



ESSEX BIO-TECHNOLOGY LIMITED

億勝 生物 科技 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 1061)

INTERIM REPORT 2012



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Ngiam Mia Je Patrick (*Chairman*)
Mr. Fang Haizhou (*Managing Director*)
Mr. Zhong Sheng

Independent Non-executive Directors

Mr. Fung Chi Ying
Mr. Mauffrey Benoit Jean Marie
Ms. Yeow Mee Mooi

Audit Committee

Mr. Fung Chi Ying (*Chairman*)
Mr. Mauffrey Benoit Jean Marie
Ms. Yeow Mee Mooi

Remuneration Committee

Ms. Yeow Mee Mooi (*Chairperson*)
Mr. Fung Chi Ying
Mr. Mauffrey Benoit Jean Marie
Mr. Ngiam Mia Je Patrick

Nomination Committee

Ms. Yeow Mee Mooi (*Chairperson*)
Mr. Ngiam Mia Je Patrick
Mr. Fung Chi Ying
Mr. Mauffrey Benoit Jean Marie

Corporate Governance Committee (Established on 23 March 2012)

Ms. Yeow Mee Mooi (*Chairperson*)
Mr. Zhong Sheng
Mr. Fung Chi Ying
Mr. Mauffrey Benoit Jean Marie

Company Secretary

Ms. Yau Lai Man *MBA, ACA, CPA (practising)*

Authorised Representatives

Mr. Zhong Sheng
Ms. Yau Lai Man

Auditor

BDO Limited

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Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Room 2818
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Headquarter in the PRC

Building 03
Dongda Electronic City
North Mingzhu Road #63
Zhuhai
The People's Republic of China

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Share Registrar

Hong Kong Registrars Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of Communications
China Merchants Bank
Industrial and Commercial Bank of China (Asia) Limited

Stock Code

01061

The board of directors of Essex Bio-Technology Limited (the “Company”) presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2012 together with the comparative figures for the corresponding period in 2011 and the relevant explanatory notes as set out below.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2012 (Unaudited) HK\$'000	For the six months ended 30 June 2011 (Unaudited) HK\$'000
	Notes		
Turnover	2	127,439	94,084
Cost of sales		(11,169)	(9,376)
Gross profit		116,270	84,708
Other revenue	2	135	412
Distribution and selling expenses		(81,588)	(59,114)
Administrative expenses		(10,132)	(7,936)
Finance costs		(1,014)	(20)
Profit before income tax expense	4	23,671	18,050
Income tax expense	5	(3,990)	(2,968)
Profit for the period		19,681	15,082
Other comprehensive income			
Exchange differences on translating foreign operations		642	1,775
Total comprehensive income for the period		20,323	16,857
Profit attributable to:			
Owners of the Company		19,681	15,082
Total comprehensive income attributable to:			
Owners of the Company		20,323	16,857
Earnings per share – Basic and diluted	7	HK3.53 cents	HK2.71 cents



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2012 (Unaudited) HK\$'000	At 31 December 2011 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	8	68,438	35,602
Land use rights		7,441	7,482
Goodwill		2,505	2,489
Other intangible assets		10,270	9,533
Deposits and prepayments		32,646	21,118
Deferred tax assets		3,514	2,206
Total non-current assets		124,814	78,430
Current assets			
Inventories		3,215	4,263
Trade and other receivables	9	93,933	74,587
Deposits and prepayments		1,750	2,186
Convertible note receivable		2,700	2,700
Pledged bank deposits		–	18,921
Cash and cash equivalents		52,282	36,812
		153,880	139,469
Total assets		278,694	217,899
Current liabilities			
Bank borrowings	10	36,887	–
Trade and other payables	11	59,558	50,369
Taxation		3,588	3,189
		100,033	53,558
Net current assets		53,847	85,911
Total assets less current liabilities		178,661	164,341
Non-current liabilities			
Deferred tax liabilities		1,759	1,080
Total liabilities		101,792	54,638
NET ASSETS		176,902	163,261
Capital and reserves attributable to owners of the Company			
Share capital		55,675	55,675
Reserves		121,227	107,586
Equity attributable to owners of the Company		176,902	163,261
TOTAL EQUITY		176,902	163,261

