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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 2010

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 2010 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the six months ended 30th June 2010

		Six months ended	
		30th June	
		2010	Restated
	<i>Note</i>	HK\$'000	2009
		HK\$'000	HK\$'000
Revenue	4	243,762	198,324
Cost of sales		(198,998)	(156,959)
Gross profit		44,764	41,365
Other income	5	7	138
Distribution expenses		(4,493)	(4,311)
Administrative expenses		(24,164)	(22,076)
Other operating income/(expenses), net		831	(1,472)
Operating profit	6	16,945	13,644
Finance costs	8	(526)	(1,069)

* *for identification purposes only*

	<i>Note</i>	Six months ended 30th June	
		2010 <i>HK\$'000</i>	Restated 2009 <i>HK\$'000</i>
Profit before taxation		16,419	12,575
Taxation	<i>9</i>	(2,741)	(1,742)
Profit for the period		13,678	10,833
Basic and diluted earnings per share (cents)	<i>11</i>	6.9	5.4

Details of interim dividend payable to shareholders of the Company are set out in note 10.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

for the six months ended 30th June 2010

	Six months ended 30th June	
	2010 <i>HK\$'000</i>	Restated 2009 <i>HK\$'000</i>
Profit for the period	13,678	10,833
Other comprehensive (loss)/income:		
Revaluation deficit on land and buildings	(7,078)	–
Deferred tax credited to revaluation reserve	1,168	–
Exchange difference arising from translation of financial statements of subsidiaries	15	(107)
Other comprehensive loss for the period	(5,895)	(107)
Total comprehensive income attributable to shareholders of the Company	7,783	10,726

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as at 30th June 2010

		30th June 2010 <i>HK\$'000</i>	Restated 31st December 2009 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Land use rights	<i>14</i>	13,405	13,589
Property, plant and equipment	<i>12</i>	199,364	209,267
Investment property	<i>13</i>	9,000	9,000
Non-current deposits		526	247
Deferred tax assets		1,941	2,181
		<hr/>	<hr/>
		224,236	234,284
Current assets			
Inventories	<i>15</i>	80,392	64,412
Trade receivables	<i>16</i>	118,737	87,586
Other receivables, deposits and prepayments		5,625	3,235
Cash and cash equivalents		39,553	29,293
		<hr/>	<hr/>
		244,307	184,526
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		468,543	418,810
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
EQUITY			
Share capital	<i>17</i>	19,896	19,896
Other reserves	<i>18</i>	97,913	103,808
Retained earnings			
Others		196,007	186,309
Interim dividend		3,980	7,960
		<hr/>	<hr/>
Total equity		317,796	317,973
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

		30th June 2010 <i>HK\$'000</i>	Restated 31st December 2009 <i>HK\$'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Obligations under finance lease contracts	20	946	2,056
Deferred tax liabilities		<u>16,050</u>	<u>17,507</u>
		<u>16,996</u>	<u>19,563</u>
Current liabilities			
Trade payables	19	45,878	31,585
Other payables and accruals	19	23,318	19,463
Taxation payable		5,129	3,417
Current portion of obligations under finance lease contracts	20	2,215	2,227
Current portion of long-term bank loans	20	–	252
Trust receipt loans	20	<u>57,211</u>	<u>24,330</u>
		<u>133,751</u>	<u>81,274</u>
Total liabilities		<u>150,747</u>	<u>100,837</u>
Total equity and liabilities		<u>468,543</u>	<u>418,810</u>
Net current assets		<u>110,556</u>	<u>103,252</u>
Total assets less current liabilities		<u>334,792</u>	<u>337,536</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the six months ended 30th June 2010

