



PROSTEN TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

長達科技控股有限公司*

(於開曼群島註冊成立之有限公司)

FIRST QUARTERLY REPORT 2005

二零零五年第一季度業績報告

** For identification purpose only 僅供識別*



Attentive for **Cultivating**
a Bright **Future**
用心栽培 美好將來

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcement in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Prosten Technology Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)之特色

創業板是為可能帶有高投資風險之公司而設立之一個市場。尤為重要的是，在創業板上市之公司毋須有過往盈利記錄，亦毋須預測未來溢利能力。此外，在創業板上市之公司亦可能因其新興性質及該等公司經營業務之行業或國家而帶有風險。有意投資者應了解投資該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。創業板之風險較高，加上具備其他特色，表示創業板較適合專業及其他經驗豐富之投資者。

由於創業板上市公司新興之性質，在創業板買賣之證券可能會較於主板買賣之證券承受較大之市場波動風險，同時無法保證在創業板買賣之證券會有高流通量之市場。

創業板發佈資料之主要途徑為在聯交所為創業板而設之互聯網網頁上刊登。上市公司一般毋須在憲報指定報章發表付款公佈。因此，有意投資者應注意，彼等應瀏覽創業板網頁，以取得創業板上市發行人之最新資料。

聯交所對本報告之內容概不負責，對其準確性或完整性亦不發表任何聲明，並表明不會就因本報告全部或任何部分內容而產生或倚賴該等內容而引致之任何損失承擔任何責任。

本報告乃遵照聯交所之創業板證券上市規則(「創業板上市規則」)提供有關長達科技控股有限公司(「本公司」)之資料，各董事(「董事」)對本報告共同及個別承擔全部責任。本公司各董事在作出一切合理查詢後確認，就彼等所知及確信：(1)本報告所載資料在各主要方面均為準確及完整及並無誤導成分；(2)並無遺漏任何其他事實，致令本報告的內容有所誤導；及(3)本報告所表達之意見乃經審慎周詳考慮後始行作出，並以公平合理之基準與假設為基礎。

HIGHLIGHTS**摘要**

- Turnover of the Group for the three months ended 30 June 2005 amounted to approximately HK\$17,099,000, representing an increase of approximately 54% as compared to the corresponding period in the previous financial year.
- Net loss from ordinary activities attributable to shareholders for the three months ended 30 June 2005 amounted to approximately HK\$6,714,000, representing a decrease of approximately 35% as compared with the same period of 2004.
- The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2005.
- 本集團截至二零零五年六月三十日止三個月之營業額約17,099,000港元，較上一個財政年度同期上升約54%。
- 截至二零零五年六月三十日止三個月，股東應佔日常業務虧損淨額約6,714,000港元，較二零零四年同期減少約35%。
- 董事不建議就截至二零零五年六月三十日止三個月派發中期股息。

UNAUDITED CONSOLIDATED RESULTS

未經審核綜合業績

The Board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30 June 2005 together with the unaudited comparative figures for the corresponding period in 2004 as follows:

本公司董事會(「董事會」)謹此宣佈，本公司及其附屬公司(「本集團」)截至二零零五年六月三十日止三個月之未經審核綜合業績，連同二零零四年同期之未經審核比較數字如下：

		Three months ended 30 June 截至六月三十日止三個月		
		2005	2004	
		HK\$'000	HK\$'000	
		二零零五年	二零零四年	
		千港元	千港元	
TURNOVER	營業額	2	17,099	11,115
Cost of sales	銷售成本		(9,416)	(7,064)
Gross profit	毛利		7,683	4,051
Other revenue	其他收益		335	374
Selling and distribution costs	銷售及分銷成本		(5,032)	(4,340)
General and administrative expenses	一般及行政開支		(9,275)	(10,287)
Other operating expenses	其他經營開支		(417)	(155)
LOSS FROM OPERATING ACTIVITIES	經營業務虧損		(6,706)	(10,357)
Finance costs	財務費用		(8)	(21)
LOSS BEFORE TAX	除稅前虧損		(6,714)	(10,378)
Tax	稅項	3	-	(12)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東應佔日常業務虧損淨額		(6,714)	(10,390)
LOSS PER SHARE	每股虧損	4		
Basic	基本		(HK1.3 cents) (1.3港仙)	(HK2.0 cents) (2.0港仙)
Diluted	攤薄		N/A 不適用	(HK2.0 cents) (2.0港仙)

Notes:

1. Basis of Preparation

The Group's unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which also include Hong Kong Accounting Standards ("HKAS") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements set out in Chapter 18 of the GEM Listing Rules. They have been prepared under the historical cost convention except for the re-measurement of short term investments.

