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恒都集團有限公司\*  
**PERENNIAL INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 725)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30TH JUNE 2009**

**INTERIM RESULTS**

The Board of Directors (the “Directors”) of Perennial International Limited (the “Company”) is pleased to present the interim report and the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June 2009 together with comparative figures as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

*for the six months ended 30th June 2009*

	<i>Note</i>	<b>Six months ended 30th June</b>	
		<b>2009</b>	<b>2008</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	4	<b>198,324</b>	238,634
Cost of sales		<b>(156,959)</b>	(192,993)
Gross profit		<b>41,365</b>	45,641
Other income	5	<b>138</b>	257
Distribution expenses		<b>(4,311)</b>	(4,894)
Administrative expenses		<b>(21,764)</b>	(23,167)
Other operating expenses		<b>(1,472)</b>	(3,291)
Operating profit	6	<b>13,956</b>	14,546
Finance costs	8	<b>(1,069)</b>	(2,566)
Profit before taxation		<b>12,887</b>	11,980
Taxation	9	<b>(1,742)</b>	(1,064)
Profit for the period		<b>11,145</b>	10,916
Dividend	10	<b>3,980</b>	3,980
Basic and diluted earnings per share (cents)	11	<b>5.6</b>	5.5

\* *for identification purposes only*

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)***for the six months ended 30th June 2009*

	<b>Six months ended 30th June</b>	
	<b>2009</b>	<b>2008</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Profit for the period	<b>11,145</b>	10,916
Other comprehensive income:		
Exchange difference arising from translation of accounts of subsidiaries	<u>(107)</u>	<u>17</u>
Other comprehensive income for the period	<u>(107)</u>	<u>17</u>
Total comprehensive income attributable to shareholders of the Company	<b><u>11,038</u></b>	<b><u>10,933</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30th June 2009

		Unaudited 30th June 2009 <i>HK\$'000</i>	Audited 31st December 2008 <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
Non-current assets			
Leasehold land and land use rights	<i>14</i>	34,371	34,694
Property, plant and equipment	<i>12</i>	119,657	122,401
Investment property	<i>13</i>	8,600	8,600
Deposits paid for additions of land use rights and machinery		1,375	2,510
Deferred tax assets		1,572	1,442
		<hr/>	<hr/>
		165,575	169,647
Current assets			
Inventories	<i>15</i>	73,075	68,542
Trade receivables	<i>16</i>	83,234	106,576
Other receivables, deposits and prepayments		3,256	4,217
Derivative financial instruments		–	776
Cash and cash equivalents		36,375	14,307
		<hr/>	<hr/>
		195,940	194,418
		<hr/>	<hr/>
Total assets		<b>361,515</b>	<b>364,065</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Share capital	<i>17</i>	19,896	19,896
Other reserves	<i>18</i>	39,154	39,261
Retained earnings			
Others		178,449	171,284
Proposed dividend		3,980	5,970
		<hr/>	<hr/>
Total equity		241,479	236,411
		<hr/>	<hr/>

		<b>Unaudited</b>	Audited
		<b>30th June</b>	31st December
		<b>2009</b>	2008
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Long-term bank loans	20	–	2,030
Obligations under finance lease contracts	20	<b>3,160</b>	4,283
Deferred tax liabilities		<b>5,515</b>	5,586
		<u>8,675</u>	<u>11,899</u>
Current liabilities			
Trade payables	19	<b>39,387</b>	31,382
Other payables and accruals		<b>25,770</b>	15,220
Derivative financial instruments		–	557
Taxation payable		<b>2,510</b>	1,499
Current portion of obligations			
under finance lease contracts	20	<b>2,366</b>	2,524
Current portion of long-term bank loans	20	<b>999</b>	3,148
Short-term bank loans	20	–	20,000
Trust receipt loans	20	<b>40,329</b>	41,425
		<u>111,361</u>	<u>115,755</u>
Total liabilities		<u>120,036</u>	<u>127,654</u>
Total equity and liabilities		<u>361,515</u>	<u>364,065</u>
Net current assets		<u>84,579</u>	<u>78,663</u>
Total assets less current liabilities		<u>250,154</u>	<u>248,310</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

