2007
INTERIM REPORT

Global Flex Holdings Limited
佳邦環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 471)

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Corporate Information

Board of Directors

Executive directors

Mr. Lin Cheng Hung *(Chairman)*
Mr. Hsu Chung
Mr. Huang Lien Tsung
Mr. Wong Chau Chi, Charles
(appointed with effect from 4 May 2007)
Ms. Lin Yi Ting
(appointed with effect from 4 May 2007)
Mr. Shao Yi
(appointed with effect from 5 June 2007)

Non-executive directors

Mr. Lee Cheng Few
(resigned with effect from 1 February 2007)
Mr. Chou Tsan Hsiung
Mr. Nguyen Duc Van
Mr. Yang Yi
(appointed with effect from 1 February 2007)
Dr. Li Jun
(appointed with effect from 1 June 2007)

Independent non-executive directors

Mr. Wang Wei-Lin
Mr. Chow Chi Tong
Mr. Liao Kuang Sheng

Company secretary and qualified accountant

Mr. Lee Wai Yin, FCCA, CPA

Authorised representatives

Mr. Huang Lien Tsung
Mr. Lee Wai Yin

Auditors

Deloitte Touche Tohmatsu

Legal advisor as to Hong Kong law

Chiu & Partners

Registered office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal office

Room 507, Tower Two, Lippo Centre
89 Queensway
Admiralty
Hong Kong
Tel: +852 3690 2589
Fax: +852 3690 2489

Stock code: 471

Principal share registrar

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street, P.O. Box 705
George Town, Grand Cayman
Cayman Islands

Hong Kong branch share registrar

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Chairman's Statement

The first six months in 2007 have been difficult for us compared with the profit level of the first 6 months in 2006. Our profit has decreased by more than 60%.

The sharp decrease of profit and margins were caused by the change of market environment and sudden decrease of demand from certain large customers. The two catalysts worsen our performance. However, they also provide opportunities for us to head for restructure changes mainly in manufacturing processes and efficiency.

1. Rigid printed circuit board ("PCB") industries are facing revolutions as lower end products are needed to phrase out, replace by high end products required by the market. The production cycles, precision of products, cost of materials, customers demand have all altered. The Group has to face lots of changes in short time.

2. Unfavorable external environment: one of our major customers has been experiencing difficulty in their mobile phone business and these inevitably affected the orders flows and profitability of our flexible printed circuit board ("FPC") business.

After identifying these fundamental causes, we have been taking drastic measures to remedy the situations. We are also in the process of hiring more talented technical persons in FPC, PCB and assembly.

With the new and capable top managers who will be focusing on enhancing production systems, we have started implementing the following program: (i) to improve use of our working capital. (ii) to cut down wasteful expenses and increase operating efficiency. (iii) to improve our products mix policy and increase our marketing efforts. These will reduce our reliance on major customers and increase our revenue growth.

We are confident that we have found the real causes of the lack of performance during the period under review.

This difficult first half year provides us opportunity for changes into a more efficient and a more market orientated Company.

For and on behalf of the Board

Lin Cheng Hung
Chairman
Hong Kong, 14 September 2007

Management Discussion and Analysis

REVIEW OF OPERATIONS

The principal activity of Global Flex Holdings Limited ("Company") is investment holding whilst its subsidiaries are mainly engaged in manufacture and trading of printed circuit boards.

During the six months ended 30 June 2007("Period"), the Company and its subsidiaries (collectively, the "Group") recorded a total turnover of approximately US$144.3 million, representing an increase of approximately US$32.8 million (29.4%) as compared to the corresponding period of 2006. The growth was mainly attributable to a slight increase in the demand of flexible printed circuit boards ("FPC") and flexible printed circuit board assembly ("FPCA") by existing customers. Moreover, turnover from rigid printed circuit board assembly ("PCBA") also increased significantly due to the increasing demand from mobile phone customers in the PRC. However, turnover from rigid printed circuit boards ("PCB") reduced by 16% during the Period. It was due to the temporary decline in production capacity as a consequence of the PCB factory relocation, the upgrade of product level and the selection of better margin customers from the end of the first half of 2007. The Group expects the turnover from PCB will increase after restructuring of customer base in the fourth quarter of 2007.

During the Period, the Group has started the development of business of liquid crystal module ("LCM") in order to improve the Group's FPCA business. On the other hand, the Group will continue strengthening the business of PCBA. Forever Jade Electronics (Suzhou) Co., Ltd ("Forever Jade (Suzhou)") will continue to satisfy the demand of existing customers while developing new customer relationships. The Group expects the PCBA business to have positive growth in the second half of 2007.

In order to pick up the PCB segment to a profitable business for the second half of 2007, the Group has brought in new management team members who have solid experience in the PCB sector. The Group expects that with the leadership of the new management team, the Group will be able to use current production capacity more efficiently and raise utilization rate, and also to improve quality control processes.

Management Discussion and Analysis

FINANCIAL REVIEW

For the Period, the Group recorded a turnover of approximately US$144.3 million, gross profit of approximately US$12.4 million and profit of approximately US$1.8 million as compared to a turnover of approximately US$111.6 million, gross profit of approximately US$15.2 million and profit of approximately US$4.6 million for the six months period ended 30 June 2006, representing an increase in turnover of approximately 29.4% and decrease in gross profit and profit of approximately 18.5% and 61.2% respectively.