The HKICPA has issued a number of new and revised HKFRS and HKAS ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has adopted a number of new HKFRSs, for the first time, in the preparation of financial statements for the period from 1 April 2005 onward.

The adoption of HKFRS 2 "Share-based Payment" has resulted in a change in accounting policy for share options. In accordance to HKFRS 2, the share options granted by the Company after 7 November 2002 are measured at fair value at the date of grant and recognized as expenses over the vesting period. The Directors consider the adoption of HKFRS 2 does not have material impact on the results for the three months ended 30 June 2005 and accordingly, no adjustment has been recorded to reflect the impact of applying HKFRS 2 in the unaudited consolidated results for the three months ended 30 June 2005.

Save as disclosed above, the adoption of the new HKFRSs had no material impact on the Group's results of operations and financial position.

The unaudited consolidated results have been reviewed by the audit committee of the Company.

2. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, business tax, where applicable, and services rendered. All significant intra-group transactions have been eliminated on consolidation.

附註：

1. 編製基準

本集團之未經審核綜合業績乃根據由香港會計師公會頒佈之香港財務申報準則(亦包括香港會計準則及詮釋)、香港普遍採納之會計原則及創業板上市規則第18章所載之披露規定編製。該等財務報表乃根據原始成本準則編製，惟重新計算短期投資除外。

香港會計師公會已頒佈多項於二零零五年一月一日或之後起始之會計期間生效之新增及經修訂之香港財務申報準則及香港會計準則(「新香港財務申報準則」)。本集團首次採用若干新香港財務申報準則以編製自二零零五年四月一日起始之財務報表。

採納香港財務申報準則第2號「股份為本的付款」造成有關購股權之會計政策有所變動。根據香港財務申報準則第2號，本公司於二零零二年十一月七日後授出之購股權以授出日期的公平價值計算，並於歸屬期內確認為開支。董事認為，採納香港財務申報準則第2號對截至二零零五年六月三十日止三個月期間之業績並無重大影響。因此截至二零零五年六月三十日止三個月期間之未經審核綜合業績並未作出任何調整以反映採納香港財務申報準則第2號之影響。

除上文所披露外，採納上述新香港財務申報準則對本集團之營運業績及財務狀況並無重大影響。

未經審核綜合業績已經本公司審核委員會審閱。

2. 營業額

營業額指已出售貨品及所提供服務經扣除退貨、折扣、營業稅(倘適用)後之發票淨值。所有集團內公司間之重大交易已於綜合時對銷。

3. Tax

Hong Kong	香港
Elsewhere	其他地區

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the three months ended 30 June 2005 (2004: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

There was no unprovided deferred tax in respect of the period and at the balance sheet date (2004: Nil).

4. Loss per Share

(a) Basic

The calculation of basic loss per share amount for the three months ended 30 June 2005 is based on the unaudited net loss from ordinary activities attributable to shareholders of HK\$6,714,000 (three months ended 30 June 2004: net loss from ordinary activities attributable to shareholders of HK\$10,390,000) and on the weighted average number of 511,250,000 ordinary shares (three months ended 30 June 2004: 511,250,000 ordinary shares) in issue throughout the period.

