



嘉靈控股集團有限公司

Karin Technology Holdings Limited

(Incorporated in Bermuda on 30 August 2002)

(Company Registration Number 32514)

Half Year Financial Statements And Dividend Announcement
for the Six Months Ended 31 December 2009

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Income statement for the six months ended 31 December 2009

	Group		Increase/ (Decrease) %
	6 months to 31 Dec 2009 HK\$'000	6 months to 31 Dec 2008 HK\$'000	
REVENUE	756,918	902,820	(16.2)
Cost of sales	(687,937)	(816,335)	(15.7)
Gross profit	68,981	86,485	(20.2)
Other income and gains	1,597	1,999	(20.1)
Selling and distribution costs	(26,587)	(27,315)	(2.7)
Administrative expenses	(27,888)	(29,142)	(4.3)
Other expenses, net	(3,067)	(2,282)	34.4
Finance costs	(98)	(1,294)	(92.4)
PROFIT BEFORE TAX	12,938	28,451	(54.5)
Tax	(3,810)	(5,831)	(34.7)
PROFIT FOR THE PERIOD	<u>9,128</u>	<u>22,620</u>	(59.6)
Attributable to:			
Equity holders of the Company	9,128	23,341	(60.9)
Minority interests	-	(721)	NM
	<u>9,128</u>	<u>22,620</u>	(59.6)

NM: Not Meaningful

Statement of comprehensive income for the six months ended 31 December 2009

The statement of comprehensive income included as part of the results announcement is in compliance with the revised International Financial Reporting Standard IFRS 1 (effective for annual period beginning on or after 1 January 2009)

	Group		Increase/ (Decrease) %
	6 months to 31 Dec 2009 HK\$'000	6 months to 31 Dec 2008 HK\$'000	
PROFIT FOR THE PERIOD	9,128	22,620	(59.6)
Other comprehensive income/(loss):			
Foreign currency translation	<u>377</u>	(<u>59</u>)	739.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>9,505</u></u>	<u><u>22,561</u></u>	(57.9)
Total comprehensive income attributable to:			
Equity holders of the Company	9,505	23,282	(59.2)
Minority interests	<u>-</u>	(<u>721</u>)	NM
	<u><u>9,505</u></u>	<u><u>22,561</u></u>	(57.9)

The Group's profit before tax is arrived at after charging/(crediting):

	Group	
	6 months to 31 Dec 2009 HK\$'000	6 months to 31 Dec 2008 HK\$'000
Depreciation	3,453	2,444
Foreign exchange difference, net	2,191	2,874
Fair value loss/(gain) on derivative financial instruments, net	438	(457)
Provision against and write-off of/(reversal of provision against) obsolete inventories	(2,512)	3,974
Impairment/(reversal of impairment) of trade receivables	211	(1,412)
Loss/(gain) on disposal of items of property, plant and equipment	(44)	17
Equity-settled share option expense	196	796
Interest income	(170)	(197)
Gross rental income	(200)	(192)
Gain on disposal of a subsidiary	<u>-</u>	<u>(259)</u>

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 December 2009 HK\$'000	30 June 2009 HK\$'000	31 December 2009 HK\$'000	30 June 2009 HK\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	81,649	53,072	-	-
Investment properties	6,000	6,000	-	-
Goodwill	2,356	2,356	-	-
Investments in subsidiaries	-	-	75,785	75,785
Prepayment for acquisition of properties	-	19,055	-	-
Deferred tax assets	1,102	1,099	-	-
Total non-current assets	<u>91,107</u>	<u>81,582</u>	<u>75,785</u>	<u>75,785</u>
CURRENT ASSETS				
Inventories	89,627	73,584	-	-
Trade and bills receivables	241,724	209,692	-	-
Factored trade receivables	4,689	11,174	-	-
Prepayments, deposits and other receivables	16,480	15,923	243	53
Amounts due from subsidiaries	-	-	61,036	47,534
Forward currency contracts	-	436	-	-
Cash and cash equivalents	44,690	57,384	962	238
Total current assets	<u>397,210</u>	<u>368,193</u>	<u>62,241</u>	<u>47,825</u>
CURRENT LIABILITIES				
Trade and bills payables	154,032	140,833	-	-
Other payables and accruals	42,281	39,602	1,204	1,892
Amount due to a subsidiary	-	-	24,914	10,338
Tax payable	3,842	9,495	-	-
Forward currency contracts	2	-	-	-
Interest-bearing bank and other borrowings	23,923	4,144	-	-
Total current liabilities	<u>224,080</u>	<u>194,074</u>	<u>26,118</u>	<u>12,230</u>
NET CURRENT ASSETS	<u>173,130</u>	<u>174,119</u>	<u>36,123</u>	<u>35,595</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	264,237	255,701	111,908	111,380
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	9,639	739	-	-
Deferred tax liabilities	5,057	5,057	-	-
Total non-current liabilities	<u>14,696</u>	<u>5,796</u>	<u>-</u>	<u>-</u>
Net assets	<u>249,541</u>	<u>249,905</u>	<u>111,908</u>	<u>111,380</u>