	Share capital	Other reserves	Retained earnings	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st January 2010 (Restated)	19,896	103,808	194,269	317,973
Profit for the period	–	–	13,678	13,678
Revaluation deficit on land and buildings	–	(7,078)	–	(7,078)
Deferred tax credited to revaluation reserve	–	1,168	–	1,168
Exchange difference arising from translation of financial statements of subsidiaries	–	15	–	15
Final dividend paid for 2009	–	–	(7,960)	(7,960)
	<u>19,896</u>	<u>97,913</u>	<u>199,987</u>	<u>317,796</u>
At 30th June 2010	<u>19,896</u>	<u>97,913</u>	<u>199,987</u>	<u>317,796</u>
Represented by:				
Interim dividend for 2010			3,980	
Others			196,007	
			<u>199,987</u>	
Retained earnings as at 30th June 2010			<u>199,987</u>	
	Share capital	Other reserves	Retained earnings	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st January 2009 (Restated)	19,896	78,447	174,651	272,994
Profit for the period (Restated)	–	–	10,833	10,833
Exchange difference arising from translation of financial statements of subsidiaries	–	(107)	–	(107)
Final dividend paid for 2008	–	–	(5,970)	(5,970)
	<u>19,896</u>	<u>78,340</u>	<u>179,514</u>	<u>277,750</u>
At 30th June 2009 (Restated)	<u>19,896</u>	<u>78,340</u>	<u>179,514</u>	<u>277,750</u>
Represented by:				
Interim dividend for 2009			3,980	
Others			175,534	
			<u>179,514</u>	
Retained earnings as at 30th June 2009			<u>179,514</u>	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)*for the six months ended 30th June 2010*

	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
Cash flows from operating activities		
Net cash (used in) / generated from operations	(8,964)	57,724
Hong Kong profits tax and overseas tax paid	(1,078)	(932)
Interest received	7	13
	<hr/>	<hr/>
Net cash (used in) / generated from operating activities	(10,035)	56,805
	<hr/>	<hr/>
Cash flows from investing activities		
Purchases of property, plant and equipment	(568)	(406)
Deposit paid for additions of machinery	(2,333)	(737)
Sale of property, plant and equipment	160	108
	<hr/>	<hr/>
Net cash used in investing activities	(2,741)	(1,035)
	<hr/>	<hr/>
Cash flows from financing activities		
Increase in / (repayment of) trust receipt loans	32,881	(1,096)
Repayment of long-term bank loans	(252)	(4,179)
Repayment of short-term bank loans	–	(20,000)
Repayment of capital element of finance lease contracts	(1,122)	(1,281)
Interest of finance lease contracts	(95)	(159)
Bank loan interest	(431)	(910)
Dividend paid to the Company's shareholders	(7,960)	(5,970)
	<hr/>	<hr/>
Net cash generated from / (used in) financing activities	23,021	(33,595)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	10,245	22,175
Cash and cash equivalents at the beginning of the period	29,293	14,307
Exchange difference on cash and cash equivalents	15	(107)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	39,553	36,375
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30th June 2010 are 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 financial statements for the year ended 31st December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31st December 2009.

The Group has adopted new and amended standards and interpretations of Hong Kong Financial Reporting Standards that are effective for accounting periods beginning on or after 1st January 2010.

Except for the reclassification of the Group's leasehold land of non-investment property in Hong Kong, the adoption of such new and amended standards and interpretations does not have material impact on these condensed consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

HKAS 17 (Amendment), "Leases", requires leasehold land of non-investment property to be classified as a finance lease as if substantially all risks and rewards of the leasehold land have been transferred to the Group. As the present value of the minimum lease payments (i.e. the transaction price) of certain land held by the Group amounted to substantially all of the fair value of the land as if it were freehold, it has been classified as finance leases. The amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases.