3. 稅項

		Three months ended 30 June	
		截至六月三十日止三個月	
		2005	2004
		HK\$'000	HK\$'000
		二零零五年	二零零四年
		千港元	千港元
Hong Kong	香港	-	-
Elsewhere	其他地區	-	12
		<hr/>	<hr/>
		-	12

由於本集團於截至二零零五年六月三十日止三個月內沒有錄得香港應課稅溢利，故期內並無作出香港利得稅之撥備(二零零四年：無)。其他地區應課稅溢利之稅項乃根據本集團經營業務所在之國家當地之現行法例、詮釋及慣例按當地現行稅率計算撥備。

本期間內及於結算日概無任何未撥備之遞延稅項(二零零四年：無)。

4. 每股虧損

(a) 基本

截至二零零五年六月三十日止三個月之每股基本虧損金額乃按期內之未經審核股東應佔日常業務虧損淨額6,714,000港元(截至二零零四年六月三十日止三個月：股東應佔日常業務虧損淨額10,390,000港元)及期內已發行普通股之加權平均股數511,250,000股(截至二零零四年六月三十日止三個月：511,250,000股普通股)計算。

(b) Diluted

The amount of diluted loss per share for the three months ended 30 June 2005 has not been disclosed, as the share options outstanding had an anti-dilutive effect on the basic loss per share for the period.

The calculation of diluted loss per share amount for the three months ended 30 June 2004 was based on the unaudited net loss from ordinary activities attributable to shareholders of HK\$10,390,000 and on the weighted average number of 512,405,902 ordinary shares, after adjusting for the effects of all dilutive potential shares during the period.

(b) 攤薄

截至二零零五年六月三十日止三個月之每股攤薄虧損金額並沒有披露，因未行使之購股權對該期內之每股基本虧損有反攤薄影響。

截至二零零四年六月三十日止三個月之每股攤薄虧損金額乃按期內之未經審核股東應佔日常業務虧損淨額10,390,000港元及普通股之加權平均股數512,405,902股(經調整所有期內潛在攤薄股份之影響)計算。

5. Reserves

		Share premium account 股份 溢價賬 HK\$'000 千港元	Statutory reserve fund 法定 儲備基金 HK\$'000 千港元	Exchange fluctuation reserve 匯兌 波動儲備 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 April 2004	於二零零四年 四月一日	339,275	53	335	(312,544)	27,119
Net loss for the period	期內虧損淨額	-	-	-	(10,390)	(10,390)
At 30 June 2004	於二零零四年 六月三十日	<u>339,275</u>	<u>53</u>	<u>335</u>	<u>(322,934)</u>	<u>16,729</u>
At 1 April 2005	於二零零五年 四月一日	339,275	53	539	(344,353)	(4,486)
Net loss for the period	期內虧損淨額	-	-	-	(6,714)	(6,714)
At 30 June 2005	於二零零五年 六月三十日	<u>339,275</u>	<u>53</u>	<u>539</u>	<u>(351,067)</u>	<u>(11,200)</u>

5. 儲備

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2005 (2004: Nil).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Review

The Group's consolidated turnover for the quarter ended 30 June 2005 was HK\$17,099,000, representing a 54% increase as compared to the corresponding quarter in last year. Such high rate of increase in turnover was contributed by the growth in Mobile Value Added Services ("MVAS") business. During the period under review, MVAS revenue amounted to HK\$14,790,000, which represented an 80% increase over the corresponding period of last year. The MVAS revenue was mainly contributed by Short Messaging Services ("SMS") and Interactive Voice Response Services ("IVRS"). These two services lines represented 44% and 45% of the MVAS total revenue respectively. In addition, the remaining revenue of MVAS was mainly generated from Wireless Application Protocol ("WAP"), Personal Handy-phone System Xiaolingtong value added services ("PHS") and Multimedia Messaging Services ("MMS"). The increase in MVAS revenue during the period under review was mainly attributable to the revenue from IVRS. As the Group moved its focus to MVAS business, the revenue for solution integration business was decreased by HK\$586,000 or 20% for the period under review.

The gross profit of the Group for the three months ended 30 June 2005 amounted to HK\$7,683,000, representing a significant increase of 90% as compared to HK\$4,051,000 for the corresponding period in last year. The gross profit margin was increased by 9% from 36% in the first quarter of last year to 45% in the same period of current year which was resulted from the higher gross profit margin attributable to MVAS business that contributed to about 86% of the Group's total revenue in this quarter.