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory surplus reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2011	55,675	970	362	12,894	11,271	51,146	132,318
Profit for the period	-	-	-	-	-	15,082	15,082
Other comprehensive income	-	-	-	-	1,775	-	1,775
Total comprehensive income for the period	-	-	-	-	1,775	15,082	16,857
Dividend paid	-	-	-	-	-	(5,568)	(5,568)
Appropriation of profits	-	-	-	1,931	-	(1,931)	-
At 30 June 2011 (Unaudited)	<u>55,675</u>	<u>970</u>	<u>362</u>	<u>14,825</u>	<u>13,046</u>	<u>58,729</u>	<u>143,607</u>
At 1 January 2012	55,675	970	362	17,148	14,579	74,526	163,260
Profit for the period	-	-	-	-	-	19,681	19,681
Other comprehensive income	-	-	-	-	642	-	642
Total comprehensive income for the period	-	-	-	-	642	19,681	20,323
Dividend paid	-	-	-	-	-	(6,681)	(6,681)
Appropriation of profits	-	-	-	2,338	-	(2,338)	-
At 30 June 2012 (Unaudited)	<u>55,675</u>	<u>970</u>	<u>362</u>	<u>19,486</u>	<u>15,221</u>	<u>85,188</u>	<u>176,902</u>



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	2012 (Unaudited) HK\$'000	For the six months ended 30 June 2011 (Unaudited) HK\$'000
Net cash generated from operating activities	15,652	9,092
Net cash used in investing activities	(30,540)	(20,264)
Net cash generated from/(used in) financing activities	30,206	(5,567)
Net increase/(decrease) in cash and cash equivalents	15,318	(16,739)
Cash and cash equivalents at beginning of period	36,812	78,906
Effect of exchange rate changes on cash and cash equivalents	152	1,258
Cash and cash equivalents at end of period	<u>52,282</u>	<u>63,425</u>



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2012 have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial statements have been prepared under the historical cost basis.

The accounting policies used in preparing the interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2011 (“2011 Financial Statements”), except for the amendments and interpretations of Hong Kong Financial Reporting Standards (“New HKFRSs”) issued by HKICPA which have become effective in this period as detailed in note 2 of the 2011 Financial Statements. The adoption of such New HKFRSs has no material impact on the accounting policies in the Group’s interim financial statements for the period.

2. TURNOVER AND OTHER REVENUE

Turnover, which is also the revenue, represents sales value of biopharmaceutical products supplied to customers less discounts, returns, value added tax and other applicable local taxes.

The analysis of the Group’s turnover and other revenue is as follows:

	2012 (Unaudited) HK\$’000	For the six months ended 30 June 2011 (Unaudited) HK\$’000
Turnover:		
Sales of biopharmaceutical products	<u>127,439</u>	<u>94,084</u>
Other revenue:		
Interest income on a convertible note receivable	–	225
Other	<u>135</u>	<u>187</u>
	<u>135</u>	<u>412</u>
	<u>127,574</u>	<u>94,496</u>

3. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

(a) Reportable segments

No separate business segment information is presented as the Group has only one business segment which is the manufacture and sale of biopharmaceutical products.

(b) Geographical information

The Group’s revenue from external customers is derived solely from its operations in the People’s Republic of China (“PRC”), where all its non-current assets are located. For the six months ended 30 June 2012 and 2011, the Group’s revenue from external customers was derived solely from its operations in the PRC, where all its non-current assets were located.

4. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	2012 (Unaudited) HK\$'000	For the six months ended 30 June 2011 (Unaudited) HK\$'000
Cost of inventories recognised as expenses	11,169	9,376
Amortisation of other intangible assets	62	59
Amortisation of land use rights	82	78
Depreciation of property, plant and equipment	489	480
Staff cost excluding directors' remuneration:		
Salaries and allowances	10,572	8,432
Pension fund contributions	86	68
Auditor's remuneration	235	200
Research and development expenses	3,941	2,609

5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group incurred losses for Hong Kong profits tax purpose.