Turnover

The turnover of the Group for the Period and the comparative figures of the corresponding period of 2006 classified by categories of the major operations are set out below:

Turnover by operations

	Six months ended 30 June 2007		Six months ended 30 June 2006		Change
	US$'000 (unaudited)	%	US$'000 (unaudited)	%	%
FPC solutions					
FPCA	**60,424**	**41.9**	55,556	49.8	8.8
FPC	**12,168**	**8.4**	9,214	8.3	32.1
Total FPC solutions	**72,592**	**50.3**	64,770	58.1	12.1
PCB solutions					
PCBA	**44,469**	**30.8**	14,320	12.8	210.5
PCB	**27,281**	**18.9**	32,469	29.1	(16.0)
Total PCB solutions	**71,750**	**49.7**	46,789	41.9	53.3
Total	**144,342**	**100.0**	111,559	100.0	29.4

Management Discussion and Analysis

The Group's turnover was mainly derived from the sales of FPCA and PCBA. With reference to the above table, turnover from the sales of FPCA and sales of PCBA for the Period were approximately US$60.4 million and US$44.5 million (2006: US$55.6 million and US$14.3 million) respectively, representing approximately 41.9% and approximately 30.8% of the total sales of the Group (2006: 49.8% and 12.8%) during the Period respectively.

The increase in the sales of FPCA by approximately 8.8% during the Period was primarily attributable to the commencement of the development of our LCM business which strengthens the Group's FPCA business. The Group believes that the turnover from FPCA will have significant growth in the near future.

The increase in the sales of FPC by approximately 32.1% during the Period was primarily attributable to the increase of demand from new customers which are manufacturers of high end mobile phones. The orders from those new customers mainly include rigid-flex products. It brought significant contribution to the development of product level of the Group. During the Period, the Group has continued to explore new customers in order to achieve a more extensive customer base and to reduce reliance on any single customer. The directors believe that the expansion and diversification of the customer base is beneficial and will mitigate the concentration risk of the Group.

An increase of approximately 210.5% in sales of PCBA was mainly driven by the dramatic growth of the turnover of Forever Jade (Suzhou) and the continuing increase in demand from mobile customers in the PRC. The directors believe that the demand for high density interconnection ("HDI") PCB will also grow in the near future.

A decrease of approximately 16% in sales of PCB was primarily due to the reduction of production capacity because of the relocation of PCB factory and the upgrade of products and the selection of better margin customers from the end of first half of 2007.

Management Discussion and Analysis

Gross profit margin by operations

	Period ended 30 June 2007	Period ended 30 June 2006
	%	%
FPC solutions		
FPCA	**16.5**	17.5
FPC	**8.3**	11.1
PCB solutions		
PCBA	**4.6**	9.4
PCB	**(2.2)**	9.6
Overall	**8.6**	13.6

The Group's total gross profit for all operations decreased from approximately US$15.2 million for the six months ended 30 June 2006 to approximately US$12.4 million for the Period. The overall gross profit margin decreased from approximately 13.6% for the six months ended 30 June 2006 to approximately 8.6% for the Period. The decrease is primarily due to the decrease of gross profit margin of PCB during the Period from approximately 9.6% for the six months ended 30 June 2006 to gross loss of approximately 2.2% during the Period. Moreover, the gross profit margin of PCBA decreased during the Period from approximately 9.4% for the six month period ended 30 June 2006 to approximately 4.6% during the Period.

The gross profit margin of FPCA declined slightly from 17.5% for the six month period ended 30 June 2006 to 16.5% during the Period. The gross profit margin of FPC decreased slightly from approximately 11.1% for the six months period ended 30 June 2006 to approximately 8.3% for the Period. The decreases of the gross profit margins of FPCA and FPC are due to the increase of raw material costs, the slight reduction of product price and product mix.

Management Discussion and Analysis

During the Period, the decrease of gross profit and the gross profit margin of PCB is primarily due to the reduction of turnover of PCB of 16% during the Period. In addition, the unit price of PCB is similar to last year. However, the raw material (such as copper) costs increased significantly. Labour cost and factory overhead rose as a consequent of the appreciation of RMB Currency. These elements have changed the gross profit margin of PCB from positive to negative for the Period.

Although the gross profit of PCBA increased during the Period, the gross profit ratio of PCBA decreased. It is mainly due to the turnover of PCBA major including the assemble charges last year. As a number of customers have requested the Group to purchase the raw material and recharge to them since the beginning of the Period, the unit price increased while the gross profit margin declined.

Profit attributable to shareholders and operating expenses

During the Period, the Group recorded a profit of approximately US$1.8 million, representing a decrease of approximately 61.2% as compared to approximately US$4.6 million in the corresponding period of 2006. The decrease was mainly attributable to an increase of administrative and finance expenses.

Transportation and insurance expenses increased slightly. The reason of increase in transportation cost was mainly due to the increase of petrol price. On the other hand, the reason of the increase in insurance expenses was due to the increase in the cost of product duties insurance for products using in motor vehicles during the Period. Other distribution expenses were relatively stable as compared to the six months ended 30 June 2006.

During the Period, the increase of administrative expenses was mainly due to increase of provision for bad debts covered over 12 months according to the Group's accounting policy, the increase in salary and realisation of share option expenses for the Period.