Effect of adopting HKAS 17 (Amendment) on the condensed consolidated statement of financial position and condensed consolidated income statement is as follows:

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Increase/(decrease) in assets:		
Property, plant and equipment	72,635	80,500
Leasehold land and land use rights	<u>(20,007)</u>	<u>(20,284)</u>
Increase in liabilities:		
Deferred tax liabilities	<u>8,684</u>	<u>9,936</u>
Increase/(decrease) in equity:		
Retained earnings	(3,736)	(3,226)
Land and building revaluation reserve	<u>47,680</u>	<u>53,506</u>
	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
Increase/(decrease) in administrative expenses:		
Depreciation	787	589
Amortisation	<u>(277)</u>	<u>(277)</u>

Certain comparative information in these condensed consolidated financial statements has been reclassified to conform to the current period's presentation.

4 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
Sale of goods	<u>243,762</u>	<u>198,324</u>

The Chief Executive Officer (the chief operation decision maker) has reviewed the Group's internal reporting and determines that there are five reportable segments, based on location of customers under cable and wire products business, including Hong Kong, the 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 ended 30th June 2010 is as follows:

Six months ended 30th June 2010						
	Revenue	Segment	Total	Capital	Depreciation	Amortisation
	(external sales)	results	segment	expenditure	Depreciation	Amortisation
	HK\$'000	HK\$'000	assets	HK\$'000	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	108,351	9,234	193,379	52	1,649	–
The Mainland China	38,261	3,012	189,453	2,570	3,628	184
Other Asian Countries	26,252	2,363	13,024	–	–	–
America	69,604	5,125	61,163	–	–	–
Europe	1,294	116	583	–	–	–
	<u>243,762</u>	<u>19,850</u>	<u>457,602</u>	<u>2,622</u>	<u>5,277</u>	<u>184</u>
Reportable segment	<u><u>243,762</u></u>	<u>19,850</u>	<u><u>457,602</u></u>	<u><u>2,622</u></u>	<u><u>5,277</u></u>	<u><u>184</u></u>
Unallocated costs, net of income		<u>(2,905)</u>				
Operating profit		<u><u>16,945</u></u>				

(Restated)						
Six months ended 30th June 2009						
	Revenue	Segment	Total	Capital	Depreciation	Amortisation
	(external sales)	results	segment	expenditure	Depreciation	Amortisation
	HK\$'000	HK\$'000	assets	HK\$'000	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	85,044	7,484	158,646	110	1,557	–
The 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	–	–	–
	<u>198,324</u>	<u>15,624</u>	<u>394,721</u>	<u>2,278</u>	<u>5,339</u>	<u>187</u>
Reportable segment	<u><u>198,324</u></u>	<u>15,624</u>	<u><u>394,721</u></u>	<u><u>2,278</u></u>	<u><u>5,339</u></u>	<u><u>187</u></u>
Unallocated costs, net of income		<u>(1,980)</u>				
Operating profit		<u><u>13,644</u></u>				

A reconciliation of total segment assets to Group's total assets.

	As at 30th June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment assets	457,602	394,721
Investment property	9,000	8,600
Deferred tax assets	1,941	1,572
	<hr/>	<hr/>
Total assets	468,543	404,893
	<hr/> <hr/>	<hr/> <hr/>

There is no sales transaction between the reportable segments.

Unallocated costs, net of income, represent mainly corporate expenses and income from investment property.

Revenue of approximately HK\$37,225,000 (30th June 2009: HK\$39,387,000) was derived from a single customer.

5 OTHER INCOME

	Six months ended	
	30th June	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross rental income from investment property	–	125
Interest income	7	13
	<hr/>	<hr/>
	7	138
	<hr/> <hr/>	<hr/> <hr/>

6 OPERATING PROFIT

Expenses included in cost of sales, distribution expenses, administrative expenses and other operating income/ (expenses), net are analysed as follows:

	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
		(Restated)
Amortisation and depreciation:		
Amortisation of land use rights	184	187
Depreciation of owned property, plant and equipment	4,742	4,671
Depreciation of property, plant and equipment held under finance lease contracts	535	668
Auditor's remuneration	695	734
Cost of inventories sold	162,040	113,897
Net exchange loss / (gain)	191	(66)
Operating lease rental in respect of land and buildings	164	144
Outgoing expenses in respect of investment property	48	17
Provision for slow-moving inventories	81	66
Net loss on derivative financial instruments	–	219
(Written-back of provision)/ provision for returns and doubtful debts	(1,611)	1,569
(Recovery of)/write-off of trade receivables	(1,384)	1,687
Loss of disposal of property, plant and equipment	10	23
Staff costs (including directors' emoluments) (Note 7)	36,841	39,283
	<u>36,841</u>	<u>39,283</u>

7 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
Wages and salaries	35,462	37,690
Social security costs	1,142	1,259
Pension cost – contribution to MPF scheme	229	221
Others	8	113
	<u>36,841</u>	<u>39,283</u>

Included in the staff costs are remuneration paid to the directors as set out below:

(a) Directors' emoluments

	Six months ended 30th June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Basic salaries, housing allowances, other allowances and benefits in kind	5,170	5,130
Discretionary bonus	281	133
Pension cost – contributions to MPF scheme	36	36
	<u>5,487</u>	<u>5,299</u>

8 FINANCE COSTS

	Six months ended 30th June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interest on bank loans Wholly repayable within five years	431	910
Interest of finance lease contracts	95	159
	<u>526</u>	<u>1,069</u>

9 TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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.

	Six months ended 30th June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Hong Kong profits tax	2,040	1,358
Overseas taxation	750	565
Under-provision in prior years	–	20
Deferred taxation	(49)	(201)
	<u>2,741</u>	<u>1,742</u>

10 DIVIDEND

	Six months ended 30th June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interim dividend of HK\$0.02 (2009: HK\$0.02) per ordinary share	<u>3,980</u>	<u>3,980</u>

At a meeting held on 10th August 2010, the directors declared an interim dividend of HK\$0.02 per ordinary share for the six months ended 30th June 2010. This dividend is not reported as a dividend payable in these unaudited condensed consolidated financial statements, but as an appropriation of retained earnings for the year ending 31st December 2010.

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 2010 of HK\$13,678,000 (Six months ended 30th June 2009 (restated): HK\$10,833,000) divided by the number of 198,958,000 (30th June 2009: 198,958,000) ordinary shares in issue during the period.

At 30th June 2010 and 30th June 2009, 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

	Land & buildings (Note)								Total HK\$'000
	Inside HK HK\$'000	Outside HK HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Pleasure boat HK\$'000	
Net book value at									
1st January 2010									
– as previously reported	10,500	74,983	4,987	18,972	1,252	5,124	2,277	10,672	128,767
– effect of change in accounting policy (Note 3)	80,500	–	–	–	–	–	–	–	80,500
Net book value at									
1st January 2010 (Restated)	91,000	74,983	4,987	18,972	1,252	5,124	2,277	10,672	209,267
Additions	–	–	–	1,894	32	403	293	–	2,622
Disposals	–	–	–	(20)	(3)	(35)	(112)	–	(170)
Depreciation	(922)	(931)	(255)	(1,884)	(81)	(461)	(220)	(523)	(5,277)
Revaluation	(7,078)	–	–	–	–	–	–	–	(7,078)
Net book value at 30th June 2010	<u>83,000</u>	<u>74,052</u>	<u>4,732</u>	<u>18,962</u>	<u>1,200</u>	<u>5,031</u>	<u>2,238</u>	<u>10,149</u>	<u>199,364</u>
At 30th June 2010									
At cost	–	–	8,061	84,972	5,753	11,498	5,607	14,667	130,558
At valuation	83,000	74,052	–	–	–	–	–	–	157,052
Accumulated depreciation	–	–	(3,329)	(66,010)	(4,553)	(6,467)	(3,369)	(4,518)	(88,246)
Net book value	<u>83,000</u>	<u>74,052</u>	<u>4,732</u>	<u>18,962</u>	<u>1,200</u>	<u>5,031</u>	<u>2,238</u>	<u>10,149</u>	<u>199,364</u>

