

The Group's revenue declined by 12.6% to approximately HK$2,365 million in 1H 2009 (1H 2008: HK$2,705 million) with details as highlighted in the Chairman's Statement. In line with the decline in revenue, gross profit dropped by 11.9% to approximately HK$469 million (1H 2008: HK$532 million). However, the Group's gross profit margin sustained at 19.8% in 1H 2009 (1H 2008: 19.7%). This was mainly attributable to price reduction of raw materials and lower energy and commodity costs during 1H 2009. However, the effect was offset by more competitive PCB prices and the relatively higher depreciation of the Group. The Group has also taken various actions since the fourth quarter of 2008, such as salary reduction and wage freezes for high-cost regions, temporary closure of GME and MAS, and freezing capacity related capital expenditures. As a result, the Group was able to efficiently manage both variable and fixed operational expenses during 1H 2009.

Other income

Other income decreased by 32.2% to approximately HK$59 million in 1H 2009 (1H 2008: HK$87 million), comprising mainly of sales of scrap amounting to approximately HK$54 million (1H 2008: HK$85 million). The lower sales of scrap was primarily attributable to lower PCB production volume and decrease in copper and gold scrap resale unit prices in 1H 2009.

## Review of Operating Results – Six Months Ended 30 June 2009 ("1H 2009") Compared to Six Months Ended 30 June 2008 ("1H 2008") (Continued)

### Operating profit

The Group's operating profit declined by 48.2% to approximately HK$205 million in 1H 2009 (1H 2008: HK$397 million). The Group's operating performance was negatively impacted by the fixed portion of the selling and distribution expenses and general and administrative expenses, such as employees' expenses, operating expenses, depreciation and audit fees. As a percentage of the Group's revenue, selling and distribution expenses increased to 5.5% (1H 2008: 5.1%) and general and administrative expenses increased to 7.8% (1H 2008: 2.8%). The Group's general and administrative expense in 1H 2009 was much higher than that of 1H 2008 which was mainly attributable to the significant decline in functional foreign exchange gain. In 1H 2008, the Group recorded functional foreign exchange gain of approximately HK$139 million as a result of RMB appreciation but there was no such gain recurred in 1H 2009 as a result of much stabilised RMB currency during 1H 2009. The Group's operating profit margin dropped to 8.7% in 1H 2009 (1H 2008: 14.7%).

### Profit for the period

The Group's interest income decreased to approximately HK$0.8 million in 1H 2009 (1H 2008: HK$2.7 million). The Group's finance costs decreased to approximately HK$43 million in 1H 2009 (1H 2008: HK$67 million) which was primarily due to lower bank interest rates in 1H 2009.

The Group's share of net profit of associated companies decreased by 55.0% to approximately HK$23 million in 1H 2009 (1H 2008: HK$50 million) which was primarily due to the decline in operational performance of the Group's associates – GSST and SSST.

The Group's income tax expense as percentage of the Group's profit before tax (profit before income tax less share of profit of associated companies plus non-cash share award expenses) increased to 23.9% in 1H 2009 (1H 2008: 16.2%). This was because the PCB manufacturing was consolidated in the higher tax rate plants, such as DMC, SYE and SME after the temporary shut down of GME and MAS plants.

The Group's profit after tax decreased by 55.6% to approximately HK$145 million in 1H 2009 (1H 2008: HK$327 million) and the Group's profit margin was at 6.1% (1H 2008: 12.1%).

The Group's profit attributable to equity holders of the Company for 1H 2009 dropped by 65.9% to approximately HK$95 million (1H 2008: HK$279 million). Much higher minority shares of profit for 1H 2009 was recorded because after the temporary shut down of GME and MAS plants, more PCB manufacturing was consolidated in DMC and SYE plants, the joint venture companies with minority ownership from which profit was not 100% consolidated to the Group's profit attributable to equity holders of the Company.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**TO THE BOARD OF DIRECTORS OF MEADVILLE HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 12 to 38, which comprises the condensed consolidated interim statement of financial position of Meadville Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as at 30 June 2009 and the related condensed consolidated interim statement of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, 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 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 inquiries, 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.

## 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, 17 August 2009

## UNAUDITED INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2009 together with the comparative figures for the previous period as follows:

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

| | | Unaudited | |
|---|---|---|---|
| | | Six months ended 30 June | |
| | | **2009** | 2008 |
| | Notes | **HK$'000** | HK$'000 |
| Revenue | 4 | **2,365,370** | 2,705,205 |
| Cost of sales | 6 | **(1,896,464)** | (2,172,790) |
| Gross profit | | **468,906** | 532,415 |
| Other income | 5 | **58,661** | 86,582 |
| Selling and distribution expenses | 6 | **(130,924)** | (138,484) |
| General and administrative expenses | 6 | **(183,953)** | (75,152) |
| Share award expenses | 6, 7 | **(7,226)** | (8,622) |
| Operating profit | | **205,464** | 396,739 |
| Interest income | | **801** | 2,701 |
| Finance costs | | **(42,814)** | (67,233) |
| Share of net profit of associated companies | | **22,714** | 50,453 |
| Profit before income tax | | **186,165** | 382,660 |
| Income tax expense | 8 | **(40,738)** | (55,226) |
| Profit for the period | 4 | **145,427** | 327,434 |
| Attributable to: | | | |
| Equity holders of the Company | | **94,898** | 278,660 |
| Minority interests | | **50,529** | 48,774 |
| | | **145,427** | 327,434 |
| Earnings per share for profit attributable to equity holders of the Company during the period (expressed in HK$ per share) | | | |
| – basic and diluted | 9 | **0.0483** | 0.1393 |
| Interim dividend (expressed in HK$ per share) | 10 | **0.015** | 0.028 |

The notes on pages 19 to 38 are an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

| | Unaudited Six months ended 30 June 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|
| Profit for the period | **145,427** | 327,434 |
| **Other comprehensive income** | | |
| Exchange differences | **489** | 157,399 |
| Fair value loss of available-for-sale financial asset | **(2,229)** | – |
| Cash flow hedge | | |
| – change in fair value of hedging instruments | **15,814** | – |
| – transfer to income statement upon change in fair value of hedged items | **(13,408)** | – |
| Other comprehensive income for the period | **666** | 157,399 |
| Total comprehensive income for the period, net of tax | **146,093** | 484,833 |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | **95,467** | 412,373 |
| Minority interests | **50,626** | 72,460 |
| | **146,093** | 484,833 |