The finance costs increase was mainly due to the raise of bank borrowings during the Period.

Management Discussion and Analysis

Liquidity and financial resources

As at 30 June 2007, the Group had shareholders' funds of approximately US$118.3 million. Current assets amounted to approximately US$208.4 million. It mainly comprises bank and cash of approximately US$33.4 million, pledge bank deposits of approximately US$11.1 million, inventories of approximately US$50.0 million and trade receivables of approximately US$94.1 million. Current liabilities amounted to approximately US$185.2 million. It mainly comprises bank loans of approximately US$110.4 million and trade payables of approximately US$56.1 million. Non-current liability only includes long term bank loan which amounted to approximately US$3.9 million. The Group has reduced total borrowing by US$4.1 million from approximately US$118.5 million as at 31 December 2006 to approximately US$114.4 million.

As at 30 June 2007, the Group's current ratio was 1.13 (2006: 1.16) and the gearing ratio (a ratio of total loans to total assets) was 37.2% (2006: 34.9%).

As at 30 June 2007, the Group's bank loan balance was about US$114.4 million, all loans were fixed rate borrowings which carried interest ranging form 4.65% to 6.42% per annum.

Foreign exchange exposure

For the Period, most assets, liabilities and transactions of the Group are denominated in Renminbi ("RMB"), Hong Kong Dollars ("HKD") and US Dollars ("US$"). The management believes that foreign exchange risk does not affect the Group since Renminbi has generally appreciated comparing with HKD and US$. The sales and purchases in US$ substantially hedged the risks of the transactions in foreign currency and the Group did not make any other hedging arrangement during the Period.

SEGMENTAL INFORMATION

As at 30 June 2007, the detailed segmental information of the Group is set out in note 3 to the condensed financial statements.

Management Discussion and Analysis

EMPLOYEE BENEFITS

As at 30 June 2007, the average number of employees of the Group was approximately 6,000 (2006: 5,700), and the Group's staff costs amount to approximately US$6.8 million (Period ended 30 June 2006: US$6.3 million). The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the Period, the Company has granted 62,500,000 share options (Period ended 30 June 2006: Nil) to its employees or directors under the share option scheme of the Company adopted on 5 July 2005.

The employees of the Company's subsidiaries in the PRC are members of a state-managed social welfare scheme operated by the local government of the PRC. Under the scheme, the Group provides retirement, medical, employment injury, unemployment and maternity benefits to its employees in the PRC in accordance with the relevant PRC rules and regulations. The Group is required to contribute a specified percentage of their payroll costs to the social welfare scheme to fund the benefits. The only obligation of the Group with respect to the social welfare scheme is to make the specified contributions.

MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENT

During the Period, the Group did not have any material acquisition or disposals of subsidiaries or associates.

CHARGE ON ASSETS

As at 30 June 2007, pledges of the Group's properties, trade receivable, bank deposits and prepaid lease payment amounted to approximately US$16.6 million, US$21.5 million, US$11.1 million and US$0.5 million respectively (2006: US$16.9 million, US$49.5 million, US$13.5 million and US$0.2 million) to secure bank borrowings.

CONTINGENT LIABILITIES

As at 30 June 2007, the Group or the Company did not have any significant contingent liabilities (2006: Nil).

Management Discussion and Analysis

PROSPECTS

Given the continuous fast growth in the market demand for compact, thin, multi-functional and portable electronic devices, the Group will focus on the production, sales and assembly of FPC and PCB. Being a leading enterprise in the FPC industry, the Group will leverage on its professional staff and unique production technologies to manufacture the most advanced multi-layer hollow FPC to meet customers' demand for more advanced products.

With our experienced new management team, the Group will focus on creating shareholder value by releasing more cash which can be spent on paying off the debt, buying back the Company's shares or investing in highly profitable projects, cutting operation costs, increasing operation efficiency and improving product mix policy. We have moved strategically to diversify customer base and grow customer portfolio, we believe the Group will be able to reduce reliance of specific customer and continue to grow the sales of FPCA and PCBA in the second half of 2007.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2007, the interests of the Directors in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interest	Total number of ordinary shares *(Note 1)*	Approximate percentage of interest
Mr. Lin Cheng Hung	The Company	Beneficial owner	9,431,452 shares (L)	0.755%
	Vertex Precision Electronics Inc. ("Vertex")	Beneficial owner	882,020 shares of NT$10 each (L)	0.293%
	Chia-Tung Investment Co., Ltd. ("Chia-Tung Investment")	Beneficial owner	1,000 shares of NT$10 each (L)	0.01%

Management Discussion and Analysis

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interest	Total number of ordinary shares *(Note 1)*	percentage of interest
	ITEQ Investment Co., Ltd.	Beneficial owner	1,000 shares of NT$10 each (L)	0.004%
	ITEQ Investment Co., Ltd.	Interest of spouse *(Note 2)*	1,000 shares of NT$10 each (L)	0.004%
Mr. Hsu Chung	The Company	Beneficial owner	6,702,743 shares (L)	0.536%
	Vertex	Beneficial owner	6,000 shares of NT$10 each (L)	0.0019%
Mr. Huang Lien Tsung	The Company	Beneficial owner	1,526,292 shares (L)	0.122%
Mr. Wong Chau Chi, Charles	The Company	Interest of controlled corporation *(Note 3)*	57,530,000 shares (L)	4.602%
Ms. Lin Yi Ting	The Company	Beneficial owner	3,385,586 shares (L)	0.271%
	Vertex	Beneficial owner	317,913 shares of NT$10 each (L)	0.106%
	Chia-Tung Investment	Beneficial owner	1,000 shares of NT$10 each (L)	0.01%
	ITEQ Investment Co., Ltd.	Beneficial owner	1,000 shares of NT$10 each (L)	0.004%
Mr. Nguyen Duc Van	The Company	Beneficial owner	573,638 shares (L)	0.046%
Mr. Liao Kuang Sheng	Vertex	Beneficial owner	36,732 shares NT$10 each (L)	0.0117%

Notes:

1. The letter "L" denotes the Directors' long positions in the shares of the Company or the relevant associated corporation.