In accordance with the new law on PRC Enterprise Income Tax approved on 16 March 2008, a unified enterprise income tax rate of 25% will be applied to both domestic-invested enterprises and foreign-invested enterprises. Enterprises eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations shall, under the regulations of the State Council, gradually be subject to the new tax rate over a five-year transitional period until fully effective in 2012.

The Group's major operating subsidiary in Zhuhai, the PRC, carries on business in the Special Economic Zones of the PRC as a high technology enterprise. The subsidiary obtained a 高新技術企業證書 (High Technology Enterprise Certificate) and is entitled to enjoy enterprise income tax at the concessionary rate of 15% up to 31 December 2013.

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: Nil).

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2012 is based on the profit attributable to owners of the Company for the period of HK\$19,681,000 (corresponding period in 2011: HK\$15,082,000), and the weighted average of 556,750,000 (corresponding period in 2011: 556,750,000) ordinary shares in issue during the period.

During the six months ended 30 June 2012 and 2011, the diluted earnings per share is the same as basic earnings per share as there was no potential ordinary shares in issue during these two periods.



8. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements HK\$'000	Construction in progress HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost						
At 1 January 2011	4,229	6,418	10,202	2,904	1,759	25,512
Additions	–	24,055	121	175	–	24,351
Write offs	–	–	–	(41)	–	(41)
Exchange adjustment	152	569	368	88	63	1,240
At 31 December 2011	4,381	31,042	10,691	3,126	1,822	51,062
Additions	–	31,805	40	67	1,211	33,123
Exchange adjustment	23	113	56	14	7	213
At 30 June 2012	<u>4,404</u>	<u>62,960</u>	<u>10,787</u>	<u>3,207</u>	<u>3,040</u>	<u>84,398</u>
Accumulated depreciation						
At 1 January 2011	4,229	–	6,377	2,310	1,160	14,076
Charge of the year	–	–	593	144	183	920
Write offs	–	–	–	(37)	–	(37)
Exchange adjustment	152	–	237	68	44	501
At 31 December 2011	4,381	–	7,207	2,485	1,387	15,460
Charge for the period	–	–	253	68	168	489
Written back on disposals	–	–	–	–	(67)	(67)
Exchange adjustment	23	–	38	10	7	78
At 30 June 2012	<u>4,404</u>	<u>–</u>	<u>7,498</u>	<u>2,563</u>	<u>1,495</u>	<u>15,960</u>
Carrying amount						
At 30 June 2012 (Unaudited)	<u>–</u>	<u>62,960</u>	<u>3,289</u>	<u>644</u>	<u>1,545</u>	<u>68,438</u>
At 31 December 2011 (Audited)	<u>–</u>	<u>31,042</u>	<u>3,484</u>	<u>641</u>	<u>435</u>	<u>35,602</u>

As at 30 June 2012, the Group's construction in progress were pledged as a security for a bank facility granted by a PRC bank as set out in note 10.



9. TRADE AND OTHER RECEIVABLES

	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
Trade receivables	93,602	74,172
Less: provision for impairment	—	—
Trade receivables – net	93,602	74,172
Other receivables	331	415
Total	<u>93,933</u>	<u>74,587</u>

The Group's policy is to allow an average credit period of 90 days to its trade customers.

The following is an ageing analysis of trade receivables, net of allowance for impairment of trade receivables, as at the end of the reporting period:

	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
0-60 days	56,074	44,100
61-90 days	20,231	14,337
> 90 days	17,297	15,735
	<u>93,602</u>	<u>74,172</u>

10. BANK BORROWINGS

The bank borrowings are secured by charges over the assets of a subsidiary company.

11. TRADE AND OTHER PAYABLES

	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
Trade payables	356	350
Other payables	11,588	12,075
Accruals	40,584	32,388
VAT payable	7,030	5,556
	<u>59,558</u>	<u>50,369</u>

The following is an ageing analysis of trade payables at the end of the reporting period:

	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
0-60 days	356	350
61-90 days	—	—
> 90 days	—	—
	<u>356</u>	<u>350</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

During the period under review, the Group's principal activities were the manufacture and sale of biopharmaceutical products for the treatment and healing of surface wounds and eye wounds. The Group was also engaged in the research and development of bFGF products for new indications, as well as other ophthalmic pharmaceutical projects.