The notes on pages 19 to 38 are an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2009

| | Notes | **Unaudited 30 June 2009 HK$'000** | Audited 31 December 2008 HK$'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | **5,199,608** | 5,290,295 |
| Leasehold land and land use rights | 11 | **176,178** | 178,430 |
| Intangible assets | 11 | **21,576** | 22,159 |
| Interests in associated companies | | **607,209** | 620,573 |
| Available-for-sale financial asset | | **18,406** | 20,635 |
| Derivative financial instruments | | **15,635** | – |
| Deferred tax assets | | **38,678** | 32,682 |
| | | **6,077,290** | 6,164,774 |
| **Current assets** | | | |
| Inventories | | **501,865** | 544,904 |
| Debtors and prepayments | 12 | **1,140,917** | 1,243,021 |
| Derivative financial instruments | | **179** | – |
| Taxation recoverable | | **22,562** | 21,820 |
| Cash and bank balances | | **893,890** | 889,773 |
| | | **2,559,413** | 2,699,518 |
| Total assets | | **8,636,703** | 8,864,292 |
| **Equity** | | | |
| Capital and reserves attributable to the equity holders of the Company | | | |
| Share capital and premium | 13 | **1,822,252** | 1,822,252 |
| Reserves | 14 | **1,031,717** | 956,520 |
| | | **2,853,969** | 2,778,772 |
| Minority interests in equity | | **503,387** | 425,167 |
| Total equity | | **3,357,356** | 3,203,939 |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (Continued)

AT 30 JUNE 2009

| | Notes | **Unaudited 30 June 2009 HK$'000** | Audited 31 December 2008 HK$'000 |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 15 | **2,880,764** | 2,777,110 |
| Derivative financial instruments | | **13,465** | 17,350 |
| Deferred tax liabilities | | **103,510** | 97,081 |
| Financial liabilities | | **155,620** | 151,270 |
| Long-term other payables | | **157,278** | 74,564 |
| | | **3,310,637** | 3,117,375 |
| **Current liabilities** | | | |
| Creditors and accruals | 16 | **1,084,162** | 1,467,106 |
| Amount due to a subsidiary of a minority shareholder of a subsidiary | 18(e) | **31,100** | 16,828 |
| Amounts due to associated companies | 18(e) | **94,345** | 121,595 |
| Amount due to a minority shareholder | 18(e) | **30,910** | 60,466 |
| Borrowings | 15 | **676,598** | 858,525 |
| Derivative financial instruments | | **4,693** | 8,015 |
| Dividend payable | | **27,496** | – |
| Taxation payable | | **19,406** | 10,443 |
| | | **1,968,710** | 2,542,978 |
| Total liabilities | | **5,279,347** | 5,660,353 |
| Total equity and liabilities | | **8,636,703** | 8,864,292 |
| Net current assets | | **590,703** | 156,540 |
| Total assets less current liabilities | | **6,667,993** | 6,321,314 |

The notes on pages 19 to 38 are an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

| | Note | Unaudited Six months ended 30 June 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|---|
| Net cash generated from operating activities | | **258,719** | 370,860 |
| Net cash used in investing activities | | **(165,503)** | (528,479) |
| Net cash (used in)/generated from financing activities | | **(68,656)** | 445,845 |
| Exchange differences on cash and cash equivalents | | **(251)** | (22,613) |
| Net increase in cash and cash equivalents | | **24,309** | 265,613 |
| Cash and cash equivalents at beginning of the period | | **858,274** | 414,291 |
| Cash and cash equivalents at end of the period | | **882,583** | 679,904 |
| **Analysis of cash and cash equivalents** | | | |
| Cash and bank balances | | **893,890** | 691,999 |
| Bank overdrafts | 15 | **(6,884)** | (7,962) |
| | | **887,006** | 684,037 |
| Less: Cash and cash equivalents restricted for tax and customs duty purpose | | **(4,423)** | (4,133) |
| Cash and cash equivalents | | **882,583** | 679,904 |

The notes on pages 19 to 38 are an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 30 JUNE 2009

| | Unaudited | | | |
|---|---|---|---|---|
| | Attributable to equity holders of the Company | | | |
| | Share capital and premium | Reserves | Minority interests | Total |
| | (Note 13) | (Note 14) | | |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **At 1 January 2008** | 1,822,612 | 640,901 | 359,293 | 2,822,806 |
| Profit for the period | – | 278,660 | 48,774 | 327,434 |
| Exchange differences | – | 133,713 | 23,686 | 157,399 |
| Total comprehensive income for the period ended 30 June 2008, net of tax | – | 412,373 | 72,460 | 484,833 |
| Share award expenses (Note 7) | – | 8,622 | – | 8,622 |
| Dividends | – | (80,000) | (35,479) | (115,479) |
| | – | (71,378) | (35,479) | (106,857) |
| **At 30 June 2008** | 1,822,612 | 981,896 | 396,274 | 3,200,782 |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 30 JUNE 2009

| | Unaudited | | | |
|---|---|---|---|---|
| | Attributable to equity holders of the Company | | | |
| | Share capital and premium | Reserves | Minority interests | Total |
| | (Note 13) | (Note 14) | | |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **At 1 January 2009** | **1,822,252** | **956,520** | **425,167** | **3,203,939** |
| Profit for the period | **–** | **94,898** | **50,529** | **145,427** |
| Exchange differences | **–** | **392** | **97** | **489** |
| Fair value loss of available-for-sale financial asset | **–** | **(2,229)** | **–** | **(2,229)** |
| Cash flow hedge | | | | |
| – change in fair value of hedging instrument | **–** | **15,814** | **–** | **15,814** |
| – transfer to income statement upon change in fair value of hedged item | **–** | **(13,408)** | **–** | **(13,408)** |
| Total comprehensive income for the period ended 30 June 2009, net of tax | **–** | **95,467** | **50,626** | **146,093** |
| Share award expenses (Note 7) | **–** | **7,226** | **–** | **7,226** |
| Dividends | **–** | **–** | **(30,951)** | **(30,951)** |
| Capital contribution by minority shareholders of a subsidiary | **–** | **–** | **58,545** | **58,545** |
| Dividend declared | **–** | **(27,496)** | **–** | **(27,496)** |
| | **–** | **(20,270)** | **27,594** | **7,324** |
| **At 30 June 2009** | **1,822,252** | **1,031,717** | **503,387** | **3,357,356** |

The notes on pages 19 to 38 are an integral part of this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 General information

The Group is principally engaged in the manufacturing and distribution of the PCB, prepreg and laminate business.