2. These shares are registered under the name of Ms. Lin Ying-Chi, who is the wife of Mr. Lin Cheng Hung. Under the SFO, Mr. Lin Cheng Hung is deemed to be interested in all the shares in which Ms. Lin Ying-Chi is interested.

3. These shares are registered under the name of Chi Capital Holdings Limited ("Chi-Capital"), a company wholly owned by Mr. Wong Chau Chi ,Charles and he was the sole director of Chi Capital Holdings. Under the SFO, Mr. Wong Chau Chi, Charles was deemed to be interested in all the Shares held by Chi Capital Holdings.

Management Discussion and Analysis

All the interests disclosed above represent long positions in the shares and underlying shares of the Company or its associated corporations.

Other than as disclosed above, none of the directors and their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2007 as required to be recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company operates a share option scheme (the "Scheme") which was adopted on 5 July 2005. During the Period, 62,500,000 share options were granted and no share option was exercised under the Scheme.

Movements of the share options of the Company during the Period are listed below:

		Number of Share Options						
Category	Date of grant	Outstanding at 01.01.2007	Granted during the Period *(Note 1 & 2)*	Exercised during the Period	Cancelled during the Period	Outstanding at 30.06.2007	Exercise price per share *HKD*	Exercise period
Director								
Wong Chau Chi, Charles	24 January 2007	—	12,500,000	—	—	12,500,000	0.475	25 July 2007 to 24 January 2010
Shao Yi	24 January 2007	—	12,500,000	—	—	12,500,000	0.475	25 July 2007 to 24 January 2010
Total directors		—	25,000,000	—	—	25,000,000		
Consultants	24 January 2007	—	37,500,000	—	—	37,500,000	0.475	25 July 2007 to 24 January 2010
Total		—	62,500,000	—	—	62,500,000		

Notes:

(1) The closing price of the Company's shares immediately before the dates on which the share options were granted were HK$0.465.

(2) Subject to certain vesting conditions as stated in the agreements with the grantees, the options granted to any grantees become exercisable upon the expiry of six months after 24 January 2007 up to 3 years from the date of grant of the options.

Management Discussion and Analysis

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

As at 30 June 2007, the number of outstanding share options granted by the Company under the Scheme to the directors to subscribe for shares of the Company, as recorded in the register required to be kept under Section 352 of the SFO, of as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code is set out in the section titled "Share Options" of this report.

Except for the above, at no time during the Period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Management Discussion and Analysis

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of the relevant interests and short positions in the Company.

Name of Shareholder	Capacity of the Company	Number of ordinary shares (Note 1)	Percentage of the issued share capital
Century Champion Group Limited ("Century Champion") *(note 2)*	Beneficial owner	336,470,000 (L)	26.92%
Vertex Precision Electronics Inc. ("Vertex") *(note 2)*	Interest of controlled corporation	336,470,000 (L)	26.92%
Ta Chong Bank Co. Ltd.	Security interest in shares	130,000,000 (L)	10.40%
Tong Ying Investment Limited	Security interest in shares	65,500,000 (L)	5.20%

Notes:

1. The letter "L" denotes the persons' long positions in the shares of the Company.

2. These 336,470,000 Shares were registered in the name of and beneficially owned by the Century Champion, the entire issued share capital of which is beneficially owned as to 93.28% by Vertex and 6.72% by Chia-Tung Investment Co. Ltd. Under the SFO, Vertex is deemed to have a long position in respect of the 336,470,000 Shares held by Century Champion.

Other than as disclosed above, the Company has not been notified of any other person (other than a director or a chief executive of the Company) who had an interest or a short position in the issued share capital and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2007.

Management Discussion and Analysis

USE OF PROCEEDS RAISED BY ISSUE OF SHARES

The Company has issued an aggregate of 250,000,000 new shares by way of placing and public offer for subscription at a price of HK$1.02 per share in October 2005 in connection with its listing on the Stock Exchange on 10 October 2005. The net proceeds from such new issue ("Net Proceeds"), after deducting related expenses, amounted to approximately US$30.6 million (equivalent to approximately HK$236.8 million).

The Net Proceeds have been used in accordance with the section headed "Future plans and prospects and use of proceeds" set out in the prospectus dated 28 September 2005 ("Prospectus"). It was stated that about US$10.0 million out of the Net Proceeds will be used for purchase of machinery and equipment for the Group's Suzhou plant in expanding the Group's manufacturing facilities and about US$20.2 million out of the Net Proceeds will be used for the establishment of a new manufacturing plant for the production of FPC, FPCA, PCB and PCBA in Northern China. The directors believe that the establishment of a new manufacturing plant would increase the number of manufacturing facilities and capacity of the Group in order to meet the increase in its customers' demand and its plan to expand its customer base.