	Group		Company	
	31 December	30 June	31 December	30 June
	2009	2009	2009	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
EQUITY				
Equity attributable to equity holders of the Company				
Issued capital	20,478	20,200	20,478	20,200
Treasury shares	(1,031)	-	(1,031)	-
Reserves	223,570	218,797	85,937	80,272
Proposed dividend	6,524	10,908	6,524	10,908
	<u>249,541</u>	<u>249,905</u>	<u>111,908</u>	<u>111,380</u>
Minority interests	-	-	-	-
Total equity	<u>249,541</u>	<u>249,905</u>	<u>111,908</u>	<u>111,380</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 December 2009		As at 30 June 2009	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
223	23,700	211	3,933

Amount repayable after one year

As at 31 December 2009		As at 30 June 2009	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
639	9,000	739	-

Details of any collaterals

The above unsecured bank borrowings of HK\$32,700,000 (30 June 2009: HK\$3,933,000) included (a) bank borrowings of HK\$21,300,000 (30 June 2009: HK\$3,933,000) which were covered by cross guarantees given by the Company and certain of its subsidiaries as at 31 December 2009 and (b) bank borrowing of approximately HK\$11,400,000 (30 June 2009: Nil) was guaranteed by the Company and the Government of the Hong Kong Special Administrative Region under the SME Loan Guarantee Scheme – For Working Capital Loans.

The finance lease obligations of HK\$862,000 and HK\$950,000 were secured by the underlying assets acquired as at 31 December 2009 and 30 June 2009 respectively.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Six months ended	
	31 December	
	2009	2008
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,938	28,451
Adjustments for:		
Finance costs	98	1,294
Interest income	(170)	(197)
Loss/(gain) on disposal of items of property, plant and equipment	(44)	17
Gain on disposal of a subsidiary	-	(259)
Fair value loss/(gain) on derivative financial instruments, net	438	(457)
Depreciation	3,453	2,444
Provision against and write-off of/(reversal of provision against) obsolete inventories	(2,512)	3,974
Impairment/(reversal of impairment) of trade receivables	211	(1,412)
Equity-settled share option expense	196	796
	<u>14,608</u>	<u>34,651</u>
Decrease/(increase) in inventories	(13,531)	15,689
Decrease/(increase) in trade and bills receivables	(32,243)	203,818
Decrease/(increase) in factored trade receivables	6,485	(4,047)
Decrease/(increase) in prepayments, deposits and other receivables	(557)	3,714
Increase/(decrease) in trade and bills payables	13,200	(55,432)
Increase/(decrease) in other payables and accruals	2,679	(1,017)
Decrease in bank advances on factored trade receivables	-	(6,650)
Cash generated from/(used in) operations	(9,359)	190,726
Interest paid	(68)	(1,272)
Interest element on finance lease rental payments	(30)	(22)
Dividends paid	(11,004)	(16,362)
Hong Kong profits tax paid	(7,760)	(7,113)
Mainland China and overseas corporate income tax paid	(1,706)	(2,413)
Net cash inflow/(outflow) from operating activities	(29,927)	<u>163,544</u>