The Company was incorporated in the Cayman Islands on 28 August 2006 as an exempted company with limited liability under the Companies Law (2004 Revision) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands.

The Company's shares were listed on the main board of the Stock Exchange on 2 February 2007.

This condensed consolidated interim financial information is presented in thousands of units of HK$, unless otherwise stated.

This condensed consolidated interim financial information has been approved for issue by the Board on 17 August 2009.

## 2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with HKAS 34 "Interim financial reporting" and other relevant HKFRS(s) issued by the HKICPA as well as the disclosure requirements of Appendix 16 of the Listing Rules. This condensed consolidated interim financial information has not been audited, but has been reviewed by the Company's Audit Committee. This 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 HKFRSs.

## 3 Accounting policies

Except as described below, the accounting policies adopted 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.

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

**3 Accounting policies (Continued)**

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.

HKAS 23 (Revised), 'Borrowing costs'. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group adopted HKAS 23 (Revised) from 1 January 2009 but there is no significant impact to the Group as the Group's previous accounting policies over borrowing cost complies with HKAS 23 (Revised).

HKAS 27 (Amendment), 'Consolidated and separate financial statements'. Where an investment in a subsidiary that is accounted for under HKAS 39, 'Financial instruments: Recognition and measurement', is classified as held for sale under HKFRS 5, 'Non-current assets held for sale and discontinued operations', HKAS 39 would continue to be applied. The amendment does not have an impact on the Group's operations because it is the Group's policy for an investment in subsidiary to be recorded at cost in the standalone accounts of each entity.

HKAS 32 (Amendment), 'Financial instruments: Presentation', and HKAS 1 (Amendment), 'Presentation of financial statements' 'Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The Group adopted the HKAS 32 (Amendment) and HKAS 1 (Amendment) from 1 January 2009, but there is no impact on the Group's financial statements.

**3 Accounting policies (Continued)**

HKFRS 2 (Amendment), 'Share-based payment'. The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group adopted HKFRS 2 (Amendment) but there is no impact to the Group's financial statements.

HKFRS 7 (Amendment), 'Financial instruments: Disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for financial instruments classified in the lowest level in the hierarchy. It also requires entities to provide additional disclosures about the relative reliability of fair value measurements. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.

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-makers. The chief operating decision-makers have been identified as the Executive Directors that make strategic decisions.

Goodwill is allocated by management to groups of CGU(s) on a segment level. Goodwill relating to a previous acquisition within the PCB segment remains in that segment. The change in reportable segments has not resulted in any additional goodwill impairment. There has been no further impact on the measurement of the Group's assets and liabilities.

Following the adoption of HKFRS 8, the presentation of the segment results and segment assets has changed (see Note 4 for details).

**3 Accounting policies (Continued)**

HK(IFRIC)-Int 13, 'Customer loyalty programmes'. HK(IFRIC)-Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC)-Int 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

HK(IFRIC)-Int 15, 'Agreements for construction of real estates' supercedes HK Int-3, 'Revenue – Pre-completion contracts for the sale of development properties'. HK(IFRIC)-Int 15 clarifies whether HKAS 18, 'Revenue' or HKAS 11, 'Construction contracts' should be applied to particular transactions. It is likely to result in HKAS 18 being applied to a wider range of transactions. HK(IFRIC)-Int 15 is not relevant to the Group's operations as all revenue transactions are accounted for under HKAS 18 and not HKAS 11.

HK(IFRIC)-Int 16, 'Hedges of a net investment in a foreign operation'. HK(IFRIC)-Int 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. The requirements of HKAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. HK(IFRIC)-Int 16 does not have a material impact on the Group's financial statements.

The following new standards, amendments to standards and interpretations have been issued but are not effective and have not been early adopted.

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| HKAS 27 (Revised) | Consolidated and separate financial statements | 1 July 2009 |
| HKAS 39 (Amendment) | Eligible hedged items | 1 July 2009 |
| HKFRS 1 (Revised) | First-time adoption of Hong Kong Financial Reporting Standard | 1 July 2009 |
| HKFRS 3 (Revised) | Business combinations | 1 July 2009 |
| HK(IFRIC) – Int 9 and HKAS 39 (Amendments) | Embedded derivatives | 30 June 2009 |
| HK(IFRIC) – Int 17 | Distributions of non-cash assets to owners | 1 July 2009 |
| HK(IFRIC) – Int 18 | Transfer of assets from customers | 1 July 2009 |

**3 Accounting policies (Continued)**

The effect that the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) and HK(IFRIC)-Int 17 will have no material impact on the results and financial position of the Group will depend on the incidence and timing of business combinations occurring on or after 1 January 2010. The Directors anticipate that the adoption of other new standards, amendments to standards and interpretations will not result in a significant impact on the results and financial position of the Group.

In addition, HKICPA also published a number of amendments for the existing standards under its annual improvements project. These amendments are also not expected to have a significant financial impact on the results and financial position of the Group.

**4 Segment information**

The chief operating decision-makers have been identified as the Executive Directors. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. The Executive Directors have determined the operating segments based on these reports. The Executive Directors consider the business from product perspective. The Executive Directors assess the performance of two main business segments: (i) manufacturing and distribution of PCB including but not limited to provision of circuit design, quick-turn-around services and drilling and routing services; and (ii) manufacturing and distribution of prepreg and laminate.

The Executive Directors assess the performance of the operating segments based on a measure of operating profit. Interest income, finance costs, share of net profit of associated companies and income tax expenses are not included in the result for each operating segment. Other information provided to the Executive Directors, except as noted below, is measured in a manner consistent with that in the financial statements.

Revenue consists of sales of (i) PCB; and (ii) prepreg and laminate. Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim income statement.

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, intangible assets, available-for-sale financial assets, derivative financial instruments, inventories, debtors and prepayments and cash and bank balances. They exclude items such as interests in associated companies, deferred tax assets and taxation recoverable, which are managed on a central basis.

Segment liabilities comprise operating liabilities. They exclude items such as amounts due to associated companies, deferred tax liabilities, dividend payable and taxation payable.

**4 Segment information (Continued)**

Capital expenditures comprise mainly additions to property, plant and equipment, leasehold land and land use rights and intangible assets.