With a view to expand the Group's manufacturing facilities, the Company decided to increase the amount of Net Proceeds to be used for the purchase of machinery and equipment for the Group's Suzhou plant from US$10 million to US$13.6 million while the amount of Net Proceeds to be applied in the development of the Northern China plant will be about US$16.6 million as disclosed in the Company's announcement dated 23 December 2005. In addition, as disclosed in the Company's announcement dated 15 September 2006, the Company decided to change the amount of Net Proceeds to be applied in the development of the Northern China plant-about US$14.6 million would be used to develop second phrase of manufacturing plant for the production of HDI PCB and rigid-flex in Suzhou. The remaining part of the Net Proceeds amounted to US$2.0 million would be used to purchase machinery and equipment for increasing the assembly capacities for the assembly of electronic component modules or supporting finished products in Suzhou plant. The directors take the view that such revision to the use of the Net Proceeds is in the interest of the Company and its shareholders as a whole.

Management Discussion and Analysis

	Use of proceeds (as set out in Prospectus) US$ (million)	Changes US$ (million)	Use of proceeds (revised) US$ (million)	Use of proceeds up to 30 June 2007 (actual) US$ (million)	Balance US$ (million)
Purchase of machinery and equipment for the Group's Suzhou plant	10.0	3.6	13.6	(13.6)	—
Construction of a manufacturing plant for the production of FPC, FPCA, PCB and PCBA in Northern China	20.2	(20.2)	—	—	—
Development of second phrase of manufacturing plant for the production of HDI PCB and rigid-flex in Suzhou	—	14.6	14.6	(5.8)	8.8
Purchase of machinery and equipment for increasing assembly capacities for the assembly of electronic component modules in Suzhou plant	—	2.0	2.0	(2.0)	—
	30.2	—	30.2	(21.4)	8.8

Up to 30 June 2007, an amount of approximately US$21.4 million of the Net Proceeds was used for acquisition of machinery and equipment for the Group's Suzhou plant and development of second phrase of manufacturing plant for the production of HDI PCB and rigid-flex in Suzhou. Given that the actual Net Proceeds amounted to US$30.6 million, the total remaining balance of the Net Proceeds of approximately US$8.8 million had been placed as short term deposits with licensed banks in Hong Kong and the PRC and is expected to be applied as disclosed in the Prospectus.

Management Discussion and Analysis

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Druing the Period, the Company has adopted a code of conduct regarding the directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issues ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code throughout the Period and all the directors confirmed that they have fully complied with the required standard set out in the Model Code.

CODE ON CORPORATE GOVERNANCE

During the Period, the Company has fully complied with the requirements under the Code Provisions in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

As at 30 June 2007, the Company has complied with the provisions of Rule 3.10(1) and 3.10(2) of the Listing Rules that sufficient number of independent non-executive directors have been appointed and that at least one of the independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise.

Furthermore, in compliance with the requirements of the CG Code and Rules 3.21 of the Listing Rules, an Audit Committee was established by the Company on 5 July 2005 with written terms of reference to review and supervise the Company's financial reporting process and internal controls.

Management Discussion and Analysis

The Audit Committee comprises Mr. Chow Chi Tong and Mr. Liao Kuang Shang, being independent non-executive directors and Mr. Chou Tsan Hsiung, a non-executive director. Currently, Mr. Chow Chi Tong is the Chairman of the Audit Committee.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed, with the management, the accounting principles and policies, audit, internal controls and financial reporting adopted by the Group, and the unaudited interim financial report for the Period and recommended its adoption by the Board. In addition, Deloitte Touche Tohmatsu has reviewed the unaudited interim financial results for the Period in accordance with Statement of Auditing Standards 700 issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited condensed consolidated interim financial statements for the Period was approved by the Board on 14 September 2007.

On behalf of the Board

Lin Cheng Hung
Chairman
Hong Kong, 14 September 2007

Report On Review Of Interim Financial Information

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF GLOBAL FLEX HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 20 to 39, which comprises the condensed consolidated balance sheet of Global Flex Holdings Limited as of 30 June 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
14 September, 2007

Condensed Consolidated Income Statement

For the six months ended 30 June 2007

	NOTES	Six months ended 30 June 2007 US$ (unaudited)	2006 US$ (unaudited)
Revenue	3	**144,342,734**	111,559,071
Cost of sales		**(131,933,892)**	(96,334,899)
Gross profit		**12,408,842**	15,224,172
Other income		**3,986,294**	1,338,406
Selling and distribution costs		**(3,878,897)**	(3,802,797)
Administrative expenses		**(5,961,157)**	(4,713,033)
Finance costs		**(4,379,540)**	(2,652,303)
Profit before taxation		**2,175,542**	5,394,445
Income tax expense	4	**(381,258)**	(770,598)
Profit for the period	5	**1,794,284**	4,623,847
Dividends	6	**4,612,903**	4,354,839
		US cents	US cents
Earnings per share	7		
– Basic		**0.14**	0.37
– Diluted		**0.14**	N/A