	Land & buildings								Total
	(Note)								
	Inside HK HK\$'000	Outside HK HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Pleasure boat HK\$'000	
Net book value at 1st January 2009									
– as previously reported	9,897	64,271	4,693	22,457	1,330	5,225	2,728	11,800	122,401
– effect of change in accounting policy	64,528	–	–	–	–	–	–	–	64,528
Net book value at 1st January 2009 (Restated)	74,425	64,271	4,693	22,457	1,330	5,225	2,728	11,800	186,929
Additions	–	–	816	833	127	872	142	–	2,790
Disposals	–	–	–	(51)	(12)	(16)	(87)	–	(166)
Depreciation	(1,488)	(1,589)	(506)	(4,188)	(188)	(931)	(499)	(1,128)	(10,517)
Revaluation	18,063	8,921	–	–	–	–	–	–	26,984
Exchange adjustment	–	3,380	(16)	(79)	(5)	(26)	(7)	–	3,247
Net book value at 31st December 2009 (Restated)	91,000	74,983	4,987	18,972	1,252	5,124	2,277	10,672	209,267
At 31st December 2009 (Restated)									
At cost	–	–	8,061	83,344	5,755	11,253	5,660	14,667	128,740
At valuation	91,000	74,983	–	–	–	–	–	–	165,983
Accumulated depreciation	–	–	(3,074)	(64,372)	(4,503)	(6,129)	(3,383)	(3,995)	(85,456)
Net book value	91,000	74,983	4,987	18,972	1,252	5,124	2,277	10,672	209,267

Note:

As at 30th June 2010, the Group has leasehold land of HK\$72,635,000 (2009 (restated): HK\$80,500,000) which was held in Hong Kong under the lease term 10 to 50 years.

Land and buildings were revalued by directors based on open market information as at 30th June 2010.

13 INVESTMENT PROPERTY

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
At the beginning of the period/year	9,000	8,600
Revaluation surplus credited to the condensed consolidated income statement	—	400
At the end of the period/year	<u>9,000</u>	<u>9,000</u>

14 LAND USE RIGHTS

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

	30th June 2010 HK\$'000	Restated 31st December 2009 HK\$'000
Outside Hong Kong held on: – the lease term of 10 to 50 years	<u>13,405</u>	<u>13,589</u>
	<u>13,405</u>	<u>13,589</u>

During the period, the Group has adopted the amendment to HKAS 17 and has reclassified non-investment leasehold land held in Hong Kong as finance leases (Note 3).

15 INVENTORIES

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Raw materials	26,752	26,632
Work in progress	17,862	5,520
Finished goods	<u>37,520</u>	<u>33,921</u>
	82,134	66,073
Provision for slow moving inventories	<u>(1,742)</u>	<u>(1,661)</u>
	<u>80,392</u>	<u>64,412</u>

16 TRADE RECEIVABLES

At 30th June 2010, the aging analysis of trade receivables is as follows:

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Current – 3 months	110,216	86,464
4 – 6 months	10,464	4,470
Over 6 months	58	264
	<hr/>	<hr/>
	120,738	91,198
Provision for returns and doubtful debts	(2,001)	(3,612)
	<hr/>	<hr/>
	118,737	87,586
	<hr/> <hr/>	<hr/> <hr/>

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

17 SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
At 31st December 2009 and 30th June 2010, ordinary shares of HK\$0.10 each	500,000,000	50,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
At 31st December 2009 and 30th June 2010, ordinary shares of HK\$0.10 each	198,958,000	19,896
	<hr/> <hr/>	<hr/> <hr/>