The segment results for the periods are as follows:

| | Unaudited Six months ended 30 June 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|
| **Revenue** | | |
| PCB | **2,245,037** | 2,481,062 |
| Prepreg and laminate | **308,924** | 422,638 |
| Inter-segment revenue | **(188,591)** | (198,495) |
| Subtotal for prereg and laminate | **120,333** | 224,143 |
| Total revenue | **2,365,370** | 2,705,205 |
| **Segment results** | | |
| PCB | **196,213** | 396,382 |
| Prepreg and laminate | **9,251** | 357 |
| Interest income | **801** | 2,701 |
| Finance costs | **(42,814)** | (67,233) |
| Share of net profit of associated companies | **22,714** | 50,453 |
| Income tax expense | **(40,738)** | (55,226) |
| Profit for the period | **145,427** | 327,434 |

For the six months ended 30 June 2009, revenue of approximately HK$352,679,000 (six months ended 30 June 2008: HK$306,791,000) was derived from a single external customer of PCB segment.

### 4 Segment information (Continued)

The segment assets and liabilities at 30 June 2009 and 31 December 2008 and capital expenditures for the periods are as follows:

| | **Unaudited 30 June 2009 HK$'000** | Audited 31 December 2008 HK$'000 |
|---|---|---|
| **Segment assets** | | |
| PCB | **7,377,917** | 7,529,187 |
| Prepreg and laminate | **590,337** | 660,030 |
| Interests in associated companies | **607,209** | 620,573 |
| Deferred tax assets | **38,678** | 32,682 |
| Taxation recoverable | **22,562** | 21,820 |
| Total assets | **8,636,703** | 8,864,292 |
| **Segment liabilities** | | |
| PCB | **4,867,867** | 5,293,837 |
| Prepreg and laminate | **166,723** | 137,397 |
| Deferred tax liabilities | **103,510** | 97,081 |
| Amounts due to associated companies | **94,345** | 121,595 |
| Dividend payable | **27,496** | – |
| Taxation payable | **19,406** | 10,443 |
| Total liabilities | **5,279,347** | 5,660,353 |

| | **Unaudited Six months ended 30 June** | |
|---|---|---|
| | **2009 HK$'000** | 2008 HK$'000 |
| **Capital expenditures** | | |
| PCB | **161,191** | 523,363 |
| Prepreg and laminate | **7,202** | 34,210 |
| Total capital expenditures | **168,393** | 557,573 |

## 4 Segment information (Continued)

Other segment items for the periods are as follows:

| | Unaudited Six months ended 30 June 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|
| **Depreciation of property, plant and equipment** | | |
| PCB | **241,742** | 201,940 |
| Prepreg and laminate | **15,787** | 7,855 |
| Total depreciation of property, plant and equipment | **257,529** | 209,795 |
| **Amortisation of leasehold land and land use rights** | | |
| PCB | **1,843** | 1,770 |
| Prepreg and laminate | **378** | 374 |
| Total amortisation of leasehold land and land use rights | **2,221** | 2,144 |
| **(Written-back of)/provision for bad and doubtful debts** | | |
| PCB | **(88)** | 1,919 |
| Prepreg and laminate | **–** | – |
| Total (written-back of)/provision for bad and doubtful debts | **(88)** | 1,919 |
| **Provision for/(written-back of) inventories** | | |
| PCB | **2,526** | 4,151 |
| Prepreg and laminate | **1,314** | (399) |
| Total provision for inventories | **3,840** | 3,752 |
| **Amortisation of intangible assets** | | |
| PCB | **585** | 1,662 |
| Prepreg and laminate | **–** | – |
| Total amortisation of intangible assets | **585** | 1,662 |

## 5 Other income

| | Unaudited Six months ended 30 June 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|
| Sales of scrap | **54,423** | 84,832 |
| Dividends received from available-for-sale financial asset | **1,971** | – |
| Sundries | **2,267** | 1,750 |
| | **58,661** | 86,582 |

## 6 Expenses by nature

| | Unaudited Six months ended 30 June 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|
| Raw materials and consumables used | **1,097,119** | 1,406,061 |
| Employee benefit expenses (Note 7) | **373,014** | 390,592 |
| Amortisation of intangible assets | **585** | 1,662 |
| Amortisation of leasehold land and land use rights | **2,221** | 2,144 |
| Depreciation of property, plant and equipment | **257,529** | 209,795 |
| Loss/(gain) on disposal of property, plant and equipment | **1,033** | (267) |
| (Written-back of)/provision for bad and doubtful debts | **(88)** | 1,919 |
| Provision for inventories | **3,840** | 3,752 |
| Sales commission | **12,207** | 21,003 |
| Subcontracting expenses | **16,814** | 49,077 |
| Auditors' remuneration | **2,765** | 2,370 |
| Operating lease rental expenses on land and buildings | **2,064** | 3,300 |
| Exchange loss/(gain) | **1,125** | (139,091) |
| Others | **448,339** | 442,731 |
| Total cost of sales, selling and distribution, general and administrative and share award expenses | **2,218,567** | 2,395,048 |

Non-financial assets that have an indefinite life are not subject to amortisation, but are tested for impairment annually at year-end (31 December) or whenever there is any indication of impairment. There was no indication of impairment for non-financial assets with indefinite lives during the period.

Financial assets were reviewed for impairment as at 30 June 2009. There was no indication of impairment.

## 7 Share award expenses

As previously disclosed in the prospectus issued by the Company dated 22 January 2007 for the purpose of the Company's initial public offering in February 2007, SuSih had granted 134,800,000 shares from its own shareholding to the employees (including the chief executive officer) and a consultant to SuSih through Total Glory (a special vehicle established by SuSih for the purpose at that time) so as to allow them to share in the Group's success and to incentivise and reward them.

Based on the offer price of HK$2.25 per share, share award expenses of approximately HK$7.2 million were charged to the condensed consolidated interim income statement for the first half year of 2009 (first half year of 2008: HK$8.6 million) and the corresponding amounts were credited as an employee share-based compensation reserve under equity.

## 8 Income tax expense

The amounts of taxation charged to the condensed consolidated interim income statement represent:

| | Unaudited Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| | **HK$'000** | HK$'000 |
| Current income tax | | |
| – Hong Kong profits tax | **1,393** | 4,289 |
| – Overseas taxation | **38,908** | 62,371 |
| Deferred income tax | **437** | (11,434) |
| | **40,738** | 55,226 |

Taxation has been provided at the relevant tax rates prevailing in the countries in which the Group operates. Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the period ended 30 June 2009. The rates applicable for income tax in mainland China is 25% (2008: 25%) for the period ended 30 June 2009.