中期股息

董事不建議就截至二零零五年六月三十日止三個月派發中期股息(二零零四年:無)。

管理層討論及分析

財務回顧

本集團截至二零零五年六月三十日止季度之綜合營業額為17,099,000港元,較去年同季增加54%。營業額增長率大幅上升主要由於移動增值服務(「MVAS」)業務增長所致。回顧期內, MVAS收益達14,790,000港元,較去年同期增加80%。MVAS收益主要來自短訊服務(「SMS」)及互動語音回應服務(「IVRS」)。該兩項服務分別佔MVAS總收益44%及45%。此外, MVAS之其餘收益主要來自無線應用軟體協定服務(「WAP」)、個人便攜電話系統小靈通增值服務(「PHS」)及多媒體訊息服務(「MMS」)。回顧期間之MVAS收益增加主要來自IVRS之收益。由於本集團已轉向專注於MVAS業務,解決方案整合業務於回顧期間之收益減少586,000港元或20%。

本集團截至二零零五年六月三十日止三個月之毛利為7,683,000港元,較去年同期4,051,000港元大幅上升90%。邊際毛利由去年第一季之36%增加9%至本年同期之45%,此增長乃由於MVAS業務應佔之邊際毛利較高所致,而MVAS業務佔本集團本季總收益約86%。

During the quarter, the selling and distribution costs were increased by HK\$692,000 or 16% as compared to the same quarter in last year. Such increase was due to more marketing and promotion activities being launched on MVAS business during this quarter. Besides, other operating expenses increased by HK\$262,000 to HK\$417,000 for the period under review because of higher staff costs involved in the research and development team. With the Group's continue effort on cost control, the general and administrative expenses were reduced by HK\$1,012,000 or 10% as compared to the same quarter of last year. The overall operating expenses including selling and distribution costs, general and administrative expenses, other operating expenses and finance costs amounted to HK\$14,732,000 for the period under review which were maintained at a similar level as compared to the same period in last year.

The net loss from ordinary activities attributable to shareholders for the three months ended 30 June 2005 was HK\$6,714,000, representing an improvement of HK\$3,676,000 or 35% as compared to HK\$10,390,000 for the corresponding period in last year.

Liquidity and Financial Resources

The shareholders' fund of the Group as at 30 June 2005 was HK\$39,925,000 (30 June 2004: HK\$67,854,000). The Group had net current assets of HK\$33,918,000 (30 June 2004: HK\$62,198,000). The Group's current ratio was approximately 2.2 as at 30 June 2005 (30 June 2004: 2.5). The gearing ratio of the Group, as a ratio of total borrowings to shareholders' fund, was 0.1% as at 30 June 2005 (30 June 2004: 0.3%).

本季內，銷售及分銷成本較去年同季增加692,000港元或16%。此增長乃由於本季推出更多市場推廣及促銷MVAS業務之活動所致。此外，由於研發部門包含較高之員工成本，故其他經營開支於回顧期間增加262,000港元至417,000港元。本集團持續控制成本，令一般及行政開支較去年同季減少1,012,000港元或10%。回顧期間整體經營開支(包括銷售及分銷成本、一般及行政開支、其他經營開支及財務費用)總額為14,732,000港元，保持與去年同期相若之水平。

截至二零零五年六月三十日止三個月之股東應佔日常業務虧損淨額為6,714,000港元，較去年同期10,390,000港元下降3,676,000港元或35%。

流動資金及財政資源

於二零零五年六月三十日，本集團之股東資本為39,925,000港元(二零零四年六月三十日：67,854,000港元)。本集團之流動資產淨額為33,918,000港元(二零零四年六月三十日：62,198,000港元)。於二零零五年六月三十日，本集團之流動比率約為2.2(二零零四年六月三十日：2.5)。於二零零五年六月三十日，本集團之資本負債比率(總借貸與股東資本之比率)為0.1%(二零零四年六月三十日：0.3%)。

During the period under review, the Group financed its operations mainly with its revenue from operation, internal resources and balance of proceeds from initial public offering. The Group had cash and bank balances including pledged bank deposits of HK\$33,193,000 as at 30 June 2005 (30 June 2004: HK\$60,736,000). The Group's financial and liquidity positions currently are at a healthy level and the Directors believe that it has adequate financial resources to support its business operation in this financial year.