18 RESERVES

	Share premium <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Land & building revaluation reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Total other reserves <i>HK\$'000</i>
At 1st January 2010					
– as previously reported	15,885	14,032	20,281	104	50,302
– effect of change in accounting policy (<i>Note 3</i>)	–	–	53,506	–	53,506
At 1st January 2010 (Restated)	15,885	14,032	73,787	104	103,808
Revaluation deficit of land and buildings	–	–	(7,078)	–	(7,078)
Deferred tax credited to revaluation reserve	–	–	1,168	–	1,168
Exchange differences arising from translation of financial statements of subsidiaries	–	15	–	–	15
At 30th June 2010	15,885	14,047	67,877	104	97,913
			Restated Land & building		
	Share premium <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	revaluation reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Total other reserves <i>HK\$'000</i>
At 1st January 2009					
– as previously reported	15,885	10,932	12,340	104	39,261
– effect of change in accounting policy	–	–	39,186	–	39,186
At 1st January 2009 (Restated)	15,885	10,932	51,526	104	78,447
Exchange differences arising from translation of financial statements of subsidiaries	–	(107)	–	–	(107)
At 30th June 2009 (Restated)	15,885	10,825	51,526	104	78,340

19 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Trade payables	45,878	31,585
Other payables and accruals	23,318	19,463
	<hr/>	<hr/>
Total	69,196	51,048
	<hr/> <hr/>	<hr/> <hr/>

At 30th June 2010, the aging analysis of trade payables is as follow:

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Current – 3 months	42,431	31,137
4 – 6 months	3,186	156
Over 6 months	261	292
	<hr/>	<hr/>
	45,878	31,585
	<hr/> <hr/>	<hr/> <hr/>

20 BORROWINGS

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Non-current		
Obligations under finance lease contracts	946	2,056
	<hr/>	<hr/>
	946	2,056
	<hr/>	<hr/>
Current		
Current portion of long-term bank loans	–	252
Current portion of obligations under finance lease contracts	2,215	2,227
Trust receipt loans	57,211	24,330
	<hr/>	<hr/>
	59,426	26,809
	<hr/>	<hr/>
Total borrowings	60,372	28,865
	<hr/> <hr/>	<hr/> <hr/>

Total borrowings include secured liabilities of HK\$60,372,000 (31st December 2009: HK\$27,186,000), which are secured by land use rights, land and buildings and investment property of the Group.

The maturity of borrowings is as follows:

	Long-term bank loans		Trust receipt loans		Obligations under finance lease contracts	
	30th	31st	30th	31st	30th	31st
	June	December	June	December	June	December
	2010	2009	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	–	252	57,211	24,330	2,215	2,227
Between 1 and 2 years	–	–	–	–	946	2,056
Between 2 and 5 years	–	–	–	–	–	–
Wholly repayable within 5 years	–	252	57,211	24,330	3,161	4,283
Over 5 years	–	–	–	–	–	–
Total borrowings	–	252	57,211	24,330	3,161	4,283

21 FINANCIAL GUARANTEES AND PLEDGE

At 30th June 2010, the Group's banking facilities amounting to approximately HK\$204,316,000 (31st December 2009: HK\$205,535,000) were secured by the following:

- legal charges over certain land use rights, land and buildings and investment property of the Group with a total net book value of HK\$92,000,000 (31st December 2009 (restated): HK\$100,000,000);
- a deed of guarantee executed by the Company amounting to HK\$121,000,000 (31st December 2009: HK\$121,000,000).

22 RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	Six months ended 30th June	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Basic salaries, housing allowances, other allowances and benefits in kind	6,346	6,239
Discretionary bonus	297	152
Pension cost – contribution to MPF scheme	54	54
	<u>6,697</u>	<u>6,445</u>

23 COMMITMENTS

(a) Capital commitments

At 30th June 2010, the Group had the following capital commitment for leasehold improvement and plant and machinery:

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Contracted but not provided for	<u><u>2,358</u></u>	<u><u>670</u></u>

(b) Commitments under operating leases

At 30th June 2010, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Not later than one year	<u><u>54</u></u>	<u><u>17</u></u>

FINANCIAL REVIEW

Results

The Group's turnover for the six months ended 30th June 2010 was HK\$243,762,000 (2009: HK\$198,324,000). Unaudited consolidated profit attributable to shareholders was HK\$13,678,000 (2009 (restated): HK\$10,833,000) up 26.3%. Earnings per share were HK\$0.069 (2009 (restated): HK\$0.054).

