

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Foxconn International Holdings Limited

富士康國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2038

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (“Board”) of Foxconn International Holdings Limited (“Company”) announces the unaudited consolidated results of the Company and its subsidiaries (“Group”) for the period of six months ended 30 June 2009 together with comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Six months ended	
		30.6.2009	30.6.2008
		US\$'000	US\$'000
	<i>NOTES</i>	(unaudited)	(unaudited)
Turnover	4	3,161,747	4,789,940
Cost of sales		(2,952,101)	(4,469,820)
Gross profit		209,646	320,120
Other income		53,264	130,878
Selling expenses		(7,939)	(9,772)
General and administrative expenses		(123,776)	(161,646)
Research and development expenses		(86,877)	(82,977)
Impairment loss recognised for property, plant and equipment	9	(10,172)	—
Impairment loss recognised for goodwill	10	(28,630)	—
Interest expense on bank borrowings		(3,720)	(18,661)
Share of profits of associates		1,117	801
Profit before taxation	5	2,913	178,743
Taxation	6	(20,792)	(35,940)
(Loss) profit for the period		(17,879)	142,803

		Six months ended	
		30.6.2009	30.6.2008
		US\$'000	US\$'000
	NOTES	(unaudited)	(unaudited)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		31,890	164,459
Fair value changes of available-for-sale investments		(1,836)	(13,988)
Impairment loss recognised for available-for-sale investments		2,910	—
Share of translation reserve of associates		1,048	—
Other comprehensive income for the period		34,012	150,471
Total comprehensive income for the period		16,133	293,274
(Loss) profit for the period attributable to:			
Owners of the Company		(18,700)	142,192
Minority interests		821	611
		(17,879)	142,803
Total comprehensive income attributable to:			
Owners of the Company		15,195	291,515
Minority interests		938	1,759
		16,133	293,274
(Loss) earnings per share			
Basic	8	(US0.26 cents)	US2.02 cents
Diluted		(US0.26 cents)	US1.98 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2009

		30.6.2009	31.12.2008
		<i>US\$'000</i>	<i>US\$'000</i>
	<i>NOTES</i>	(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	9	1,968,942	2,072,738
Investment properties	9	39,223	–
Prepaid lease payments		169,540	169,827
Available-for-sale investments		2,062	3,898
Interests in associates		43,088	40,923
Goodwill	10	34,445	63,075
Deferred tax assets	11	23,073	20,077
Deposits for acquisition of property, plant and equipment		19,166	21,775
Deposits for prepaid lease payments		–	15,360
		<u>2,299,539</u>	<u>2,407,673</u>
Current assets			
Inventories		767,203	842,863
Investments held for trading		–	970
Trade and other receivables	12	1,408,956	1,438,638
Bank deposits		171,549	132,555
Bank balances and cash		644,513	705,037
		<u>2,992,221</u>	<u>3,120,063</u>
Current liabilities			
Trade and other payables	13	1,440,945	1,435,284
Bank borrowings	14	232,847	477,932
Provision	15	39,873	43,290
Tax payable		55,103	65,541
		<u>1,768,768</u>	<u>2,022,047</u>

		30.6.2009	31.12.2008
		US\$'000	US\$'000
	<i>NOTES</i>	(unaudited)	(audited)
Net current assets		<u>1,223,453</u>	<u>1,098,016</u>
Total assets less current liabilities		<u>3,522,992</u>	<u>3,505,689</u>
Capital and reserves			
Share capital		282,459	282,458
Reserves		<u>3,159,122</u>	<u>3,138,875</u>
Equity attributable to owners			
of the Company		3,441,581	3,421,333
Minority interests		<u>35,116</u>	<u>34,178</u>
Total equity		<u>3,476,697</u>	<u>3,455,511</u>
Non-current liabilities			
Deferred tax liabilities	<i>11</i>	6,634	8,673
Deferred income	<i>16</i>	<u>39,661</u>	<u>41,505</u>
		<u>46,295</u>	<u>50,178</u>
		<u>3,522,992</u>	<u>3,505,689</u>

Notes:

1. INDEPENDENT REVIEW

The interim results for the period of six months ended 30 June 2009 are unaudited, but have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The unmodified review report is included in the interim report to be sent to shareholders.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised IFRSs") issued by the International Accounting Standards Board (the "IASB"), which are effective for the Group's financial year beginning on 1 January 2009.