	Group	
	Six months ended	
	31 December	
	2009	2008
	HK\$'000	HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(32,041)	(1,157)
Interest received	170	197
Proceeds from disposal of items of property, plant and equipment	54	-
Decrease in prepayment for acquisition of properties	19,055	-
Disposal of a subsidiary	<u>-</u>	<u>(205)</u>
Net cash outflow from investing activities	<u>(12,762)</u>	<u>(1,165)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of employee share options	1,970	-
Purchase of treasury shares	(1,031)	-
New bank loans	43,300	38,112
Repayment of bank loans	(14,200)	(132,089)
Decrease in trust receipt and import loans	-	(63,948)
Capital element of finance lease rental payment	<u>(106)</u>	<u>(146)</u>
Net cash inflow/(outflow) from financing activities	<u>29,933</u>	<u>(158,071)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(12,756)	4,308
Cash and cash equivalents at beginning of period	57,051	51,256
Effect of foreign exchange rate changes, net	<u>395</u>	<u>(99)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>44,690</u>	<u>55,465</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	37,421	51,204
Non-pledged time deposits with original maturity of less than three months when acquired	<u>7,269</u>	<u>4,261</u>
	<u>44,690</u>	<u>55,465</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group

	Attributable to ordinary equity holders of the Company												
	Issued capital HK\$'000	Treasury shares HK\$'000	Exchange fluctuation reserve HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Land and building revaluation reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 July 2008	20,200	-	4,496	31,637	898	2,398	17,352	2,715	140,557	16,362	236,615	1,683	238,298
Profit/(loss) for the period	-	-	-	-	-	-	-	-	23,341	-	23,341	(721)	22,620
Other comprehensive loss for the period	-	-	(59)	-	-	-	-	-	-	-	(59)	-	(59)
Total comprehensive income/(loss) for the period	-	-	(59)	-	-	-	-	-	23,341	-	23,282	(721)	22,561
Transfer to general reserve	-	-	-	-	-	-	-	45	(45)	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	-	796	-	-	-	-	796	-	796
Final 2008 dividend paid	-	-	-	-	-	-	-	-	-	(16,362)	(16,362)	-	(16,362)
Proposed interim 2009 dividend	-	-	-	-	-	-	-	-	(10,504)	10,504	-	-	-
At 31 December 2008	<u>20,200</u>	<u>-</u>	<u>4,437</u>	<u>31,637</u>	<u>898</u>	<u>3,194</u>	<u>17,352</u>	<u>2,760</u>	<u>153,349</u>	<u>10,504</u>	<u>244,331</u>	<u>962</u>	<u>245,293</u>

The Group

	Attributable to ordinary equity holders of the Company												
	Issued capital HK\$'000	Treasury shares HK\$'000	Exchange fluctuation reserve HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Land and building revaluation reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 July 2009	20,200	-	4,431	31,637	898	3,641	23,979	2,752	151,459	10,908	249,905	-	249,905
Profit for the period	-	-	-	-	-	-	-	-	9,128	-	9,128	-	9,128
Other comprehensive income for the period	-	-	377	-	-	-	-	-	-	-	377	-	377
Total comprehensive income for the period	-	-	377	-	-	-	-	-	9,128	-	9,505	-	9,505
Issue of shares under Karin Share Option Scheme	278	-	-	2,453	-	(761)	-	-	-	-	1,970	-	1,970
Purchase of own shares and held as treasury shares	-	(1,031)	-	-	-	-	-	-	-	-	(1,031)	-	(1,031)
Equity-settled share option arrangements	-	-	-	-	-	196	-	-	-	-	196	-	196
Final 2009 dividend paid	-	-	-	-	-	-	-	-	(48)	(5,454)	(5,502)	-	(5,502)
Special 2009 dividend paid	-	-	-	-	-	-	-	-	(48)	(5,454)	(5,502)	-	(5,502)
Proposed interim 2010 dividend	-	-	-	-	-	-	-	-	(6,524)	6,524	-	-	-
At 31 December 2009	<u>20,478</u>	<u>(1,031)</u>	<u>4,808</u>	<u>34,090</u>	<u>898</u>	<u>3,076</u>	<u>23,979</u>	<u>2,752</u>	<u>153,967</u>	<u>6,524</u>	<u>249,541</u>	<u>-</u>	<u>249,541</u>