Contingent Liabilities

In 2004, an action was commenced in the United States of America ("USA") by Grace & Digital Information Technology Co., Ltd. ("GDIT") against the Company and certain parties. GDIT's allegations included the Company's interference with a contract, pursuant to which GDIT agreed to act as a representative of a company to procure contracts with a bank in the PRC for banking software. GDIT seeks compensatory damages against the Company and certain other defendant for a sum in excess of about USD59 million. GDIT also seeks unspecified punitive damages against the Company and that other defendant.

During the quarterly period, the Company filed a motion to quash service of GDIT's complaint. In July 2005, the Judge of Superior Court of California ("the Court") confirmed in writing that the Company's motion to quash was granted on the ground that the Court lacks jurisdiction over it. According to the Company's lawyer as to US law, GDIT may appeal against such judgement within 75 days from the date of release of the judgment. At current stage, the Directors consider a provision for the action is not necessary.

Saved as disclosed above, the Group had no other material contingent liabilities.

回顧期間，本集團以其經營收益、內部資源及首次公開售股所得款項餘額支付其經營所需資金。於二零零五年六月三十日，本集團之現金及銀行結餘包括已抵押銀行存款為33,193,000港元（二零零四年六月三十日：60,736,000港元）。本集團目前之財務及流動資金狀況良好，董事相信本集團具備足夠財務資源以支持本財政年度之經營業務所需。

或然負債

於二零零四年，Grace & Digital Information Technology Co., Ltd. (「GDIT」) 於美利堅合眾國 (「美國」) 向本公司及若干其他各方提出訴訟。GDIT所指稱的包括本公司干預一份合約，根據該合約，GDIT同意出任一間公司之代表，向中國一間銀行取得銀行軟件之合約。GDIT向本公司及若干其他被告人索取補償性損害賠償約逾59,000,000美元。GDIT亦向本公司及該等其他被告人索取非指定之懲罰性損害賠償。

於季度期間內，本公司提交動議撤銷GDIT之控訴。於二零零五年七月，加州最高法院 (「法院」) 法官以書面確認批准本公司有關撤銷之動議，理由為法院對此並無司法管轄權。根據本公司律師所提供有關美國法律之意見，GDIT可於作出判決之日起計75日內對此判決提出上訴。於現階段，董事認為就該訴訟作出撥備並非必要。

除上文所披露者外，本集團並無其他重大或然負債。

Business Review and Outlook

During the quarterly period, the Group revenue was mainly generated from its principal business segment of MVAS and the MVAS revenue achieved a growth of approximately 80% comparing with that of the prior corresponding period. The Group recorded a turnover of HK\$17,099,000 for the three months ended 30 June 2005, of which MVAS revenue accounted for about 86%. Despite a challenging regulatory and market environment, the MVAS revenue recorded a strong growth. The decline in SMS revenue was partially offset by the revenue growth in IVRS and other lines of services.

Throughout the period, the Group focused on strengthening its MVAS products especially on the IVRS and WAP. It continued to reallocate more resources on the aggressive marketing campaign, including sponsoring pop stars' concerts and launching TV commercials, to ensure that high quality MVAS services are delivered to its mobile users. The Group has signed provincial service agreements with telecommunications operators in 31 provinces/cities across China by the end of this quarter. The Group has dedicated sales professionals located in major provinces that enable the MVAS sales team has closer relationships with telecommunications operators' local offices and better insight on specific customer demands in different provinces, such arrangement facilitates the Group's marketing and promotion activities at provincial level, resulting in better quality of service and higher sign-up rate for subscribers and new services.