Certain subsidiaries of the Company established in mainland China will enjoy preferential income tax rate from 2008 to 2011 and be taxed at the rate of 25% from 2012 or when the preferential treatment expires. Certain subsidiaries established in mainland China are entitled to exemption and concessions from income tax under tax holidays. Income tax was calculated at rates given under the concessions.

## 9 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period.

| | Unaudited Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| Profit attributable to equity holders of the Company (HK$'000) | **94,898** | 278,660 |
| Weighted average number of shares in issue (shares in thousands) | **1,964,000** | 2,000,000 |
| Basic earnings per share (HK$ per share) | **0.0483** | 0.1393 |

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

During the periods ended 30 June 2009 and 2008, there were no potential dilutive shares outstanding.

## 10 Interim dividend

The Board has declared an interim dividend of HK$0.015 per share, amounting to a total of approximately HK$29 million (2008: HK$55 million). This interim dividend has not been recognised as a liability in this condensed consolidated interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2009.

## 11 Capital expenditures

| | Property, plant and equipment HK$'000 | Leasehold land and land use rights HK$'000 | Intangible assets HK$'000 |
|---|---|---|---|
| **Six months ended 30 June 2009** | | | |
| Opening net book amount at 1 January 2009 | **5,290,295** | **178,430** | **22,159** |
| Exchange differences | **401** | **(31)** | **2** |
| Additions | **168,393** | **–** | **–** |
| Disposals | **(1,952)** | **–** | **–** |
| Depreciation and amortisation | **(257,529)** | **(2,221)** | **(585)** |
| **Closing net book amount at 30 June 2009** | **5,199,608** | **176,178** | **21,576** |
| **Six months ended 30 June 2008** | | | |
| Opening net book amount at 1 January 2008 | 4,121,368 | 174,420 | 27,670 |
| Exchange differences | 246,211 | 9,544 | 1,314 |
| Additions | 557,573 | – | – |
| Disposals | (632) | – | – |
| Depreciation and amortisation | (209,795) | (2,144) | (1,662) |
| **Closing net book amount at 30 June 2008** | 4,714,725 | 181,820 | 27,322 |

## 12 Debtors and prepayments

| | **Unaudited 30 June 2009 HK$'000** | Audited 31 December 2008 HK$'000 |
|---|---|---|
| Debtors | **998,436** | 1,058,029 |
| Prepayments and other receivables | **142,481** | 184,992 |
| | **1,140,917** | 1,243,021 |

The carrying amounts of debtors and prepayments approximate their fair values.

### 12 Debtors and prepayments (Continued)

During the period, the Group normally granted credit terms of 60-90 days. The ageing analysis of the debtors, based on the invoice date and net of provision, is as follows:

| | **Unaudited 30 June 2009 HK$'000** | Audited 31 December 2008 HK$'000 |
|---|---|---|
| Within credit period | **849,134** | 768,021 |
| 0 – 30 days | **80,269** | 190,703 |
| 31 – 60 days | **31,497** | 37,824 |
| 61 – 90 days | **15,337** | 41,262 |
| Over 90 days | **22,199** | 20,219 |
| | **998,436** | 1,058,029 |

### 13 Share capital and premium

| | **Number of Shares** | **Nominal value of Shares** HK$'000 | **Share premium** HK$'000 | **Total** HK$'000 |
|---|---|---|---|---|
| **Authorised** | | | | |
| Shares of HK$0.01 each at 1 January 2008, 31 December 2008 and 30 June 2009 | **20,000,000,000** | **200,000** | **–** | **200,000** |
| **Issued and fully paid** | | | | |
| Shares of HK$0.01 each at 1 January 2008 | 2,000,000,000 | 20,000 | 1,802,612 | 1,822,612 |
| Cancellation upon repurchase of Shares (Note) | (36,000,000) | (360) | – | (360) |
| Shares of HK$0.01 each at 31 December 2008 and 30 June 2009 | **1,964,000,000** | **19,640** | **1,802,612** | **1,822,252** |

Note:

The Company repurchased 36,000,000 of its own shares through purchases on the Stock Exchange during the year ended 31 December 2008. The total amount paid to repurchase the Shares, including relevant direct costs of approximately HK$431,000, was HK$69,855,000 and was deducted from retained earnings.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

### 14 Reserves

| | Merger reserve HK$'000 | Hedging reserve HK$'000 | Capital redemption reserve HK$'000 | Available-for-sale financial asset reserve HK$'000 | Employee share-based compensation reserve HK$'000 Note (i) | General reserve HK$'000 Note (ii) | Exchange reserve HK$'000 | Retained profits HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2009 | (1,246,835) | – | 360 | (454) | 91,171 | 166,606 | 296,727 | 1,648,945 | 956,520 |
| Exchange differences | – | – | – | – | – | 3 | 389 | – | 392 |
| Profit for the period | – | – | – | – | – | – | – | 94,898 | 94,898 |
| Share award expenses (Note 7) | – | – | – | – | 7,226 | – | – | – | 7,226 |
| Change in fair value of available-for-sale financial asset | – | – | – | (2,229) | – | – | – | – | (2,229) |
| Change in fair value of hedging instrument | – | 15,814 | – | – | – | – | – | – | 15,814 |
| Transfer to income statement upon change in fair value of hedged item | – | (13,408) | – | – | – | – | – | – | (13,408) |
| Dividend declared | – | – | – | – | (27,496) | – | – | – | (27,496) |
| Transfer | – | – | – | – | – | 18,452 | – | (18,452) | – |
| At 30 June 2009 | (1,246,835) | 2,406 | 360 | (2,683) | 70,901 | 185,061 | 297,116 | 1,725,391 | 1,031,717 |
| Representing: | | | | | | | | | |
| Reserves | (1,246,835) | 2,406 | 360 | (2,683) | 41,441 | 185,061 | 297,116 | 1,725,391 | 1,002,257 |
| Interim dividend (Note 10) | – | – | – | – | 29,460 | – | – | – | 29,460 |
| | (1,246,835) | 2,406 | 360 | (2,683) | 70,901 | 185,061 | 297,116 | 1,725,391 | 1,031,717 |
| At 1 January 2008 | (1,246,835) | – | – | – | 214,502 | 130,569 | 190,945 | 1,351,720 | 640,901 |
| Exchange differences | – | – | – | – | – | 684 | 133,029 | – | 133,713 |
| Profit for the period | – | – | – | – | – | – | – | 278,660 | 278,660 |
| Share award expenses (Note 7) | – | – | – | – | 8,622 | – | – | – | 8,622 |
| Dividend declared | – | – | – | – | (80,000) | – | – | – | (80,000) |
| Transfer | – | – | – | – | – | 13,229 | – | (13,229) | – |
| At 30 June 2008 | (1,246,835) | – | – | – | 143,124 | 144,482 | 323,974 | 1,617,151 | 981,896 |
| Representing: | | | | | | | | | |
| Reserves | (1,246,835) | – | – | – | 88,132 | 144,482 | 323,974 | 1,617,151 | 926,904 |
| Interim dividend (Note 10) | – | – | – | – | 54,992 | – | – | – | 54,992 |
| | (1,246,835) | – | – | – | 143,124 | 144,482 | 323,974 | 1,617,151 | 981,896 |

Notes:

(i) The employee share-based compensation reserve relates to the share award expenses, details of which are described in Note 7.