IAS 1 (Revised 2007) Presentation of Financial Statements and IFRS 8 Operating Segments

IAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. IFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, IAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments by location of customers. The application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14 (see note 4). The adoption of other new and revised IFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

IAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. IAS 23 (Revised 2007) removes the option available under the previous version of the Standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The Group has applied the transitional requirements in IAS 23 (Revised 2007) and applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. As the revised accounting policy has been applied prospectively, it does not have a material impact on reported results and financial position of the Group for the current accounting period. Accordingly, no adjustment has been recognised.

In addition, the Group transferred its property, plant and equipment to investment properties for which details are disclosed note 9 to the condensed consolidated financial statements. The accounting policy for the investment properties are summarised as below:

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

If an item of property, plant and equipment carried at cost model becomes an investment property because its use has changed as evidenced by end of owner-occupation, such transfer do not change the carrying amount of the property transferred. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year in which the item is derecognised.

4. SEGMENT INFORMATION

The Group has adopted IFRS 8 with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker, the Chief Executive Officer, in order to allocate resources to the segment and to assess its performance. In the past, the Group's primary reporting format was geographical segments by location of customers. The application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14, nor has the adoption of IFRS 8 changed the basis of measurement of segment profit or loss.

The Group is currently organised into three operating segments – Asia, Europe and America.

Segment information is presented below:

	Six months ended	
	30.6.2009	30.6.2008
	<i>US\$'000</i>	<i>US\$'000</i>
	(unaudited)	(unaudited)
EXTERNAL SALES		
Asia	1,433,452	2,152,308
Europe	621,999	1,261,557
America	1,106,296	1,376,075
	<hr/>	<hr/>
Total	3,161,747	4,789,940
	<hr/>	<hr/>
RESULTS		
Asia	114,093	161,362
Europe	41,744	91,662
America	62,317	80,046
	<hr/>	<hr/>
	218,154	333,070
Other income	26,645	108,156
Administrative and development expenses	(210,653)	(244,623)
Impairment loss recognised for goodwill	(28,630)	–
Interest expense on bank borrowings	(3,720)	(18,661)
Share of profits of associates	1,117	801
	<hr/>	<hr/>
Profit before taxation	2,913	178,743
	<hr/>	<hr/>

Segment profits represent the gross profits earned by each segment including the service income and impairment loss recognised for property, plant and equipment. This is the measure reported to the Chief Executive Officer, for the purposes of resources allocation and performance assessment.

5. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2009	30.6.2008
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Allowance for doubtful debts	572	2,111
Write down (write back) of inventories	11,620	(5,994)
Amortisation of prepaid lease payments (included in general and administrative expenses)	1,552	1,338
Cost of inventories recognised as expense	2,944,566	4,456,496
Provision for warranty	7,535	13,324
Depreciation of property, plant and equipment	122,737	111,318
Decrease in fair value of investments held for trading	–	2
Impairment loss recognised for available-for-sale investments	2,910	–
Interest income from bank	(6,654)	(17,390)
	<u>(6,654)</u>	<u>(17,390)</u>

6. TAXATION

	Six months ended	
	30.6.2009	30.6.2008
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Current tax	11,833	31,970
Under(over) provision in prior periods	<u>14,024</u>	<u>(901)</u>
	25,857	31,069
Deferred tax (<i>note 11</i>)		
– Current period	(4,146)	4,871
– Change in tax rate	<u>(919)</u>	<u>–</u>
	<u>20,792</u>	<u>35,940</u>

The Company's subsidiary, Foxconn Precision Component (Beijing) Co., Ltd. ("Foxconn Beijing"), has previously applied the concessionary tax rate of 18% according to the circular on the Implementation of Transitional Preferential Policies for Enterprise Income Tax by Guo Fa [2007] No. 39. Foxconn Beijing received a tax notification (開國稅所通[2009] 271號) on 18 May 2009 from the State Administration of Taxation for withdrawing Foxconn Beijing from applying the concessionary tax rate and required to apply the standard tax rate of 25% with effect from 1 January 2008. Foxconn Beijing was requested to pay the tax undercharged in 2008 according to Guo Shui Han [2009] No. 203 announced on 22 April 2009. The tax expense undercharged for prior year of US\$18,000,000 (RMB125,000,000) was charged to profit or loss in current period.

The change in tax rate in current period was mainly arising from the change in tax rate of Foxconn Beijing.

7. DIVIDEND

No dividend was paid during the six months ended 30 June 2009. The directors do not recommend the payment of an interim dividend.