*for the six months ended 30th June 2009*

	<b>Share capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st January 2009	<b>19,896</b>	<b>39,261</b>	<b>177,254</b>	<b>236,411</b>
Profit for the period	–	–	<b>11,145</b>	<b>11,145</b>
Exchange difference arising from translation of accounts of subsidiaries	–	<b>(107)</b>	–	<b>(107)</b>
Final dividend paid for 2008	–	–	<b>(5,970)</b>	<b>(5,970)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 2009	<b><u>19,896</u></b>	<b><u>39,154</u></b>	<b><u>182,429</u></b>	<b><u>241,479</u></b>
Represented by:				
Interim dividend proposed for 2009			<b>3,980</b>	
Others			<b>178,449</b>	
			<hr/>	
Retained earnings as at 30th June 2009			<b><u>182,429</u></b>	
			<hr/>	
	<b>Share capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st January 2008	19,896	29,870	162,920	212,686
Profit for the period	–	–	10,916	10,916
Exchange difference arising from translation of accounts of subsidiaries	–	17	–	17
Final dividend paid for 2007	–	–	<b>(3,980)</b>	<b>(3,980)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 2008	<b><u>19,896</u></b>	<b><u>29,887</u></b>	<b><u>169,856</u></b>	<b><u>219,639</u></b>
Represented by:				
Interim dividend proposed for 2008			3,980	
Others			165,876	
			<hr/>	
Retained earnings as at 30th June 2008			<b><u>169,856</u></b>	
			<hr/>	

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)***for the six months ended 30th June 2009*

	<b>Six months ended 30th June</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from operating activities</b>		
Net cash generated from/(used in) operations	57,724	(434)
Hong Kong profits and overseas tax paid	(932)	(169)
Interest received	13	98
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	<b>56,805</b>	<b>(505)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(406)	(1,585)
Deposit paid for additions of land use rights and machinery	(737)	(1,412)
Sale of property, plant and equipment	108	—
	<hr/>	<hr/>
Net cash used in investing activities	<b>(1,035)</b>	<b>(2,997)</b>
<b>Cash flows from financing activities</b>		
Repayment of trust receipt loans	(1,096)	(9,480)
(Repayment of)/increase in long-term bank loans	(4,179)	1,630
(Repayment of)/increase in short-term bank loans	(20,000)	16,000
Repayment of capital element of finance lease contracts	(1,281)	(1,336)
Interest of finance lease contracts	(159)	(253)
Bank loan interest	(910)	(2,313)
Dividend paid to the Company's shareholders	(5,970)	(3,980)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	<b>(33,595)</b>	<b>268</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>22,175</b>	<b>(3,234)</b>
Cash and cash equivalents at the beginning of the period	14,307	24,646
Exchange difference on cash and cash equivalents	(107)	17
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	<b>36,375</b>	<b>21,429</b>
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	<b>36,375</b>	<b>21,429</b>
	<hr/> <hr/>	<hr/> <hr/>

## 1. GENERAL INFORMATION

The Perennial Group, founded in 1989, manufactures and trades quality power cords, power cord sets, cables and solid wire, wire harnesses and plastic resins. The Group's primary markets are America, Europe, Australia, Mainland China, Japan and Southeast Asia where it sells to prominent multi-national producers of electrical and electronic products.

These unaudited condensed consolidated interim financial statements are presented in thousands of Hong Kong dollars ("HK\$000") unless otherwise stated.

## 2. BASIS OF PREPARATION

This unaudited condensed consolidated financial statements for the six months ended 30th June 2009 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual accounts for the year ended 31st December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

## 3. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual accounts for the year ended 31st December 2008

*New standards and amendments effective in 2009 and relevant to the Group:*

HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKFRS 8	Operating segments

The adoption of these new standards and amendments does not have significant impact on the Group's results of operations or financial position. However, the adoption of HKAS 1 (revised) and HKFRS 8 has resulted in certain changes to the presentation of the Group's financial statements in 2009 and the disclosure of information about the Group's operating segments.