The Company

	Issued Capital HK\$'000	Treasury shares HK\$'000	Contributed surplus HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Total equity HK\$'000
At 1 July 2008	20,200	-	36,311	31,637	2,398	1,154	16,362	108,062
Profit for the period	-	-	-	-	-	15,786	-	15,786
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	-	-	-	-	-	15,786	-	15,786
Equity-settled share option arrangements	-	-	-	-	796	-	-	796
Final 2008 dividend paid	-	-	-	-	-	-	(16,362)	(16,362)
Proposed interim 2009 dividend	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,504)</u>	<u>10,504</u>	<u>-</u>
At 31 December 2008	<u>20,200</u>	<u>-</u>	<u>36,311</u>	<u>31,637</u>	<u>3,194</u>	<u>6,436</u>	<u>10,504</u>	<u>108,282</u>

The Company

	Issued Capital HK\$'000	Treasury shares HK\$'000	Contributed surplus HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Total equity HK\$'000
At 1 July 2009	20,200	-	36,311	31,637	3,641	8,683	10,908	111,380
Profit for the year	-	-	-	-	-	10,397	-	10,397
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	10,397	-	10,397
Issue of shares under Karin Share Option Scheme	278	-	-	2,453	(761)	-	-	1,970
Purchase of own shares and held as treasury shares	-	(1,031)	-	-	-	-	-	(1,031)
Equity-settled share option arrangements	-	-	-	-	196	-	-	196
Final 2009 dividend paid	-	-	-	-	-	(48)	(5,454)	(5,502)
Special 2009 dividend paid	-	-	-	-	-	(48)	(5,454)	(5,502)
Proposed interim 2010 dividend	-	-	-	-	-	(6,524)	6,524	-
At 31 December 2009	<u>20,478</u>	<u>(1,031)</u>	<u>36,311</u>	<u>34,090</u>	<u>3,076</u>	<u>12,460</u>	<u>6,524</u>	<u>111,908</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the six months ended 31 December 2009, pursuant to the 2009 Share Buyback mandate, the Company had purchased 900,000 shares of its own shares (the “Shares”) and holds such Shares as treasury shares. All the 900,000 Shares were market purchases and the highest and lowest purchase price per share paid by the Company was S\$0.220 and S\$0.2067, respectively, amounting to an aggregate purchase price of S\$191,834.

During the six months ended 31 December 2009, the Company issued 2,780,000 new shares, upon the exercise of options under the Karin Employee Share Option Scheme.

Exercise price per share	S\$0.1264	S\$0.1608
Number of new shares issued	2,580,000	200,000

As at 31 December 2009, the Company’s share capital was HK\$20,478,000 (30 June 2009: HK\$20,200,000) comprising 204,780,000 (30 June 2009: 202,000,000) ordinary shares.

The share options outstanding as at 31 December 2009 was 10,080,000 (30 June 2009: 12,860,000) which upon expiration of the vesting period could be convertible to 10,080,000 (30 June 2009: 12,860,000) ordinary shares of the Company upon exercise.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares excluding treasury shares as at 31 December 2009 was 203,880,000 (30 June 2009: 202,000,000)

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation nor use of treasury shares during the period under review.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as described in point 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the six months ended 31 December 2009 as compared with the audited financial statements of the Group for the year ended 30 June 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the following new and revised/amendments to International Financial Reporting Standards (“IFRSs”) and International Accounting Standards (“IASs”) for the first time in the financial statements for the six months ended 31 December 2009:

IFRS 1 (Revised)	<i>First-time Adoption of IFRSs</i>
IFRS 1 and IAS 27 Amendments	<i>Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
IFRS 2 Amendments	<i>Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations</i>
IFRS 3 (Revised)	<i>Business Combinations</i>
IFRS 7 Amendments	<i>Amendments to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
IFRS 8	<i>Operating Segments</i>
IAS 1 (Revised)	<i>Presentation of Financial Statements</i>
IAS 18 Amendments	<i>Amendments to Appendix to HKAS 18 Revenue – Determining whether an entity is acting as a principal or as an agent</i>
IAS 23 (Revised)	<i>Borrowing Costs</i>
IAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
IAS 32 and HKAS 1 Amendments	<i>Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
IAS 39 Amendment	<i>Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
IFRIC-Int 9 and IAS 39 Amendments	<i>Amendments to IFRIC-Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
IFRIC-Int 15	<i>Agreements for the Construction of Real Estate</i>
IFRIC-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
IFRIC-Int 17	<i>Distribution of Non-cash Assets to Owners</i>

Except for the adoption of IAS 1 (Revised) and IFRS 8 resulted in new or amended disclosures and the amendments to IFRS 7, IFRS 3 (Revised) and IAS 27 which do not contain any additional disclosure requirements specifically applicable to the interim financial report, the adoption of these new and revised/amendments to IFRSs, together with the Improvements to IFRSs issued on October 2008, have had no significant financial effect and there has been no significant changes to the accounting policies applied in these financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

The Group

	Six months ended 31 December	
	2009	2008
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in HK cents):		
- Based on weighted average number of ordinary shares on issue (HK cents)	<u>4.49</u>	<u>11.55</u>
- On a fully diluted basis (HK cents)	<u>4.41</u>	<u>11.41</u>
Profit attributable to the equity holders of the Company for earnings per share (HK\$'000)	<u>9,128</u>	<u>23,341</u>

The calculation of basic earnings per share for the six months ended 31 December 2009 and 2008 is based on the profit attributable to the ordinary equity holders of the Company for the respective period and the weighted average of 203,389,239 and 202,000,000 shares respectively.

The calculation of diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company for the respective periods and 206,780,178 (2008: 204,527,507) ordinary shares, which was the weighted average of 203,389,239 (2008: 202,000,000) ordinary shares in issue during the six months ended 31 December 2009, and the weighted average of 3,390,939 (2008: 2,527,507) ordinary shares deemed to have been issued at no consideration on the deemed exercise of all outstanding share options during the period under review.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31 December 2009	As at 30 June 2009	As at 31 December 2009	As at 30 June 2009
Net asset value per ordinary share (HK cents)	122.4	123.7	54.9	55.1

Net asset value per ordinary share as at 31 December 2009 and 30 June 2009 was calculated based on the issued share capital excluding treasury shares of 203,880,000 and 202,000,000 ordinary shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Profit and Loss

Revenue

As businesses of our customers have not fully recovered from the global financial crisis, consolidated revenue of the Group for the period under review decreased by HK\$145.9 million or 16.2% to HK\$756.9 million from HK\$902.8 million for the corresponding period last year.

Revenue from our Components Distribution segment decreased by HK\$23.3 million or 8.0%, from HK\$289.9 million for the six months ended 31 December 2008 to HK\$266.6 million for the six months ended 31 December 2009. The decrease was mainly due to reduction in demand for electronic components in mobile phones and computers.

Revenue from our Integrated Circuit Application Design (“**ICAD**”) segment decreased by HK\$77.9 million or 51.3%, from HK\$152.0 million for the six months ended 31 December 2008 to HK\$74.1 million for the six months ended 31 December 2009. The outbreak of financial tsunami in the second half of 2008 badly hit the retail market in the continents of Northern America and Western Europe resulting in a substantial reduction in demand for toys over there in 2009. As a majority of the toys which are embedded with our application design solution are being exported to those continents, revenue from our ICAD segment decreased significantly in the period under review.

Revenue from our Information Technology Infrastructure (“**IT Infrastructure**”) segment decreased by HK\$44.7 million or 9.7%, from HK\$460.9 million for the six months ended 31

December 2008 to HK\$416.2 million for the six months ended 31 December 2009. The reduction was mainly due to (i) decline in demand for various computer products and peripherals which fall under this segment; and (ii) decline in demand for our products from our customers in the financial services industry.