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2009	30.6.2008
	US\$'000	US\$'000
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) profit for the purposes of calculating basic and diluted (loss) earnings per share	<u>(18,700)</u>	<u>142,192</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	7,061,459,409	7,056,186,749
Effect of dilutive potential ordinary shares:		
Share options	<u>—</u>	<u>143,151,305</u>
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	<u>7,061,459,409</u>	<u>7,199,338,054</u>

Note: The computation of diluted loss per share for six months ended 30 June 2009 does not assume the exercise of the Company's share options as the exercise of the outstanding options would result in a decrease in the loss per share for the period.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group acquired property, plant and equipment of approximately US\$80,932,000 (2008: US\$294,441,000).

In addition, the Group disposed of certain property, plant and equipment with a carrying amount of US\$20,463,000 (2008: US\$4,355,000) for proceeds of US\$18,762,000 (2008: US\$2,851,000), resulting in a loss on disposal of US\$1,701,000 (2008: US\$1,504,000).

During the period, certain buildings with aggregate carrying amount of US\$39,223,000 were transferred from property, plant and equipment to investment properties at net book value.

The Group reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of property, plant and equipment is measured by comparing its carrying amount to the projected discounted cash flows that are expected to generate from property, plant and equipment. Impairment loss of US\$10,172,000 (2008: nil) has been recognised during the period.

10. GOODWILL

The amount represents goodwill resulted from acquisition of 76.34% interest in Chi Mei Communications Systems, Inc., (“CMCS”) in 2005.

At 30 June 2009, the management of the Group assessed the recoverable amount of CMCS with reference to the value-in-use and determined that goodwill was impaired by US\$28,630,000 (2008: nil). The main factor contributing to the impairment of the cash generating unit was due to the change in the business strategy of its customers which developed fewer projects.

The basis of the calculating recoverable amount and the principal underlying assumptions are summarised as below:

That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 14.92% (2008: 14.92%). Cash flows beyond the 5-year period has been extrapolated using a steady 1% growth rate (2008: 1%) for further 15 years. The growth rate and the budgeted gross margin are determined based on the unit’s past performance and management’s expectations for the market development.

11. DEFERRED TAXATION

The following are the major deferred tax (assets) liabilities recognised and movements thereon for the period:

	Allowances for inventories, trade and other receivables <i>US\$'000</i>	Warranty provision <i>US\$'000</i>	Accelerated tax depreciation <i>US\$'000</i>	Tax losses <i>US\$'000</i>	Deferred income <i>US\$'000</i>	Others <i>US\$'000</i>	Total <i>US\$'000</i>
At 1 January 2008	(4,856)	(6,520)	121	(2,556)	(5,517)	(2,559)	(21,887)
Charge (credit) to profit or loss for the period	619	3,019	5	(250)	536	942	4,871
Exchange differences	(296)	(347)	11	(183)	(379)	(133)	(1,327)
At 30 June 2008	<u>(4,533)</u>	<u>(3,848)</u>	<u>137</u>	<u>(2,989)</u>	<u>(5,360)</u>	<u>(1,750)</u>	<u>(18,343)</u>
At 1 January 2009	(5,844)	(3,355)	103	(374)	(5,272)	3,338	(11,404)
Charge (credit) to profit or loss for the period	(1,804)	(430)	(22)	363	602	(2,855)	(4,146)
Effect of change in tax rate	(243)	(327)	–	6	285	(640)	(919)
Exchange differences	(5)	(3)	(1)	5	(6)	40	30
At 30 June 2009	<u>(7,896)</u>	<u>(4,115)</u>	<u>80</u>	<u>–</u>	<u>(4,391)</u>	<u>(117)</u>	<u>(16,439)</u>

For the purposes of presentation of statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	30.6.2009 <i>US\$'000</i> (unaudited)	31.12.2008 <i>US\$'000</i> (audited)
Deferred tax assets	(23,073)	(20,077)
Deferred tax liabilities	6,634	8,673
	<u>(16,439)</u>	<u>(11,404)</u>

At 30 June 2009, the Group has unused tax losses of US\$427,793,000 and deductible temporary difference of US\$130,175,000 (31.12.2008: US\$310,138,000 and US\$120,404,000 respectively) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately US\$1,498,000 of such losses as at 31 December 2008. No deferred tax asset has been recognised during current period in respect of the unused tax losses of US\$427,793,000 and deductible temporary difference of US\$46,443,000 (31.12.2008: US\$308,640,000 and US\$55,186,000 respectively) either due to the unpredictability of future profit streams or because it is not probable that the unused tax losses will be available for utilisation before their expiry. The unrecognised tax losses will expire before 2013.

Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to the undistributed profits earned by the subsidiaries, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

12. TRADE AND OTHER RECEIVABLES

	30.6.2009	31.12.2008
	<i>US\$'000</i>	<i>US\$'000</i>
	(unaudited)	(audited)
Trade receivables	1,162,009	1,114,584
Other receivables, deposits and prepayments	246,947	324,054
	<u>1,408,956</u>	<u>1,438,638</u>

The Group normally allows an average credit period of 30 to 90 days to its trade customers.

The following is an aged analysis of trade receivables at the end of the reporting period:

	30.6.2009	31.12.2008
	<i>US\$'000</i>	<i>US\$'000</i>
	(unaudited)	(audited)
0-90 days	1,155,383	1,108,015
91-180 days	3,868	5,586
181-360 days	2,456	386
Over 360 days	302	597
	<u>1,162,009</u>	<u>1,114,584</u>

13. TRADE AND OTHER PAYABLES

	30.6.2009	31.12.2008
	<i>US\$'000</i>	<i>US\$'000</i>
	(unaudited)	(audited)
Trade payables	1,143,884	1,008,666
Accruals and other payables	297,061	426,618
	<u>1,440,945</u>	<u>1,435,284</u>

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

	30.6.2009	31.12.2008
	US\$'000	US\$'000
	(unaudited)	(audited)
0-90 days	1,125,055	961,841
91-180 days	3,384	34,229
181-360 days	8,212	6,296
Over 360 days	7,233	6,300
	<u>1,143,884</u>	<u>1,008,666</u>

14. BANK BORROWINGS

	30.6.2009	31.12.2008
	US\$'000	US\$'000
	(unaudited)	(audited)
Proceeds from bills receivables discounted with recourse	172,847	—
Bank loans	60,000	477,932
	<u>232,847</u>	<u>477,932</u>
Analysis of borrowings by currency:		
USD	60,000	425,829
Renminbi	172,847	—
Japanese Yen	—	52,103
	<u>232,847</u>	<u>477,932</u>

The bank borrowings as at the end of the reporting period are unsecured, obtained with original maturity of one year or less than one year and carry interest rate ranging from 0.6% to 1.65% (2008: 1.37% to 5.32%) per annum.

15. PROVISION

	Warranty provision <i>US\$'000</i>
At 1 January 2008	77,961
Exchange adjustments	2,029
Provision for the year	41,993
Utilisation of provision	<u>(78,693)</u>
At 31 December 2008	43,290
Exchange adjustments	(247)
Provision for the period	7,535
Utilisation of provision	<u>(10,705)</u>
At 30 June 2009	<u><u>39,873</u></u>

The warranty provision represents management's best estimate of the Group's liability under twelve to twenty-four months' warranty granted on handset products, based on prior experience and industry averages for defective products.

16. DEFERRED INCOME

	30.6.2009 <i>US\$'000</i> (unaudited)	31.12.2008 <i>US\$'000</i> (audited)
Government subsidies	33,657	34,456
Sale and leaseback transaction	<u>6,004</u>	<u>7,049</u>
	<u><u>39,661</u></u>	<u><u>41,505</u></u>

Government subsidies granted to the Company's subsidiaries in the PRC are released to profit or loss over the useful lives of the related depreciable assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results and Operations

For the six-month period ended 30 June 2009, the Group recorded a 33.99% year-on-year decrease in consolidated turnover of US\$3,162 million (2008: US\$4,790 million). Loss for the period attributable to owners of the Company was US\$19 million compare to a profit of US\$142 million for the same period last year. Basic earnings per share for the period was a loss of US0.26 cents.

With global handset shipment reduced from 610 millions units in first six months of 2008 to 520 millions units in first six months of 2009, global handset industry continues to face challenging environment during the first six months of 2009. On top of the continual market share shifts among global OEM brands witnessed since 2007, the industry remains besieged by global markets uncertainties resulting from Sub-prime crisis. The volatile market conditions and changing operating environment has created challenges for all players in the handset supply chain. As the result, the Company has seen lower demand and pricing for the products due to the global economic downturn.

In 2009, the global handset market and global economy could remain volatile. Considering the market environment and demand condition, higher value products' contribution, new customers' penetration and capacity rationalization remain challenging for the management. At the same time, due to the dramatic differences in asset valuation, thus, goodwill impairment had also been main reason for the loss resulted in first six months of the Company.