The following amendments and interpretation to standards that are published and potentially relevant to the Group's operations, but are not yet effective for the financial year beginning 1st January 2009 and have not been early adopted by the Group.

HKFRS 3 (Revised)	Business combinations (effective from 1st July 2009)
HKAS 27 (Revised)	Consolidated and separate financial statements (effective from 1st July 2009)
HK(IFRIC) –Int 17	Distributions of non-cash assets to owners (effective from 1st July 2009)

#### 4 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period are as follows:

	<b>Unaudited</b>	
	<b>Six month ended 30th June</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Sale of goods	<b>198,324</b>	<b>238,634</b>

HKFRS 8 “Operating Segments” replaces HKAS 14 ‘Segment Reporting’ with effect from 1st January 2009. HKFRS 8 is a disclosure standard that requires the disclosure of information about the Group’s operating segment. It replaces the requirement under HKAS 14 to determine primary (business) and secondary (geographical) reporting segments of the Group. The Group determines that there are five reportable segments, based on location of customers under cable and wire products business, including Hong Kong, Mainland China, other Asian Countries, America and Europe. These segments are managed separately as each segment is subject to risks and returns that are different from the others.

The segment information for the reportable segments for the six months period ended 30th June 2009 is as follow:

	<b>Unaudited</b>					
	<b>Six months ended 30th June 2009</b>					
	<b>Revenue</b>	<b>Segment</b>	<b>Total</b>	<b>Capital</b>	<b>Depreciation</b>	<b>Amortisation</b>
	<b>(external sales)</b>	<b>results</b>	<b>segment</b>	<b>expenditure</b>	<b>Depreciation</b>	<b>Amortisation</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>assets</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	85,044	7,796	115,268	110	968	277
Mainland China	25,080	2,843	182,493	2,168	3,782	187
Other Asian Countries	22,604	2,346	8,277	–	–	–
America	65,031	2,893	36,526	–	–	–
Europe	565	58	8,779	–	–	–
Reportable segment	<b>198,324</b>	<b>15,936</b>	<b>351,343</b>	<b>2,278</b>	<b>4,750</b>	<b>464</b>
Unallocated costs, net of income		<b>(1,980)</b>				
Operating profit		<b>13,956</b>				

Unaudited  
Six months ended 30th June 2008

	Revenue (external sales) <i>HK\$'000</i>	Segment results <i>HK\$'000</i>	Total segment assets <i>HK\$'000</i>	Capital expenditure <i>HK\$'000</i>	Depreciation <i>HK\$'000</i>	Amortisation <i>HK\$'000</i>
Hong Kong	97,302	8,415	108,807	–	1,047	277
Mainland China	45,641	3,513	225,933	15,102	3,371	138
Other Asian Countries	21,077	1,893	12,684	–	–	–
America	70,240	2,220	45,548	–	–	–
Europe	4,374	393	3,610	–	–	–
Reportable segment	<u>238,634</u>	<u>16,434</u>	<u>396,582</u>	<u>15,102</u>	<u>4,418</u>	<u>415</u>
Unallocated costs, net of income		<u>(1,888)</u>				
Operating profit		<u>14,546</u>				

**A reconciliation of total segment assets to the Group's total assets**

	Unaudited as at 30th June	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Total segment assets	351,343	396,582
Investment property	8,600	8,600
Deferred tax assets	1,572	2,887
Total assets	<u>361,515</u>	<u>408,069</u>

There are no sales between the reportable segments.

Unallocated costs, net of income, represent mainly corporate expenses.