The Board of Directors of the Company has declared an interim dividend of HK\$0.02 per share (2009: HK\$0.02 per share).

The register of members of the Company will be closed from 25th August 2010 to 30th August 2010, both days inclusive, during which no transfer of shares will be effected. In order to qualify for the interim dividend, payable on 10th September 2010, 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 24th August 2010.

Liquidity and Financial Resources

As at 30th June 2010, the Group's bank balances and cash was HK\$39,553,000. The consolidated indebtedness of the Group, including short-term borrowings of HK\$59,426,000, was HK\$60,372,000. 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\$110,556,000 (31st December 2009: HK\$103,252,000). The current ratio was 1.83 . The Group's trade receivables were HK\$118,737,000, representing 48.7% of the turnover of HK\$243,762,000 for the period.

Capital structure

The equity of the Group was HK\$317,796,000, an increase of 14.4% over that of the last corresponding period. The gearing ratio, calculated by dividing total liabilities by shareholders' equity, was approximately 47.4%.

Pledge of Assets

As at 30th June 2010, the Group's banking facilities amounting to approximately HK\$60,372,000 (31st December 2009: HK\$27,186,000) were secured by legal charges over certain land use rights, land and buildings and investment property of the Group with a total net book value of HK\$92,000,000 (31st December 2009 (restated): HK\$100,000,000), and corporate guarantee given by the Company.

Foreign Exchange Exposure

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

BUSINESS REVIEW

During the period under review, sales in power cords, power cord sets, cables, wires, wire harnesses and plastic resins accounted for 55%, 13%, 30% and 2% of the Group's total turnover, respectively.

Many manufacturers inevitably felt the shock waves of the global financial crisis as unemployment soared in the West and consumer confidence plummeted.

Nevertheless, the Group has continued to exercise prudence in all areas of operation. In addition to a "Lean Production" strategy, the Group has conducted regular audit on cost control, focused on production efficiency, and taken measures to prevent accidents and lower risks.

The Group has maintained a steady level of profit, providing evidence of our successful strategy in financial management, cost control, and risk management.

Future Prospects

Given the ongoing uncertainties of the current economic environment, a period of time is needed before the global market makes full recovery. The Group will face the upcoming challenges with professionalism, stability of the taskforce, and solid financial footing.

Our core strategy remains creating value for our customers. We endeavour to continue providing high quality products at competitive prices.

The Group is also dedicated to producing environmentally-sound products. We will maintain our investment in the research and development of eco-friendly products in order to meet the European Union's new environmental protection regulations.

The USA is currently the Group's leading overseas market. We look towards expanding into other overseas markets in the future in order to develop new revenue drivers for the Group.

On the human resources front, we will continue to attract and retain talent through the provision of competitive remuneration packages and employee recognition. Seniority-based benefits, staff recreation space, and staff catering are just a few of the Group's existing practices and which are improved on a regular basis.

We believe that our active approach to efficiency and dedication to building closer customer relationships will help the Group to continue achieving consistent results in both profit and corporate responsibility.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June 2010, the Group employed approximately 1,500 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 2010 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 the six months ended 30th June 2010, 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 2010 to 30th June 2010 (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 2010. Neither the Company nor its subsidiaries has purchased, redeemed or sold any of the Company's shares during the six months ended 30th June 2010.

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, 10th August 2010

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. Lee Chung Nai, Jones and Mr. Ma Chun Hon, Richard.