(ii) As stipulated by regulations in mainland China, the Company's subsidiaries established and operated in mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to the general reserve, at rates determined by their respective boards of directors. The general reserve can be utilised to offset prior year losses or be utilised for the issuance of bonus shares. During the six months ended 30 June 2009, the boards of directors of the Company's subsidiaries in mainland China appropriated an aggregate amount of approximately HK$18,452,000 (six months ended 30 June 2008: HK$13,229,000) to the general reserve.

## 15 Borrowings

| | Unaudited 30 June 2009 HK$'000 | Audited 31 December 2008 HK$'000 |
|---|---|---|
| **Non-current** | | |
| Long-term bank loans | **2,880,764** | 2,777,110 |
| **Current** | | |
| Current portion of long-term bank loans | **410,117** | 364,022 |
| Short-term bank loans | **259,597** | 468,877 |
| Bank overdrafts | **6,884** | 25,626 |
| | **676,598** | 858,525 |

Movements in borrowings, excluding bank overdrafts, is analysed as follows:

| | HK$'000 |
|---|---|
| **Six months ended 30 June 2009** | |
| Opening amount at 1 January 2009 | **3,610,009** |
| New borrowings | **775,322** |
| Repayment of borrowings | **(834,853)** |
| **Closing amount at 30 June 2009** | **3,550,478** |
| **Six months ended 30 June 2008** | |
| Opening amount at 1 January 2008 | 2,699,174 |
| New borrowings | 2,199,883 |
| Repayment of borrowings | (1,718,557) |
| **Closing amount at 30 June 2008** | 3,180,500 |

Interest expense on borrowings for the six months ended 30 June 2009 was approximately HK$47,416,000 (six months ended 30 June 2008: HK$66,214,000).

## 16 Creditors and accruals

| | **Unaudited 30 June 2009 HK$'000** | Audited 31 December 2008 HK$'000 |
|---|---|---|
| Creditors | **673,045** | 711,895 |
| Accruals | **411,117** | 755,211 |
| | **1,084,162** | 1,467,106 |

The carrying amounts of creditors and accruals approximate their fair values.

During the period, the Group normally received credit terms of 60-90 days. The ageing analysis of the creditors, based on the invoice date, is as follows:

| | **Unaudited 30 June 2009 HK$'000** | Audited 31 December 2008 HK$'000 |
|---|---|---|
| Within credit period | **467,383** | 431,516 |
| 0 – 30 days | **137,446** | 193,084 |
| 31 – 60 days | **39,952** | 62,425 |
| 61 – 90 days | **9,335** | 10,600 |
| Over 90 days | **18,929** | 14,270 |
| | **673,045** | 711,895 |

### 17 Commitments

#### (a) Capital commitments

Capital commitments in respect of property, plant and equipment at the statement of financial position dates are as follows:

| | **Unaudited 30 June 2009 HK$'000** | Audited 31 December 2008 HK$'000 |
|---|---|---|
| Contracted but not provided for | **279,077** | 347,543 |
| Authorised but not contracted for | **10,551** | 10,880 |
| | **289,628** | 358,423 |

At 30 June 2009, the Group had commitment in respect of the injection of additional capital into certain subsidiaries established in mainland China totalling approximately HK$403,771,000 (2008: HK$654,574,000).

#### (b) Operating lease commitments

The future aggregate minimum lease expense under non-cancellable operating leases in respect of land and buildings is payable as follows:

| | **Unaudited 30 June 2009 HK$'000** | Audited 31 December 2008 HK$'000 |
|---|---|---|
| Within one year | **1,641** | 2,391 |
| One to five years | **3,089** | 2,992 |
| More than five years | **18,161** | 18,695 |
| | **22,891** | 24,078 |

### 18 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

## 18 Related party transactions (Continued)

The Group regularly conducts transactions in the normal course of business with the associated companies and related parties, details of which during the period are as follows:

(a) Purchases of raw materials (Note i)

| | Unaudited Six months ended 30 June 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|
| Associated companies | | |
| GSST | **139,724** | 222,222 |
| SSST | **28,472** | 9,724 |
| A subsidiary of a minority shareholder of a subsidiary | | |
| Hitachi Chemical Co. (Hong Kong) Limited | **62,939** | 151,627 |

(b) Purchases of finished goods (Note i)

| | Unaudited Six months ended 30 June 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|
| A subsidiary of a minority shareholder of a subsidiary | | |
| Hitachi Chemical Co. (Hong Kong) Limited | **1,180** | 1,151 |

(c) Sales of finished goods (Note ii)

| | Unaudited Six months ended 30 June 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|
| A subsidiary of a minority shareholder of a subsidiary | | |
| Hitachi Chemical Co. (Hong Kong) Limited | **34,627** | 71,072 |

**18 Related party transactions (Continued)**

(d) Commissions on sales of finished goods (Note iii)

| | Unaudited Six months ended 30 June **2009** HK$'000 | 2008 HK$'000 |
|---|---|---|
| A subsidiary of a minority shareholder of a subsidiary | | |
| Hitachi Chemical Co. (Hong Kong) Limited | **8,226** | 11,371 |

(e) Amounts due from/(to) related parties

| | Notes | **Unaudited 30 June 2009 HK$'000** | Audited 31 December 2008 HK$'000 |
|---|---|---|---|
| A subsidiary of a minority shareholder of a subsidiary | | | |
| Trade balance | | | |
| Hitachi Chemical Co. (Hong Kong) Limited | (iv) | **(31,100)** | (16,828) |
| Associated companies | | | |
| Trade balance | | | |
| GSST | | **(114,120)** | (109,257) |
| SSST | | **(16,338)** | (12,338) |
| | | **(130,458)** | (121,595) |
| Dividend receivable | | | |
| SSST | | **36,113** | – |
| | (iv) | **(94,345)** | (121,595) |
| A minority shareholder of a subsidiary | | | |
| Dividend payable | | | |
| GSST | (v) | **(30,910)** | (60,466) |

## 18 Related party transactions (Continued)

Notes:

(i) Purchases of raw materials/finished goods from associated companies and a subsidiary of a minority shareholder of a subsidiary are made at prices and terms comparable to those charged by and contracted with other third party suppliers of the Group.