**5 OTHER INCOME**

	Unaudited Six months ended 30th June	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Gross rental income from investment property	125	159
Interest income	13	98
	<u>138</u>	<u>257</u>

## 6 OPERATING PROFIT

Expenses included in cost of sales, distribution expenses, administrative expenses and other operating expenses are analysed as follows:

	Unaudited	
	Six months ended 30th June	
	2009	2008
	HK\$'000	HK\$'000
Amortisation and depreciation:		
Amortisation of leasehold land and land use rights	464	415
Depreciation of owned property, plant and equipment	4,082	3,670
Depreciation of property, plant and equipment held under finance lease contracts	668	748
Auditor's remuneration	734	685
Cost of inventories sold	113,897	159,942
Net exchange (gain)/loss	(66)	1,368
Operating lease rentals in respect of land and buildings	144	135
Outgoing expenses in respect of investment property	17	6
Provision/(Written-back of provision) for slow-moving inventories	66	(153)
Net loss on derivative financial instruments	219	276
Provision for return and doubtful debts	1,569	339
Write-off of trade receivables	1,687	1,349
Loss of disposal of property, plant and equipment	22	44
Staff costs (including directors' emoluments) (Note 7)	39,283	31,880
	<u>39,283</u>	<u>31,880</u>

## 7 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Unaudited	
	Six months ended 30th June	
	2009	2008
	HK\$'000	HK\$'000
Wages and salaries	37,690	30,560
Termination benefits	–	40
Social security costs	1,259	976
Pension costs – contribution to MPF scheme	221	214
Other benefits	113	90
	<u>39,283</u>	<u>31,880</u>

Included in the staff costs expenses are remunerations paid to the Directors as set out below:

### Director's emoluments

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Basic salaries, housing allowances, Other allowances and benefits in kind	5,130	5,117
Discretionary bonuses	133	50
Pension costs – contributions to MPF scheme	36	36
	<u>5,299</u>	<u>5,203</u>

## 8 FINANCE COSTS

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	910	2,313
	–	–
Interest of hire purchase contracts	159	253
	<u>1,069</u>	<u>2,566</u>

## 9 TAXATION

Hong Kong profits tax has been provided at the rate 16.5% (2008: 16.5%) on the estimated assessable profit for the period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	1,358	850
Overseas taxation	565	14
Under provision in prior years	20	–
Deferred taxation	(201)	200
	<u>1,742</u>	<u>1,064</u>

## 10 DIVIDEND

<b>Unaudited</b>	
<b>Six months ended 30th June</b>	
<b>2009</b>	<b>2008</b>
<b>HK\$'000</b>	<b>HK\$'000</b>

Interim, proposed, of HK\$0.02  
(2008: HK\$0.02) per ordinary share

<b>3,980</b>	<b>3,980</b>
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At a meeting held on 14th August 2009, the Directors declared an interim dividend of HK\$0.02 per ordinary share for the six months ended 30th June 2009. This proposed dividend is not reflected as a dividend payable in these unaudited condensed consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2009.

## 11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's unaudited profit for the six months ended 30th June 2009 of HK\$11,145,000 (Six months ended 30th June 2008: HK\$10,916,000) divided by the number of 198,958,000 (30th June 2008: 198,958,000) ordinary shares in issue during the period.

At 30th June 2009 and 30th June 2008, diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary shares as at the end of the reporting period.