Condensed Consolidated Balance Sheet

At 30 June 2007

	NOTES	**30 June 2007 US$ (unaudited)**	31 December 2006 US$ (audited)
Non-current assets			
Property, plant and equipment	8	**90,490,140**	79,866,481
Prepaid lease payments – non-current portion		**3,829,125**	3,606,479
Deposits paid for acquisition of property, plant and equipment		**4,639,586**	3,764,043
Available-for-sale investment		**22,008**	22,008
		98,980,859	87,259,011
Current assets			
Inventories		**49,963,884**	48,605,601
Trade and other receivables	9	**112,702,729**	143,119,493
Prepaid lease payments – current portion		**445,860**	428,794
Tax recoverable		**865,583**	—
Pledged bank deposits		**11,050,000**	13,517,139
Bank balances and cash		**33,377,029**	46,782,638
		208,405,085	252,453,665

Condensed Consolidated Balance Sheet

At 30 June 2007

	NOTES	**30 June 2007 US$ (unaudited)**	31 December 2006 US$ (audited)
Current liabilities			
Trade and other payables	10	**74,733,992**	103,281,270
Tax liabilities		**—**	392,775
Bank borrowings – due within one year		**110,429,681**	114,663,379
		185,163,673	218,337,424
Net current assets		**23,241,412**	34,116,241
Total assets less current liabilities		**122,222,271**	121,375,252
Non-current liability			
Bank borrowings – due after one year		**3,939,334**	3,841,869
		118,282,937	117,533,383
Capital and reserves			
Share capital	11	**16,129,032**	16,129,032
Reserves		**102,153,905**	101,404,351
		118,282,937	117,533,383

Condensed Consolidated Statement Of Changes In Equity

For the six months ended 30 June 2007

	Share capital US$	Share premium US$	Merger reserve US$ *(note i)*	Statutory reserve US$ *(note ii)*	Capital reserve US$ *(note 12)*	Share options reserve US$ *(note 13)*	Exchange reserve US$	Accumulated profits US$	Total US$
As 1 January 2006 (audited)	16,129,032	15,631,536	31,987,096	4,588,827	—	—	1,149,502	35,251,263	104,737,256
Exchange differences arising on translation of foreign operations recognised directly in equity	—	—	—	—	—	—	1,304,051	—	1,304,051
Profit for the period	—	—	—	—	—	—	—	4,623,847	4,623,847
Total recognised income and expense for the period	—	—	—	—	—	—	1,304,051	4,623,847	5,927,898
Dividends paid	—	—	—	—	—	—	—	(4,354,839)	(4,354,839)
As at 30 June 2006 (unaudited)	16,129,032	15,631,536	31,987,096	4,588,827	—	—	2,453,553	35,520,271	106,310,315
Exchange differences arising on translation of foreign operations recognised directly in equity	—	—	—	—	—	—	2,375,039	—	2,375,039
Profit for the period	—	—	—	—	—	—	—	7,764,158	7,764,158
Total recognised income and expense for the period	—	—	—	—	—	—	2,375,039	7,764,158	10,139,197
Recognition of equity-settled share-based payments	—	—	—	—	1,083,871	—	—	—	1,083,871
Transfer	—	—	—	1,802,415	—	—	—	(1,802,415)	—
As at 31 December 2006 (audited)	16,129,032	15,631,536	31,987,096	6,391,242	1,083,871	—	4,828,592	41,482,014	117,533,383

Condensed Consolidated Statement Of Changes In Equity

For the six months ended 30 June 2007

	Share capital US$	Share premium US$	Merger reserve US$ *(note i)*	Statutory reserve US$ *(note ii)*	Capital reserve US$ *(note 12)*	Share options reserve US$ *(note 13)*	Exchange reserve US$	Accumulated profits US$	Total US$
Exchange differences arising on translation of foreign operations recognised directly in equity	—	—	—	—	—	—	2,774,490	—	2,774,490
Profit for the period	—	—	—	—	—	—	—	1,794,284	1,794,284
Total recognised income and expense for the period	—	—	—	—	—	—	2,774,490	1,794,284	4,568,774
Recognition of equity-settled share-based payments	—	—	—	—	—	793,683	—	—	793,683
Dividends paid	—	—	—	—	—	—	—	(4,612,903)	(4,612,903)
As at 30 June 2007 (unaudited)	16,129,032	15,631,536	31,987,096	6,391,242	1,083,871	793,683	7,603,082	38,663,395	118,282,937

Notes:

(i) The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of Global Technology International Ltd., a subsidiary of the Company, pursuant to a group reorganisation on 5 July 2005.

(ii) Pursuant to the relevant regulations applicable to foreign investment enterprises established in the People's Republic of China (the "PRC"), certain PRC subsidiaries of the Company are required to transfer certain percent of its profit after taxation to the statutory reserve. The balances of the statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to offset accumulated losses or increase capital.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2007

	Six months ended 30 June	
	2007	2006
	US$	US$
	(unaudited)	(unaudited)
Net cash generated by (used in) operating activities		
Increase in inventories	**(1,893,170)**	(3,501,068)
Decrease (increase) in trade and other receivables	**30,103,842**	(18,105,644)
(Decrease) increase in trade and other payables	**(28,547,278)**	195,784
Other operating cash flows	**11,117,179**	12,262,882
	10,780,573	(9,148,046)
Net cash used in investing activities		
Purchase of property, plant and equipment	**(11,739,759)**	(8,076,686)
Other investing cash flows	**98,860**	(3,022,325)
	(11,640,899)	(11,099,011)
Net cash (used in) generated by financing activities		
New bank borrowings raised	**107,381,749**	101,130,210
Repayment of bank borrowings	**(111,517,982)**	(86,743,755)
Other financing cash flows	**(8,992,443)**	(5,740,749)
	(13,128,676)	8,645,706
Net decrease in cash and cash equivalents	**(13,989,002)**	(11,601,351)
Cash and cash equivalents at beginning of the period	**46,782,638**	46,318,124
Effect of foreign exchange rate changes	**583,393**	322,033
Cash and cash equivalents at end of the period, represented by bank balances and cash	**33,377,029**	35,038,806

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

1. 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 and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

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 2006.