The Group's core business in biopharmaceutical products has advanced with a recorded turnover of approximately HK\$127.4 million for the six month ended 30 June 2012, representing an increase of 35.5% as compared with approximately HK\$94.1 million in the corresponding period of 2011. Correspondingly, profit attributable to owners of the Company has increased to approximately HK\$19.7 million, representing an increase of 30.5% from approximately HK\$15.1 million in the corresponding period of 2011. The increase in turnover and profit was attributed to wider market coverage and sustaining clinical acceptance of the Group's core products.

The Group's years of relentless investments in market cultivation and the seeking of new clinical applications of its products have gained stronger foothold for sustainable growth prospects.

Market Development

The Group has 27 regional sales offices ("RSOs") throughout major provinces in the PRC. During the period under review, there are over 1,400 hospitals in major provinces in the PRC that carry the Group's flagship pharmaceutical products.

To cultivate wider market coverage for reaching out to potential patients of the Group's genetic products, the Group has conducted and/or participated in over 70 seminars and 360 market promotion activities in major cities and provinces in the PRC during the period under review, educating and briefing more than 16,000 doctors and medical practitioners on the clinical applications of the Group's products.

Research and Development ("R&D")

The Group's R&D initiative continues to capitalise on its core-competency in the recombinant of DNA arena (rDNA), in particular, the basic fibroblast growth factor – bFGF. Proliferating new products using bFGF as the main ingredient for new indications as well as ever improving on the quality standard. These are pragmatic investments undertaken to enable the Group to maintain its leading position in the application of bFGF for various clinical indications.

In addition, the Group will focus on expanding its R&D efforts to create a large portfolio of eye care and treatment products to enable the Group to become a key player in the eye care and treatment arena in the PRC in years to come.

Strengthening on the Group's intellectual properties is relentlessly and pragmatically being cultivated. A total of nine applications for patents have been filed with the Patent Office in the PRC, and four patents had been granted up to date of this report, others are pending approval.

Financial Review

During the period ended 30 June 2012, the Group maintained its continuous growth, with a recorded turnover for the period ended 30 June 2012 reaching approximately HK\$127.4 million, representing a significant increase of 35.5% as compared with approximately HK\$94.1 million in the corresponding period of 2011.

Overall gross profit for the period ended 30 June 2012 increased to approximately HK\$116.3 million when compared to approximately HK\$84.7 million recorded in the corresponding period of 2011.

Profit attributable to the owners of the Company for the period ended 30 June 2012 increased by 30.5% to approximately HK\$19.7 million as compared to approximately HK\$15.1 million in the corresponding period of 2011.

Distribution and selling expenses increased to approximately HK\$81.6 million for the period ended 30 June 2012 when compared to approximately HK\$59.1 million recorded in the corresponding period in 2011. The increase was mainly attributable to the establishment of few more RSOs in the second half of 2011. Higher expenses incurred in sales, marketing and promotional activities are in line with the expansion of pharmaceutical business in the period under review.

Administrative expenses rose by 27.7% to approximately HK\$10.1 million in the period ended 30 June 2012 when compared to approximately HK\$7.9 million recorded in the corresponding period in 2011. The increase was due to the continuous expansion of the operations. The addition of new products for development has resulted in the increase of research and development expenses to approximately HK\$3.9 million as compared to approximately HK\$2.6 million in the corresponding period in 2011.

The Group had cash and cash equivalents of approximately HK\$52.3 million as at 30 June 2012 (31 December 2011: HK\$36.8 million). The increase was mainly due to the release of pledged bank deposits of RMB15.5 million (equivalent to HK\$18.9 million) at 31 December 2011. The pledged bank deposits of HK\$18.9 million at 31 December 2011 were pledged to a bank for the guarantees of the construction agreement in respect of the construction work of the factory in Zhuhai and acquisition of plant and machinery from overseas suppliers.

During the period ended 30 June 2012, the Group obtained a bank loan of RMB30 million at prevailing interest rate. It is secured by the land use rights and construction in progress and is repayable within one year. The purpose of the loan is to finance the acquisition of raw materials and working capital of the Group.

The Group had no bank and other borrowings at 31 December 2011.