**12 PROPERTY, PLANT AND EQUIPMENT**

	Unaudited									Total HK\$'000
	Buildings			Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Pleasure boat HK\$'000	Construction in progress HK\$'000	
	Inside HK HK\$'000	Outside HK HK\$'000	Leasehold improvements HK\$'000							
	HK\$'000	HK\$'000	HK\$'000							
Net book value at 1st January 2009	9,897	64,271	4,693	22,457	1,330	5,225	2,728	11,800	-	122,401
Additions	-	-	1,283	328	290	235	-	-	-	2,136
Disposals	-	-	-	(34)	-	(9)	(87)	-	-	(130)
Depreciation	(157)	(799)	(223)	(2,174)	(97)	(460)	(262)	(578)	-	(4,750)
Net book value at 30th June 2009	<u>9,740</u>	<u>63,472</u>	<u>5,753</u>	<u>20,577</u>	<u>1,523</u>	<u>4,991</u>	<u>2,379</u>	<u>11,222</u>	<u>-</u>	<u>119,657</u>
At 30th June 2009										
At cost	-	-	8,554	83,268	6,051	10,639	5,532	14,667	-	128,711
At valuation	9,897	64,271	-	-	-	-	-	-	-	74,168
Accumulated depreciation	(157)	(799)	(2,801)	(62,691)	(4,528)	(5,648)	(3,153)	(3,445)	-	(83,222)
Net book value	<u>9,740</u>	<u>63,472</u>	<u>5,753</u>	<u>20,577</u>	<u>1,523</u>	<u>4,991</u>	<u>2,379</u>	<u>11,222</u>	<u>-</u>	<u>119,657</u>
	Audited									Total HK\$'000
	Buildings			Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Pleasure boat HK\$'000	Construction in progress HK\$'000	
	Inside HK HK\$'000	Outside HK HK\$'000	Leasehold improvements HK\$'000							
	HK\$'000	HK\$'000	HK\$'000							
Net book value at 1st January 2008	10,148	44,520	3,969	17,742	1,397	5,045	3,131	13,046	9,846	108,844
Additions	-	2,555	728	7,890	76	804	99	-	-	12,152
Disposals	-	-	-	(119)	(20)	(46)	(1)	-	-	(186)
Transfer	-	9,846	-	-	-	-	-	-	(9,846)	-
Depreciation	(251)	(1,407)	(396)	(3,750)	(163)	(861)	(581)	(1,246)	-	(8,655)
Revaluation	-	4,843	-	-	-	-	-	-	-	4,843
Exchange differences	-	3,914	392	694	40	283	80	-	-	5,403
Net book value at 31st December 2008	<u>9,897</u>	<u>64,271</u>	<u>4,693</u>	<u>22,457</u>	<u>1,330</u>	<u>5,225</u>	<u>2,728</u>	<u>11,800</u>	<u>-</u>	<u>122,401</u>
At 31st December 2008										
At cost	-	-	7,271	82,999	5,761	10,518	5,910	14,667	-	127,126
At valuation	9,897	64,271	-	-	-	-	-	-	-	74,168
Accumulated depreciation	-	-	(2,578)	(60,542)	(4,431)	(5,293)	(3,182)	(2,867)	-	(78,893)
Net book value	<u>9,897</u>	<u>64,271</u>	<u>4,693</u>	<u>22,457</u>	<u>1,330</u>	<u>5,225</u>	<u>2,728</u>	<u>11,800</u>	<u>-</u>	<u>122,401</u>

### 13 INVESTMENT PROPERTY

	<b>Unaudited</b> <b>30th June</b> <b>2009</b> <i>HK\$'000</i>	Audited 31st December 2008 <i>HK\$'000</i>
At the beginning and the end of the period/year	<b>8,600</b>	8,600

### 14 LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	<b>Unaudited</b> <b>30th June</b> <b>2009</b> <i>HK\$'000</i>	Audited 31st December 2008 <i>HK\$'000</i>
In Hong Kong held on:		
– Leases of between 10 to 50 years	<b>20,561</b>	20,838
Outside Hong Kong held on:		
– Leases of between 10 to 50 years	<b>13,810</b>	13,856
	<b>34,371</b>	34,694

### 15 INVENTORIES

	<b>Unaudited</b> <b>30th June</b> <b>2009</b> <i>HK\$'000</i>	Audited 31st December 2008 <i>HK\$'000</i>
Raw materials	<b>25,120</b>	25,177
Work in progress	<b>21,207</b>	9,440
Finished goods	<b>28,676</b>	35,787
	<b>75,003</b>	70,404
Provision for slow-moving inventories	<b>(1,928)</b>	(1,862)
	<b>73,075</b>	68,542

## 16 TRADE RECEIVABLES

At 30th June 2009, the ageing analysis of trade receivables is as follows:

	Unaudited 30th June 2009 <i>HK\$'000</i>	Audited 31st December 2008 <i>HK\$'000</i>
Current – 3 months	79,554	95,086
4 – 6 months	3,316	12,291
Over 6 months	2,980	246
	<u>85,850</u>	<u>107,623</u>
Provision for returns and doubtful debts	(2,616)	(1,047)
	<u><u>83,234</u></u>	<u><u>106,576</u></u>

The average credit period allowed to customers is 60 to 90 days after invoice date. New customers are charged in cash on delivery.