In respect of the share options newly granted to employees under the Company's share option scheme during the period, the Group has applied the following accounting policy to account for such equity-settled share-based payment transactions:

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Share options granted to employees *(Continued)*

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

In the current interim period, the Group has applied, for the first time, a new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2007.

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs[1]
Hong Kong Financial Reporting Standard ("HKFRS") 8	Operating Segments[1]
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions[2]
HK(IFRIC) – Int 12	Service Concession Arrangements[3]

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 March 2007

3 Effective for annual periods beginning on or after 1 January 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

3. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is currently organised into four operating divisions – flexible printed circuit boards, rigid printed circuit boards, flexible printed circuit boards assembly and rigid printed circuit boards assembly. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are manufacturing and trading of:

- Flexible printed circuit boards
- Rigid printed circuit boards
- Flexible printed circuit boards assembly
- Rigid printed circuit boards assembly

	Flexible printed circuit boards Six months ended 30 June		Rigid printed circuit boards Six months ended 30 June		Flexible printed circuit boards assembly Six months ended 30 June		Rigid printed circuit boards assembly Six months ended 30 June		Consolidated Six months ended 30 June	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	US$	US$	**US$**	US$	**US$**	US$	**US$**	US$	**US$**	US$
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
REVENUE										
External sales	**12,168,434**	9,213,931	**27,281,213**	32,469,452	**60,423,683**	55,555,503	**44,469,404**	14,320,185	**144,342,734**	111,559,071
RESULTS										
Segment results	**688,157**	231,420	**(1,325,548)**	2,020,936	**8,330,494**	7,839,067	**836,842**	1,329,952	**8,529,945**	11,421,375
Unallocated income									**3,986,294**	1,338,406
Unallocated corporate expenses									**(5,961,157)**	(4,713,033)
Finance costs									**(4,379,540)**	(2,652,303)
Profit before taxation									**2,175,542**	5,394,445
Income tax expense									**(381,258)**	(770,598)
Profit for the period									**1,794,284**	4,623,847

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2007	2006
	US$	US$
	(unaudited)	(unaudited)
PRC Foreign Enterprise Income Tax		
– Current year	**489,906**	770,598
– Underprovision in prior year	**828,867**	—
– Tax refunds for prior years	**(937,515)**	—
	381,258	770,598

No provision for Hong Kong Profits Tax has been made as the Group's profit neither arise in, nor is derived from, Hong Kong. The tax charge for the period arose from taxation on its subsidiaries located in the People's Republic of China (the "PRC").

Pursuant to the relevant laws and regulations in the PRC, Global Flex (Suzhou) Company Limited ("Global Flex (Suzhou)"), Forever Jade Electronics (Suzhou) Company Limited ("Forever Jade (Suzhou)") and Global Flex (Suzhou) Plant II Co., Ltd. ("Global Flex (Suzhou) Plant II"), PRC subsidiaries of the Company, are entitled to the exemptions from the PRC Foreign Enterprise Income Tax ("FEIT") for two years starting from their first profit-making year and to a 50% relief from the FEIT for the following three years ("Tax Holidays").

4. INCOME TAX EXPENSE *(Continued)*

The first profit-making year of Global Flex (Suzhou) and Forever Jade (Suzhou) is the year ended 31 December 2002 and 31 December 2006, respectively. Global Flex (Suzhou) has its operations located in Suzhou, the PRC which is the coastal economic open zones and is subject to a preferential tax rate of 27%. However, in December 2005, Global Flex (Suzhou) re-invested and increased its capital by US$16,000,000 to US$48,000,000. Global Flex (Suzhou) is entitled to another Tax Holidays on a capital proportionate basis from the date of re-investment subject to the approval by the relevant tax anthority. Accordingly, one-third of the taxable profit of Global Flex (Suzhou) is subject to the Tax Holidays. During the current period, with the approval issued by the relevant tax authority, Global Flex (Suzhou) has received tax refunds from the tax authority, representing the overpayment of FEIT for the two years ended 31 December 2006, of approximately US$938,000 which has been included in the tax charge for the period.

Global Flex (Suzhou) Plant II was in the pre-operating stage and did not choose to enjoy the Tax Holidays since its establishment. Accordingly, the profit generated by Global Flex (Suzhou) Plant II for the current period was subject to FEIT at a rate of 27%.