(ii) Sales of finished goods are made at prices and terms comparable to those sold by and contracted with other third party customers of the Group which are due within a normal credit terms.

(iii) Commissions on sales of finished goods are based on the terms of the underlying agreement.

(iv) The amounts due to a subsidiary of a minority shareholder of a subsidiary/associated companies are unsecured, interest-free and payable within normal trade credit terms. The carrying amounts of the balances approximate their fair values.

(v) The amount due to a minority shareholder is unsecured, interest-free and payable on demand. The carrying amount of the balance approximates its fair value.

## OTHER INFORMATION

### DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

As at 30 June 2009, the interests or short positions of the Directors and chief executive and their respective associates in the shares, share options, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

**Long position**

**Beneficial interests in the Shares**

| Name of Director | Personal interest | Family interest | Corporate interest | Other interest | Total number of Shares | Approximate shareholding percentage |
|---|---|---|---|---|---|---|
| Mr. Tang Hsiang Chien | Nil | Nil | 1,182,256,000 (Note 1) | 235,305,000 (Note 2) | 1,417,561,000 | 72.17% (Note 3) |
| Mr. Chung Tai Keung, Canice | 48,064,000 | Nil | Nil | Nil | 48,064,000 | 2.44% |

Notes:

1. These Shares comprise: (i) 1,129,895,000 Shares owned by SuSih, and (ii) 52,361,000 Shares owned by Top Mix. Mr. Tang Hsiang Chien is the sole shareholder of SuSih and is deemed to be interested in the aforesaid Shares under the SFO.

2. Mr. Tang Hsiang Chien holds the 235,305,000 Shares in his capacity as the trustee of a discretionary trust, namely The Mein et Moi Trust.

3. This percentage comprises 57.53% interest owned by SuSih, 2.66% interest held by Top Mix, and 11.98% interest held by Mr. Tang Hsiang Chien as the trustee of The Mein et Moi Trust of the issued share capital of the Company.

Save as disclosed above, as at 30 June 2009, none of the Directors and chief executive of the Company, nor their associates, had any interests or short positions in any shares, share options, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION (Continued)

### SUBSTANTIAL SHAREHOLDER'S INTEREST IN SHARES OF THE COMPANY

As at 30 June 2009, the interests or short positions of every person, other than the Directors and chief executive of the Company, in the shares and underlying shares of the Company, as recorded in the register maintained by the Company under section 336 of the SFO were as follows:

**Long position**

**Beneficial interests in the Shares**

| Name of substantial shareholder | Nature of interest | Number of Shares | Approximate shareholding percentage |
|---|---|---|---|
| SuSih | Beneficial owner and interest in controlled companies | 1,182,256,000 (Note 1) | 60.19% (Note 2) |

Notes:

1. These Shares comprise: (i) 1,129,895,000 Shares owned by SuSih, and (ii) 52,361,000 Shares held by Top Mix.

2. This percentage comprises 57.53% interest owned by SuSih and 2.66% interest held by Top Mix of the issued share capital of the Company.

Save as disclosed and in the section "Directors' Interests in Shares of the Company" above, as at 30 June 2009, the Company has not been notified of any other relevant interests or short positions held by any other person in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

### CHANGES OF DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to rule 13.51B(1) of the Listing Rules, the change information on Director is as follows:

Mr. Leung Kwan Yuen, Andrew, Independent Non-executive Directors, was the chairman of the Hong Kong Productivity Council during the period from January 2003 to June 2009 and the term of such appointment ended in June 2009.

### SHARE OPTIONS

The Company had adopted a Share Option Scheme on 12 January 2007. No option had been granted under the Share Option Scheme since its adoption on 12 January 2007. Summary of principal terms of the Share Option Scheme is set out below.

## OTHER INFORMATION (Continued)

### SHARE OPTIONS (Continued)

Unless otherwise cancelled or amended, the Share Option Scheme has a life of 10 years from its adoption date and will expire on 11 January 2017, after which no further options will be issued but any options then outstanding will continue to be exercisable in accordance with their terms of issue.

The Share Option Scheme is designed to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to eligible participants. The Board may, at its discretion, grant options to subscribe for Shares in the Company to eligible participants. Eligible participants include:

(i) any executive or non-executive directors including independent non-executive directors or any employees (whether full-time or part-time) of each member of the Group;

(ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the Group;

(iii) any consultants, professional and other advisors to each member of the Group (or persons, firms or companies proposed to be appointed for providing such services);

(iv) any chief executives or substantial shareholders of the Company;

(v) any associates of director, chief executive or substantial shareholder of the Company; and

(vi) any employees (whether full-time or part-time) of substantial shareholder of the Company, provided that the Board may have absolute discretion to determine whether or not one falls within the above categories.

The period under which an option may be exercised will be determined by the Board at its absolute discretion, save that an option shall expire not later than 10 years from the date of grant. Unless otherwise determined by the Board, and specified in the offer letter at the time of offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for a period of 21 days from the date of offer. The amount payable on acceptance of an option is HK$1.00. The full amount of the subscription price for the Company's shares has to be paid upon exercise of an option. The subscription price shall be such price solely determined by the Board at the time of offer of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option.

## OTHER INFORMATION (Continued)

### SHARE OPTIONS (Continued)

The subscription price shall be at least the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted in the Stock Exchange's daily quotation sheets on the five trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted in the Stock Exchange's daily quotation sheets on the date of an offer of the grant of the options.

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company (excluding options lapsed in accordance with the terms of the Share Option Scheme) shall not in aggregate exceed 10% of the total number of the Company's shares in issue on the date of commencement of dealings in the Shares on the Stock Exchange, being 200,000,000 Shares.

The limit on the number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. As at the date of this report, a total of 200,000,000 Shares, which are far below 30% of the current issued share capital of the Company, are available for issue under the Share Option Scheme.