## 17 SHARE CAPITAL

	Unaudited 30th June 2009 <i>HK\$'000</i>	Audited 31st December 2008 <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK 0.10 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid:		
Ordinary shares of HK 0.10 each	<u>19,896</u>	<u>19,896</u>

## 18 RESERVES

	Share premium <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Unaudited Building revaluation reserve <i>HK\$'000</i>	Capital Redemption reserve <i>HK\$'000</i>	Total other reserves <i>HK\$'000</i>
Balance reported as at 1st January 2009	15,885	10,932	12,340	104	39,261
Exchange differences arising from translation of accounts of subsidiaries	–	(107)	–	–	(107)
At 30th June 2009	<u><u>15,885</u></u>	<u><u>10,825</u></u>	<u><u>12,340</u></u>	<u><u>104</u></u>	<u><u>39,154</u></u>

	Share premium <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Unaudited Building revaluation reserve <i>HK\$'000</i>	Capital Redemption reserve <i>HK\$'000</i>	Total other reserves <i>HK\$'000</i>
Balance reported as at 1st January 2008	15,885	5,085	8,796	104	29,870
Exchange differences arising from translation of accounts of subsidiaries	–	17	–	–	17
At 30th June 2008	<u>15,885</u>	<u>5,102</u>	<u>8,796</u>	<u>104</u>	<u>29,887</u>

## 19 TRADE PAYABLES

At 30th June 2009, the ageing analysis of trade payables is as follow:

	Unaudited 30th June 2009 <i>HK\$'000</i>	Audited 31st December 2008 <i>HK\$'000</i>
Current – 3 months	38,968	27,320
4 – 6 months	129	3,770
Over 6 months	290	292
	<u>39,387</u>	<u>31,382</u>

## 20 BORROWINGS

	<b>Unaudited</b>	Audited
	<b>30th June</b>	31st December
	<b>2009</b>	2008
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current</b>		
Long-term bank loans	–	2,030
Obligations under finance lease contracts	<b>3,160</b>	4,283
	<b>3,160</b>	6,313
<b>Current</b>		
Current portion of long-term bank loans	<b>999</b>	3,148
Current portion of obligations under finance lease contracts	<b>2,366</b>	2,524
Short-term bank loans	–	20,000
Trust receipt loans	<b>40,329</b>	41,425
	<b>43,694</b>	67,097
<b>Total borrowings</b>	<b>46,854</b>	73,410

Total borrowings include secured liabilities of HK\$46,551,000 (31st December 2008: HK\$50,871,000), which are secured by leasehold land, land use rights, buildings and investment property of the Group.

The maturity of borrowings is as follows:

	Long-term bank loans		Short-term bank loans		Trust receipt loans		Obligations under finance lease contracts	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	30th	31st	30th	31st	30th	31st	30th	31st
	June	December	June	December	June	December	June	December
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	999	3,148	–	20,000	40,329	41,425	2,366	2,524
Between 1 and 2 years	–	1,863	–	–	–	–	2,215	2,228
Between 2 and 5 years	–	167	–	–	–	–	945	2,055
Wholly repayable within 5 years	999	5,178	–	20,000	40,329	41,425	5,526	6,807
Over 5 years	–	–	–	–	–	–	–	–
<b>Total borrowings</b>	<b>999</b>	<b>5,178</b>	<b>–</b>	<b>20,000</b>	<b>40,329</b>	<b>41,425</b>	<b>5,526</b>	<b>6,807</b>

## 21 FINANCIAL GUARANTEES AND PLEDGE

At 30th June 2009, the Group's banking facilities amounting to approximately HK\$194,222,000 (31st December 2008: HK\$230,764,000) were secured by the following:

- (a) legal charges over certain leasehold land, land use rights, buildings and investment property of the Group with a total net book value of HK\$38,901,000 (31st December 2008: HK\$39,335,000);
- (b) a deed of guarantee executed by the Company amounting to HK\$ 181,000,000 (31st December 2008: HK\$181,000,000).