Gross profit

Gross profit decreased by HK\$17.5 million or 20.2%, from HK\$86.5 million for the six months ended 31 December 2008 to HK\$69.0 million for the six months ended 31 December 2009 largely due to the decrease in revenue. In addition, due to persistent competition, gross profit margin decreased marginally by 0.5% from 9.6% for the six months ended 31 December 2008 to 9.1% for the six months ended 31 December 2009.

Other income and gains

Other income and gains decreased by approximately HK\$0.4 million or 20.0%, from HK\$2.0 million for the six months ended 31 December 2008 to HK\$1.6 million for the six months ended 31 December 2009. The decrease was due to the absence in this period under review of a fair value gain relating to a derivative financial instrument (which occurred during the six months ended 31 December 2008).

Selling and distribution costs

Selling and distribution costs decreased by approximately HK\$0.7 million or 2.6% from HK\$27.3 million for the six months ended 31 December 2008 to HK\$26.6 million for the six months ended 31 December 2009. The decrease was mainly attributed to the decrease in bonus and commission paid to sales staff which was in turn due to the decrease in revenue.

Administrative expenses

Administrative expenses decreased by approximately HK\$1.2 million or 4.1%, from HK\$29.1 million for the six months ended 31 December 2008 to HK\$27.9 million for the six months ended 31 December 2009. The decrease was mainly due to the decrease in net profit linked staff bonus for supporting staff. There was neither staff retrenchment nor salary cut during the period.

Other expenses, net

Other expenses, net increased by approximately HK\$0.8 million or 34.8%, from HK\$2.3 million for the six months ended 31 December 2008 to HK\$3.1 million for the six months ended 31 December 2009. The increase was mainly due to (i) no more reversal of impairment of receivables totaling HK\$1.4 million as in the last corresponding period; (ii) HK\$0.2 million impairment of receivables incurred during the period under review; and (iii) fair value loss on derivative financial instruments of HK\$0.4 million. These increase were offset by (i) decrease in loss on foreign exchange differences of HK\$0.7 million compared with the previous corresponding period; and (ii) decrease in employee share option expenses of HK\$0.6 million upon the expiration of vesting period of certain share options during the last financial year.

Finance costs

Finance costs decreased by approximately HK\$1.2 million or 92.3%, from HK\$1.3 million for the six months ended 31 December 2008 to HK\$0.1 million for the six months ended 31 December 2009. The decrease was due to a reduction in bank borrowings during most of the time in this period until December 2009 when bank borrowings increase in line with increase in sale.

Net Profit

Net profit attributable to equity holders of the Company decreased by HK\$14.2 million or 60.9%, from HK\$23.3 million for the six months ended 31 December 2008 to HK\$9.1 million for the six months ended 31 December 2009. The decrease was mainly attributable to drop in gross profit of HK\$17.5 million as explained above.

Balance Sheet

Non-current assets

Non-current assets comprised goodwill of HK\$2.4 million; investment properties, office equipment, leasehold land and buildings and motor vehicles totaling HK\$87.6 million; and deferred tax assets of HK\$1.1 million. Following the final payment, funded from our internal resources, for the purchase of our office premises in Shenzhen (“**Acquisition**”), and together with the prepayment for the Acquisition as at 30 June 2009 which has been transferred to the property, plant and equipment account, property, plant and equipment increased by HK\$28.6 million to HK\$81.6 million. Details of the Acquisition were set out in the Company’s announcement dated 15 June 2009. As at 31 December 2009, non-current assets of HK\$91.1 million representing approximately 18.7% of our total assets.

Current assets

As at 31 December 2009, current assets amounted to approximately HK\$397.2 million, an increase of HK\$29.0 million compared to the immediately preceding financial year end as at 30 June 2009. The increase was mainly due to the increase in trade and bills receivables by HK\$32.0 million which in turn due to the increase in sales towards the end of the current period. The increase in inventories level by HK\$16.0 million was in anticipation of increase in sales in January 2010 which was subsequently realized. Prepayments, deposits and other receivables amounted to HK\$16.5 million, representing approximately 4.1% of our current assets, comprised mainly advance deposits paid to suppliers for the purchase of inventories.