No provision for deferred taxation has been recognised in the unaudited condensed consolidated financial statements as the amount involved is insignificant.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2007	2006
	US$	US$
	(unaudited)	(unaudited)
Write-down of inventories	**534,887**	1,241,279
Depreciation of property, plant and equipment	**5,306,726**	4,161,892
Interest on bank and other borrowings wholly repayable within five years	**4,379,540**	2,652,303
Release of prepaid lease payments	**172,043**	7,529
Bank interest income	**(908,583)**	(528,495)
Compensation received from customers on cancellation of sales orders	**(2,143,175)**	—

6. DIVIDENDS

During the period, dividends of HK2.86 cents (2006: HK2.7 cents) per share were paid to the shareholders of the Company as the final dividends for the year ended 31 December 2006.

The directors do not recommend the payment of an interim dividend for the period (2006: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June	
	2007	2006
	US$	US$
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period)	**1,794,284**	4,623,847
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,250,000,000**	1,250,000,000
Effect of dilutive potential ordinary shares in respect of share options granted	**7,959,211**	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,257,959,211**	

There was no potential dilutive shares in issue during the six months ended 30 June 2006.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately US$13,904,000 (1.1.2006 to 31.12.2006: US$18,690,000) for expanding the Group's operations. Of the amount, approximately US$2,164,000 (1.1.2006 to 30.6.2006: US$409,000) was transferred from deposits paid for acquisition of property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period ranged from 30 days to 150 days to its trade customers.

The following is an aged analysis of trade receivables:

	As at 30 June 2007 US$ (unaudited)	As at 31 December 2006 US$ (audited)
Trade receivables:		
0 - 30 days	**24,816,954**	44,360,145
31 - 60 days	**15,586,784**	40,696,436
61 - 90 days	**13,055,670**	25,613,542
91 - 120 days	**11,605,394**	9,341,355
121 - 150 days	**10,597,017**	5,134,024
Over 150 days	**18,451,597**	3,963,804
	94,113,416	129,109,306
Other receivables	**18,589,313**	14,010,187
	112,702,729	143,119,493

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables:

	As at 30 June 2007 US$ (unaudited)	As at 31 December 2006 US$ (audited)
Trade payables:		
0 - 90 days	**40,913,443**	78,793,089
91 - 120 days	**4,998,968**	7,422,400
121 - 180 days	**4,392,293**	3,145,673
181 - 365 days	**4,432,534**	1,141,744
Over 365 days	**1,332,991**	650,315
	56,070,229	91,153,221
Other payables	**18,663,763**	12,128,049
	74,733,992	103,281,270

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

11. SHARE CAPITAL

	Number of shares	Nominal value HK$
Ordinary shares of HK$0.1 each		
Authorised:		
As at 1 January 2007 and 30 June 2007	5,000,000,000	500,000,000
Issued and fully paid:		
As at 1 January 2007 and 30 June 2007	1,250,000,000	125,000,000
Shown in the condensed consolidated financial statements as		US$16,129,032

12. CAPITAL RESERVE

The balance as at 31 December 2006 represented the fair value of 15,000,000 ordinary shares in the Company bestowed to several employees of the Company by a controlling shareholder of the Company during the year ended 31 December 2006.

13. SHARE-BASED PAYMENTS

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the current period are as follows:

	Number of share options
Granted during the period and outstanding at the end of the period	62,500,000

The closing price of the Company's shares immediately before 24 January 2007, the date of grant, was HK$0.47. The fair value per option determined at the date of grant using the Black-Scholes option pricing model was HK$0.11.

The following assumptions were used to calculate the fair value of share options:

Grant date share price	HK$0.47
Exercise price	HK$0.475
Expected life	3 years
Expected volatility	53.11%
Dividend yield	8.62%
Risk-free interest rate	3.76%

The Group recognised an expense of approximately US$794,000 for the period in relation to the share options granted, with a corresponding credit to the share options reserve. The vesting period of the shares options is a six-month period from the date of grant.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

13. SHARE-BASED PAYMENTS *(Continued)*

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

At each balance date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in the profit and loss, with a corresponding adjustment to the share options reserve.

14. CAPITAL COMMITMENTS

	As at 30 June 2007 US$ (unaudited)	As at 31 December 2006 US$ (audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**14,993,837**	12,696,171

15. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with related parties:

		Six months ended 30 June	
	Nature of	**2007**	2006
Name of related parties	**transactions**	**US$**	US$
		(unaudited)	(unaudited)
Mr. Hsu Chung, a director	Rental paid	**11,188**	8,705
Mr. Lin Cheng Hung, a director	Rental paid	**3,939**	—

As at 30 June 2007, a deposit of approximately US$901,000 (31.12.2006: US$901,000) was placed in respect of an agreement entered into in the year 2006 to acquire machineries from Vertex Precision Electronics Inc., the Group's ultimate holding company. The aggregate consideration is approximately US$1,773,000.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

15. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

The emoluments of directors and other members of key management of the Group during the period were as follows:

	Six months ended 30 June	
	2007	2006
	US$	US$
	(unaudited)	(unaudited)
Short-term benefits	**291,140**	282,080
Share-based payments	**317,473**	—
	608,613	282,080

The emoluments of directors and key management were recommended by the remuneration committee of the Company having regard to the performance of individuals and market trends.

During the period, 12,500,000 share options were granted to each of the two executive directors of the Company, Mr. Wong Chau Chi, Charles and Mr. Shao Yi. Share-based payment expense of US$317,473 was charged to the condensed consolidated income statement with respect to these share options.