## 22 RELATED PARTY TRANSACTIONS

### (a) Transactions with the related party

- (i) Name and relationship with the related party

常州市恒軒進出口有限公司 (“PIEL”) is wholly-owned by Mr. Zhou Jing Zhuan, management of the Group. PIEL is thus a related party of the Group.

- (ii) Detail of the transactions

During the period, the Group has no significant transactions in the ordinary course of business with PIEL:

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Sales of goods	–	79
	<u>                    </u>	<u>                    </u>

These transactions were entered into on normal commercial terms.

### (b) Compensation of key management personnel

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Basic salaries, housing allowances, other allowances and benefits in kind	<b>6,239</b>	6,266
Discretionary bonuses	<b>152</b>	64
Pension costs – contributions to MPF scheme	<b>54</b>	54
	<u>                    </u>	<u>                    </u>
	<b>6,445</b>	6,384
	<u>                    </u>	<u>                    </u>

## 23 COMMITMENTS

### (a) Capital commitments

As 30th June 2009, the Group had the following capital commitment for leasehold improvement and plant and machinery:

	<b>Unaudited</b> <b>30th June</b> <b>2009</b> <i>HK\$'000</i>	Audited 31st December 2008 <i>HK\$'000</i>
Contracted but not provided for	<u>1,140</u>	<u>977</u>

### (b) Commitments under operating leases

At 30th June 2009, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>Unaudited</b> <b>30th June</b> <b>2009</b> <i>HK\$'000</i>	Audited 31st December 2008 <i>HK\$'000</i>
Not later than one year	<u>147</u>	<u>–</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Results

The Group's turnover for the six months ended 30th June 2009 was HK\$198,324,000 (2008: HK\$238,634,000). Unaudited consolidated profit attributable to shareholders was HK\$11,145,000 (2008: HK\$10,916,000) up 2.1%. Earnings per share were HK\$0.056 (2008: HK\$0.055).

The Board of Directors of the Company declared an interim dividend of HK\$0.02 per share (2008: HK\$0.02 per share).

The register of members of the Company will be closed from 31st August 2009 to 3rd September 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, payable on or before 9th September 2009, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars at Hong Kong Registrars Limited, Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 28th August 2009.

#### Liquidity and Financial Resources

As at 30th June 2009, the Group's bank balances and cash was HK\$36,375,000. The consolidated indebtedness of the Group, including short-term borrowings of HK\$43,694,000, was HK\$46,854,000. The borrowings are denominated in Hong Kong dollars and bear interest at floating rates.

The amount of the Group's current working capital was HK\$84,579,000 (31st December 2008: HK\$78,663,000). The current ratio was 1.76. The Group's trade receivables were HK\$83,234,000, representing 42.0% of the period's turnover of HK\$198,324,000.

#### Capital Structure

The equity of the Group was HK\$241,479,000, an increase of 9.9% over that of the last corresponding period. The gearing ratio, calculated by dividing total liabilities by shareholders' equity, was approximately 49.7%.

#### Pledge of Assets

As at 30th June 2009, the Group's banking facilities amounting to approximately HK\$46,551,000 (31st December 2008: HK\$50,871,000) were secured by legal charges over certain leasehold land, land use rights, buildings and investment property of the Group with a total net book value of HK\$38,901,000 (31st December 2008: HK\$39,335,000), and corporate guarantee given by the Company.

## **Foreign exchange exposure**

All foreseeable foreign exchange risk of the Company are appropriately managed or hedged.

## **BUSINESS REVIEW**

During the period under review, our sales in power cord and power cord sets, cables and wires, wire harnesses and plastic resins accounted for 59%, 7%, 33% and 1% of the Group's total turnover, respectively.

Many manufacturers have faced severe head wind from the Global Financial Tsunami which started in the second half of 2008.

By implementing prudent strategy, setting defined vision, adopting risk management, optimizing cashflow management, assessing various evaluations and taken defensive measures and careful cost control, the Global Financial Tsunami has not constituted any significant impact on the Group's first half year result.