Current liabilities

As at 31 December 2009, current liabilities amounted to approximately HK\$224.1 million, an increase of HK\$30.0 million compared to the immediately preceding financial year end as at 30 June 2009. The increase was mainly due to the increase in interest-bearing bank and other borrowings by HK\$19.8 million which was mainly due to taking the benefit of prompt payment discounts through early settlement to certain vendors. Increase in trade and bills

payables by HK\$13.2 million was due to the increase in purchasing activities towards the end of the period which was in line with the increase in trade and bills receivables and inventories as at the period end date.

Non-current liabilities

Non-current liabilities amounted to HK\$14.7 million, representing 6.2% of our total liabilities as at 31 December 2009. It mainly comprised interest-bear bank borrowings of HK\$9.0 million, finance lease payable of HK\$0.6 million to finance purchase of office equipment and deferred tax liabilities of HK\$5.1 million. Deferred tax liabilities are recognized as a result of temporary difference between the carrying amount and tax base of our land and building and investment properties.

Liquidity and cash flow

As at 31 December 2009, cash and cash equivalents amounted to approximately HK\$44.7 million. Total interest bearing loans and borrowings as at 31 December 2009 were HK\$33.6 million and the gearing ratio which is defined as total borrowings and finance leases to shareholders' funds excluding minority interests, is 0.13 times (30 June 2009: 0.02 times).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Coinciding with China's realised target of eight-percent economic growth for the full year of 2009, both Revenue and Net Profit of the Group for the six months ended 31 December 2009 performed better compared to the immediately preceding six-month period from 1 January 2009 to 30 June 2009. The Group's gross profit margin has also stabilized since the economic turmoil. As China's economic growth is expected to continue in 2010, the board expects the success rate for our new projects in the pipeline to increase. Accordingly, bearing in any unforeseen circumstance the board is confident that our financial performance has bottomed out and expects improvement in our financial performance for the next 12 months. Nevertheless, the Group is vulnerable to slow down in the economic recovery which may appear as a result of gradually removal of economic stimulus packages in various jurisdictions around the world. As such, the Group is constantly on the lookout for higher margin products and projects.

Following lengthy negotiation process with one of our major vendors in Japan, trading currency with that vendor has been changed from Japanese Yen to United States Dollar effective from January 2010. As a result, foreign currency risk arising from changes in the currency translation rate of Japanese Yen against Hong Kong Dollar will reduce substantially. Although foreign currency risk associating with United States Dollar and EURO remains, the overall foreign currency risk exposure reduced.

Any change in Labour Contract Law in the mainland China which increase our cost of operation in the PRC may also erode the Group's margin as, for example any increment in levy cannot be passed onto the customer on a timely basis. Taking into consideration all these factors and persistent competition, the Group is cautiously optimistic of its financial results for the next 12 months.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes. A tax not applicable interim dividend of HK3.2 cents per share amounting to a total of HK\$6,524,160 has been proposed and declared by the Directors.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in HK cents)	3.2 cents per share
Par value of share (in HK cents)	10 cents per share
Tax rate	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of dividend	Interim	Final & special
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	5.2 cents per share	5.4 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable

(c) Date payable

25 March 2010

(d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 8 March 2010, for the purpose of determining Members' entitlements to an interim dividend of HK3.2 cents per ordinary share for the financial year ending 30 June 2010. Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5.00 p.m. on 5 March 2010 by the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 8 Cross Street, #11-00 PWC Building, Singapore 048424 will be registered to determine

Members' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 5 March 2010 will be entitled to such dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. Interested Person Transactions.

Not applicable.

14. Negative Assurance Confirmation On Interim Financial Results Pursuant To Rule 705(4) Of The Listing Manual

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results of the six months ended 31 December 2009 to be false or misleading in any material respect. A statement signed by two directors is on record.

We, Ng Yuk Wing and Ng Kin Wing being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results of the six months ended 31 December 2009 to be false or misleading in any material respect.

On behalf of the board of directors

Ng Yuk Wing
Executive Director/Executive Chairman

Ng Kin Wing
Executive Director/CEO

BY ORDER OF THE BOARD

Ng Yuk Wing
Executive Chairman

10 February 2010