Future Plans for Material Investments or Capital Assets

The construction of the building of the new factory in Zhuhai, the PRC had been completed at the end of 2011. It is now undergoing installation of facilities, plant and equipment, and is in the process of preparing for and obtaining its GMP certification under the regulatory requirements of the State Food and Drug Administration of the PRC ("SFDA"), targeted for completion by early 2014. The new factory will have a gross floor area of approximately 20,000 sq.m, an increase of approximately 15,000 sq.m. over the current factory space. The additional space and facilities provided by the new factory will enable the Group's future operational expansion, in both the research and development capability and manufacturing capacity for reaching greater competitiveness and economies of scale of the Group.

The expected source of funding for the construction of the new factory and acquisition of new facilities, plant and equipment will come from the Group's internal sources and short-term bank borrowings.

Liquidity and Financial Resources

As at 30 June 2012, the Group had cash and cash equivalents of approximately HK\$52.3 million as compared to approximately HK\$36.8 million as at 31 December 2011.

The Group had no pledged bank deposits as at 30 June 2012. As at 31 December 2011, the pledged bank deposits of RMB15.5 million (equivalent to HK\$18.9 million) were pledged to a bank for the guarantees of the construction agreement in respect of the construction work of the factory in Zhuhai and acquisition of plant and machinery from overseas suppliers.

The Group monitors its capital structure on the basis of a net debts-to-adjusted capital ratio. For this purpose, the Group defines net debts as total debts (which includes interest-bearing loans and borrowings and trade and other payables) less cash and cash equivalents. Adjusted capital comprises all components of equity. The net debts-to-adjusted capital ratio at 30 June 2012 is 25.0% (31 December 2011: 8.3%).

Foreign Exchange Exposure

It is the Group's policy to borrow and deposit cash in local currencies to minimise currency risk.

Charges on Group Assets

As at 30 June 2012, the Group's land use rights and certain construction in progress with carrying amount in aggregate of approximately RMB42.2 million were pledged to secure its bank facility.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2012 (31 December 2011: Nil).

Treasury Policy

The Group generally financed its operations with internally generated cash flows, short-term bank and other borrowings. The Group placed these resources into interest-bearing bank accounts opened with PRC and Hong Kong banks and earned interests in accordance with the PRC and Hong Kong banks rates. Bank deposits were mainly denominated in Renminbi and Hong Kong Dollar.

Employees

As at 30 June 2012, the Group had a total of 357 full-time employees. The aggregate remuneration of the Group's employees, including that of directors of the Company (the "Directors"), for the period under review and the preceding year amounted to approximately HK\$11.8 million and approximately HK\$9.6 million, respectively. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Share options and bonuses are also available to employees of the Group at the discretion of the Directors and depending on the financial performance of the Group.

Each of the three executive Directors has entered into a service agreement with the Company whereby each of them had been appointed to act as an executive Director for a term of three years commencing from 27 June 2010 and expiring on 26 June 2013 unless terminated (without cause) by the Company giving not less than six months' prior written notice to the relevant Director. The executive Directors shall not be entitled to terminate their respective appointments at any time during the term unless with the written consent of the Company deliberated by the board of Directors. The annual remuneration of the executive Directors was fixed in the respective service agreements and each of the executive Directors is also entitled to a discretionary management bonus to be determined having regard to the operating results of the Group and his performance in the relevant financial year, provided that the aggregate amount of such management bonuses payable to all executive Directors in any financial year shall not exceed 6% of the consolidated net profits after taxation and non-controlling interests but before extraordinary items of the Company for such financial year and that the said consolidated net profits for such year exceeds HK\$5,000,000. Such management bonuses shall be payable within three months after the issue of the audited consolidated accounts of the Group for the relevant financial year.

Other remuneration and benefits, including retirement benefits scheme, remained at appropriate level.