During the period under review, the Group maintained steady growth in profit evidencing our successful strategy in financial management, cost control and risk management.

In the meantime, the Group focus on the development of high quality, stable and growth returns and environmentally-proof products. This proven strategy has brought the significant effectiveness of contribution to profit. In order to meet the new environmental protection regulation adopted by the European Union, we are well-positioned to place strong emphasis on research and development, production and quality control of all our environmentally-proof products to further expand our business into this market segment.

## **Future Prospects**

Looking ahead, the Group is dedicated to achieving solid growth. Although there will be challenges arising from the weak global economy, we will continue to implement prudent strategy and take cautious measures to weather these challenges.

In the second half of 2009, apart from producing high growth wire harnesses and environmentally-sound halogen-free products, we will continue to invest in research and development of environmentally-friendly and green products. We target to provide customers with high quality products at competitive price.

Currently, United States of America is the Group's most major overseas market. We will expedite our expansion into other overseas markets in future, with an aim to develop new revenue driver for the Group.

On staff training and development front, the Group will capitalize on the poor economic situation to sharpen our management and operations edge by recruiting experienced talents. In addition, we will re-engineer our structure to streamline staff force and increase efficiency.

Despite challenges in the years ahead, we believe that with a positive, optimistic and prudent approach in enhancing operational efficiency, strict cost control and building closer partnership relationship with our customers, the Group's business will continue to grow and prosper in a progressive manner.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30th June 2009, the Group employed approximately 1,600 full time management, administrative and production staff in Hong Kong and the Mainland China. The Group follows market practice on remuneration packages. Employees' remuneration is reviewed and determined by senior management annually depending on the employee's performance, experience and industry practice. The Group invests in its human capital. In addition to on-job training, the Group encourages employees to further their study in extramural courses.

## **THE AUDIT COMMITTEE**

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited condensed consolidated financial statements for the six months ended 30th June 2009 with the Directors.

## **CORPORATE GOVERNANCE**

The Group is committed to safeguarding shareholders' rights and further improving our standard of corporate governance standard. As such, we have established the Compliance Committee, Audit Committee, Remuneration Committee and Nomination Committee in order to adhere to the best practice.

## **SOCIAL RESPONSIBILITY**

The Group holds a strong belief in corporate social responsibility. As a result, we will continue to support community activities in both Hong Kong and the People's Republic of China.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

With effect from 1st January 2005, the Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Directors confirm that, for six months ended 30th June 2009, the Company has fully complied with the code provision in the Code.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Company (the “Code”). Having made specific enquiry of the Directors of the Company, all Directors of the Company had complied with the required standards as set out in the Code during the period from 1st January 2009 to 30th June 2009 (both dates inclusive).

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

The Company has not redeemed any of its shares during the six months ended 30th June 2009. Neither the Company nor its subsidiaries has purchased, redeemed or sold any of the Company’s shares during the six months ended 30th June 2009.

## **PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY**

The information required by paragraphs 46(1) to 46(9) of Appendix 16 to the Listing Rules has been published on the website <http://www.hkex.com.hk> of The Stock Exchange of Hong Kong Limited and the company’s website <http://www.equitynet.com.hk/0725> in due course.

## **VOTE OF THANKS**

On behalf of the Board of Directors, I would like to express my sincere gratitude to our shareholders, partners and customers for their loyalty and to our staff for their dedication.

By order of the board  
**KOO Di An, Louise**  
*Chairman*

Hong Kong, 14th August 2009

*As at the date of this report, the Executive Directors are Mr. Mon Chung Hung, Ms. Li Man Wai, Mr. Siu Yuk Shing, Marco, Ms. Mon Wai Ki, Vicky and Ms. Mon Tiffany, the Non-Executive Director is Ms. Koo Di An, Louise and the Independent Non-Executive Directors are Mr. Lau Chun Kay, Mr. Cheng Kwok Kit, Edwin and Mr. Ma Chun Hon, Richard.*