Liquidity and Financial Resources

As at 30 June 2009, we had a cash balance of US\$645 million. The cash balance is expected to be able to finance our operations. Our gearing ratio, expressed as a percentage of interest bearing external borrowings of US\$233 million over total assets of US\$5,292 million, was 4.40%.

Net cash generated from operating activities for the six-month period ended 30 June 2009 was US\$285 million. Net cash used in investing activities for the six-month period ended 30 June 2009 was US\$96 million of which US\$78 million was the expenditures on property, plant and equipment related to the facilities in our major sites in China, US\$36 million increased in bank deposit and US\$19 million represented proceeds from disposal of property, plant and equipment.

Net cash used in financing activities for the six-month period ended 30 June 2009 was US\$245 million, primarily due to net decrease in bank loans of US\$245 million.

Exposures to Currency Risk and Related Hedges

In order to mitigate foreign currency risks, the Group actively utilized natural hedge technique to manage its foreign currency exposures by non-financial methods, such as managing the transaction currency, leading and lagging payments, receivable management, etc.

Besides, the Group sometimes entered into short-term foreign currency forward contracts (usually with tenor less than 3 months) to hedge the currency risk resulting from its short-term bank loans (usually with tenors less than 3 months) denominated in the foreign currencies. Also, the Group, from time to time, utilized a variety of foreign currency forward contracts to hedge its exposure to foreign currencies.

Capital Commitments

As at 30 June 2009, the capital commitment of the Group was US\$88.76 million (2008: US\$108.48 million). Usually, the capital commitment will be funded by cash generated from operations.

Pledge of Assets

A subsidiary of the Company has pledged its corporate assets of approximately US\$5.4 million (2008: US\$5.6 million) to secure general banking facilities granted to the Group.

Outlook

Looking forward, the macro uncertainty originated from the Sub-prime crisis continues to cloud transparency. We believe the ability to broaden value-added offerings will be the key to industry competitiveness. We remain hopeful in further market share growing opportunity for 2009 and beyond.

Employees

As at 30 June 2009, the Group had a total of 115,250 (2008: 108,237) employees. Total staff costs incurred during the period of six months ended 30 June 2009 amounted to US\$234 million (2008: US\$301 million). The Group offers a comprehensive remuneration policy which is reviewed by the management on a regular basis.

The Company has adopted a share scheme and a share option scheme respectively. The share option scheme complies with the requirements of Chapter 17 of the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (“CCGP”). Its primary duties are to review and supervise the Group’s financial reporting process and internal controls system, nominate and monitor external auditors and provide advice and comments to the Board. The audit committee is comprised of three non-executive directors, two of whom are independent non-executive directors (among whom one of the independent non-executive directors has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules).

The audit committee has reviewed the unaudited interim results of the Group for the period of six months ended 30 June 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) as set out in Appendix 10 to the Listing Rules. Following specific enquiry made by the Company, all the directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the period of six months ended 30 June 2009.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the CCGP throughout the period of six months ended 30 June 2009 except for code provision A.2.1, which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Under code provision A.2.1 of the CCGP, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chin Wai Leung, Samuel currently holds both positions in the Company. In light of the still opaque macro outlook the world is facing and the relatively challenging environment handset industry operates in, the Board considers that the present arrangement for Mr. Chin, the chairman, to hold the office of chief executive officer of the Company is instrumental to the continuation in implementation of business plan and formulation of business strategies and crucial to avoid create unnecessary confusion over stability to customers worldwide, thus is beneficial and in the interests of the Company and its shareholders as a whole. However, in the spirit of corporate governance, the Board will continue to review in the current year the roles of chairman and chief executive officer and, if considered appropriate, separate the two roles in compliance with code provision A.2.1 of the CCGP.

DISCLOSURE OF INFORMATION ON WEBSITES

The 2009 interim report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the websites of The Stock Exchange of Hong Kong Limited and the Company respectively in due course.

By Order of the Board
Chin Wai Leung, Samuel
Chairman and Chief Executive Officer

Hong Kong, 28 August 2009

* *For identification purposes only*

As at the date of this announcement, the executive directors of the Company are Messrs. Chin Wai Leung, Samuel and Chih Yu Yang, the non-executive directors of the Company are Messrs. Chang Ban Ja, Jimmy, Lee Jin Ming, Lu Fang Ming and Miss Gou Hsiao Ling and the independent non-executive directors of the Company are Messrs. Lau Siu Ki, Chen Fung Ming and Dr. Daniel Joseph Mehan.