ADDITIONAL INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in ordinary shares of the Company:

Name	Capacity	Number of ordinary shares in the Company	Approximate percentage of interest in the Company's issued share capital as at 30 June 2012
Mr. Ngiam Mia Je Patrick	Beneficial owner and interests of controlled corporations	297,374,667 <i>(Notes 1, 2 and 3)</i>	53.41%
Mr. Fang Haizhou	Beneficial owner	4,738,300	0.85%
Mr. Zhong Sheng	Beneficial owner	2,869,150	0.52%

Notes:

- 2,250,000 shares were registered in the name of Mr. Ngiam Mia Je Patrick.
- 288,458,000 shares were held by Essex Holdings Limited ("Essex Holdings") which is owned as to 50% by Mr. Ngiam Mia Je Patrick and as to 50% by Mr. Ngiam Mia Kiat Benjamin. Therefore, Mr. Ngiam Mia Je Patrick was deemed to be interested in these shares as he was entitled to exercise or control the exercise of more than one-third of the voting power of Essex Holdings at general meetings.
- 6,666,667 shares were held by Dynatech Ventures Pte Ltd ("Dynatech") which is wholly owned by Essex Investment (Singapore) Pte Ltd ("Essex Singapore"). Since Essex Singapore is owned by Mr. Ngiam Mia Je Patrick and Mr. Ngiam Mia Kiat Benjamin in equal shares, Mr. Ngiam Me Je Patrick was deemed to be interested in these shares as he was entitled to exercise or control the exercise of more than one-third of the voting power of Dynatech at general meetings.

Long positions in ordinary shares of the associated corporation of the Company:

Name	Capacity	Associated corporation	Number of ordinary shares in associated corporation	Approximate percentage of the issued share capital of the associated corporation
Mr. Ngiam Mia Je Patrick	Beneficial owner	Essex Holdings Limited	5,000	50.00%

Save as disclosed above, as at 30 June 2012, none of the Directors and the chief executive of the Company or their respective associates had any interest and short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the Part XV of the SFO) which was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders and Other Persons Who Are Required to Disclose Their Interests Pursuant to Part XV of the SFO

As at 30 June 2012, the following persons or entities, other than a Director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Name	Capacity	Number of ordinary shares in the Company	Approximate percentage of interest in the Company's issued share capital as at 30 June 2012
Essex Holdings Limited	Beneficial owner	288,458,000	51.81%
Mr. Ngiam Mia Kiat Benjamin	Beneficial owner and interests of controlled corporations	295,449,667 <i>(Note 1)</i>	53.07%
Ms. Lauw Hui Kian	Family interest	297,374,667 <i>(Note 2)</i>	53.41%

Notes:

1. (a) 325,000 shares were registered directly in the name of Mr. Ngiam Mia Kiat Benjamin.
 - (b) 288,458,000 shares were held by Essex Holdings which was owned as to 50% by Mr. Ngiam Mia Je Patrick and as to 50% by Mr. Ngiam Mia Kiat Benjamin. Therefore, Mr. Ngiam Mia Kiat Benjamin was deemed to be interested in these shares as he was entitled to exercise or control the exercise of more than one-third of the voting power of Essex Holdings at general meetings.
 - (c) 6,666,667 shares were held by Dynatech which was wholly owned by Essex Singapore, which in turn was owned by Mr. Ngiam Mia Je Patrick and Mr. Ngiam Mia Kiat Benjamin in equal shares. Therefore, Mr. Ngiam Mia Kiat Benjamin was deemed to be interested in these shares as he was entitled to exercise or control the exercise of more than one-third of the voting power of Dynatech at general meetings.
2. Ms. Lauw Hui Kian is the spouse of Mr. Ngiam Mia Je Patrick (an executive Director). Ms. Lauw Hui Kian was deemed to be interested in the shares in which Mr. Ngiam Mia Je Patrick was interested. Mr. Ngiam Mia Je Patrick was interested in 297,374,667 shares of the Company.

Save as disclosed above, as at 30 June 2012, no other persons or entities (other than the directors and chief executive of the Company whose interests are set out under the paragraph headed "Directors' and Chief Executive's interests and short positions in the shares, underlying shares and debentures" above) had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

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 period under review.

Corporate Governance

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the period under review.

Audit Committee

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters, including reviewing the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2012.

Model Code for Securities Transactions

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standards and provisions as set out in the Model Code throughout the period under review.

ON BEHALF OF THE BOARD

Mr. Ngiam Mia Je Patrick

Chairman

Hong Kong

7 August 2012