The total number of the Company's shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of the Company's shares in issue unless approved by the Company's shareholders in general meeting.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the interim report, at no time during the six months ended 30 June 2009 was the Company, any of its subsidiaries, its holding company or a subsidiary of its holding company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive (including their spouse and children under 18 years of age) had an interest in, or been granted any rights to subscribe for the securities of the Company and its associated corporations (within the meaning of the SFO), or had exercised any such right.

## OTHER INFORMATION (Continued)

### INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.015 per share (2008: HK$0.028 per share) for the year ending 31 December 2009, amounting to a total of approximately HK$29 million (2008: HK$55 million). The interim dividend will be payable to the Shareholders on or around 6 October 2009 whose names appear on the register of members of the Company on 17 September 2009.

### CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 September 2009 to 17 September 2009, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 14 September 2009.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

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

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining a high standard of corporate governance practices and policies to enhance greater transparency and accountability and in the interests of its Shareholders. The Company has all along applied the principles in and complied with, to the extent as practicable, the CG Code.

Since 1 January 2009 and up to the date of this report, the Company has complied with the code provisions, and to certain extent, the recommended best practices, set out in the CG Code.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code and all its subsequent amendments. Having made specific enquiry, all Directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2009.

## REVIEW OF INTERIM RESULTS

The Audit Committee comprises three Independent Non-executive Directors of the Company. The Audit Committee has reviewed the Group's interim report for the six months ended 30 June 2009 and the Company's external auditors, PricewaterhouseCoopers, has conducted a review of the interim financial information of the Group for the six months ended 30 June 2009 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 HKICPA.

By Order of the Board
**Meadville Holdings Limited**
**Tang Chung Yen, Tom**
*Executive Chairman and*
*Group Managing Director*

Hong Kong, 17 August 2009

*As at the date of this report, the Board comprises seven Directors, of which Mr. Tang Hsiang Chien, Mr. Tang Chung Yen, Tom, Ms. Tang Ying Ming, Mai and Mr. Chung Tai Keung, Canice are Executive Directors of the Company; Mr. Lee, Eugene, Mr. Leung Kwan Yuen, Andrew and Dr. Li Ka Cheung, Eric are Independent Non-executive Directors of the Company.*

## GLOSSARY

| | |
|---|---|
| **"Audit Committee"** | the audit committee of the Board |
| **"Board"** | the board of directors of the Company |
| **"CG Code"** | the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules |
| **"CGU(s)"** | cash-generating unit(s) |
| **"Company" or "Meadville"** | Meadville Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange |
| **"Director(s)"** | the director(s) of the Company |
| **"DMC"** | Dongguan Meadville Circuits Limited (東莞美維電路有限公司), a company incorporated in the People's Republic of China and a subsidiary of the Company |
| **"Executive Director(s)"** | executive director(s) of the Company |
| **"functional currency"** | the currency of the primary economic environment in which the entity operates |
| **"GME"** | Guangzhou Meadville Electronics Co., Ltd.* (廣州美維電子有限公司), a company incorporated in the People's Republic of China and a wholly-owned subsidiary of the Company |
| **"Group"** | the Company together with its subsidiaries |
| **"GSST"** | Guangdong Shengyi Sci. Tech Co., Ltd. (廣東生益科技股份有限公司), a company incorporated in the People's Republic of China whose shares are listed on the Shanghai stock exchange and an associated company of the Company |
| **"HDI"** | high density interconnects |

## GLOSSARY (Continued)

| | |
|---|---|
| **"HKAS"** | Hong Kong Accounting Standard |
| **"HKFRS(s)"** | Hong Kong Financial Reporting Standard(s) |
| **"HKICPA"** | Hong Kong Institute of Certified Public Accountants |
| **"HK$"** | Hong Kong dollars, the lawful currency of Hong Kong |
| **"Hong Kong"** | the Hong Kong Special Administrative Region of the People's Republic of China |
| **"Independent Non-executive Director(s)"** | independent non-executive director(s) of the Company |
| **"laminate"** | a basic raw material of a PCB which consists of a sheet of fully cured resin covered by copper foil on both sides. The resin serves as an electrical insulator and the copper foil produces the necessary electrical circuitry for the PCB |
| **"Listing Rules"** | the Rules Governing the Listing of Securities on the Stock Exchange |
| **"MAS"** | ACP Electronics Co., Ltd. (敬鵬(蘇州)電子有限公司), a company incorporated in the People's Republic of China and a subsidiary of the Company |
| **"Model Code"** | the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules |
| **"PCB"** | "printed circuit board(s)", a flat panel composite with alternating layers of printed conductors and electrical insulation, typically interconnected by conductive holes. PCB provides platforms to connect semiconductors and other electronic, optical or mechanical devices to form a circuit or functional system |

## GLOSSARY (Continued)

| | |
|---|---|
| **"prepreg"** | "pre-impregnated reinforcement", a basic raw material of a PCB; an uncured sheet of resin that is non-conductive and is used for bonding and insulating inner layers together to form a basic multi-layer PCB |
| **"RMB"** | Renminbi, the lawful currency of the People's Republic of China |
| **"SFO"** | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time) |
| **"Share(s)"** | the share(s) of nominal value of HK$0.01 each in the share capital of the Company |
| **"Shareholder(s)"** | the shareholder(s) of the Company |
| **"Share Option Scheme"** | a share option scheme adopted by the Company on 12 January 2007 |
| **"SME"** | Shanghai Meadville Electronics Co., Ltd.* (上海美維電子有限公司), a company incorporated in the People's Republic of China and a wholly-owned subsidiary of the Company |
| **"SSST"** | Suzhou Shengyi Sci. Tech Co., Ltd. (蘇州生益科技有限公司), a company incorporated in the People's Republic of China and an associated company of the Company |
| **"Stock Exchange"** | The Stock Exchange of Hong Kong Limited |
| **"SuSih"** | Su Sih (BVI) Limited, a company incorporated in the British Virgin Islands and a substantial/controlling shareholder of the Company |
| **"SYE"** | Dongguan Shengyi Electronics Ltd. (東莞生益電子有限公司), a company incorporated in the People's Republic of China and a subsidiary of the Company |
| **"Top Mix"** | Top Mix Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of SuSih |

## GLOSSARY (Continued)

| | |
|---|---|
| **"Total Glory"** | Total Glory Holdings Limited, a company incorporated in the British Virgin Islands |
| **"U.S." or "U.S.A."** | United States of America |
| **"US$"** | United States dollars, the lawful currency of the United States of America |
| **"3G"** | Third generation mobile telecommunications |

* *For identification purposes only*