In the WAP services, the Group also recorded a growth during the first quarter of 2005 as the Group restructured its WAP operation platform to gather and analyze its subscriber preference and pattern of mobile usage. By analysing the useful and valuable information, the WAP team enriched and upgraded the existing products and tailor-made products to attract new subscribers in different provinces. Also, the MVAS team targets to broaden its product distribution channel in order to improve its still low penetration among our users.

業務回顧與展望

於季度期間內，本集團之收益主要產生自MVAS業務分部，與去年同期比較，MVAS之收益錄得約80%之增長。截至二零零五年六月三十日止三個月，本集團錄得營業額17,099,000港元，當中MVAS之收益約佔86%。儘管監管及市場環境充滿挑戰性，MVAS之收益仍錄得強勁增長。SMS收益之減少部份由IVRS及其他服務之收益增長所抵銷。

於期間內，本集團集中加強其MVAS產品(尤其是IVRS及WAP)，亦繼續重新分配更多資源積極進行市場推廣活動，包括贊助群星演唱會及推出電視廣告，以確保為流動電話用戶帶來高質素之MVAS服務。直至本季度末期，本集團已經與中國31個省市之電訊運營商簽訂省份服務協議。本集團於各大省份均有專駐之銷售專業人才，致使MVAS銷售隊伍與電訊運營商之本地辦公室關係更加密切，對不同省份客戶之特有要求有更佳之理解。此安排可促進本集團之省級市場及推廣活動，以致有更高質素之服務、更高之新增用戶比率及新服務。

在WAP服務方面，本集團亦於二零零五年首季錄得增長，原因是本集團重組其WAP業務平台以收集及分析其用戶喜好及流動電話使用模式之資料。透過分析有用及有價值資料，WAP隊伍加強及提昇現有產品及特製產品，以吸引不同省份之新用戶。同時，MVAS隊伍之目標在於擴闊其產品分銷渠道，以改善其現時於用戶間仍然偏低之滲透率。

In order to capture the business opportunities in the fast growing MVAS industry, the Group started to re-structure its MVAS management team by categorization of its lines of services. By adopting such change, the business strategy was strengthened to achieve the assigned target revenue by individual product services. Such restructuring is used to further enhance the operational efficiency, staff technical and skill expertise, focusing distribution channel, marketing and distribution widening coverage.

On the broadband data networks and Internet backbone solutions business, the Group has completed the China Unicom VOIP V project in the provinces of Anhui, Chongqing, Ningxia and Tianjing. Consistent with the Group's business direction, it is still focusing on the completion of existing projects and the collection of accounts receivable.

With our new strategic product, Mobile Intelligent Navigation Engine (MINE), that will be in place in the coming quarters, the Group will strive to actively promote this new strategic product in several provinces in China. The Group has been granted official rights in several major provinces by China Mobile. Since its promotion campaign was launched in May 2005, Mobile Intelligent Navigation Engine Music Portal has been deployed in several provinces to service music content searching layers. Ongoing, the Group will explore the possibility of closer trade links with telecommunications operators and handset manufacturers regarding the business development of Mobile Intelligent Navigation Engine (MINE) in the mobile searching engine market.

Looking ahead, the Group will strive to improve its operating results with the aim of returning to profit. The management will streamline and refocus its energy on MVAS business while continuing to explore new opportunities in the mobile searching engine market. In addition, the Group will continue to focus on leveraging the increasing number of subscribers in mobile data applications. It will keep on diversifying its business into provision of MVAS products and relevant services in China. The Group is well positioned to access new growth prospects and strive to improve long-term shareholder value for its investors.

為掌握MVAS行業快速增長之商機，本集團開始透過將服務分類以重組其MVAS管理隊伍。透過有關轉變，業務策略得以強化，從而達致個別產品服務之指定目標收益。該項重組乃用以進一步加強營運效率、員工技術及專業技巧，集中於擴大銷售渠道、市場推廣及分銷之覆蓋率。

在寬頻數據網絡及互聯網主幹線解決方案業務方面，本集團已於安徽、重慶、寧夏及天津等省份完成中國聯通VOIPV項目。為配合本集團之業務方向，本集團仍專注於完成現有項目並收回應收賬款。

新策略性產品移動智能搜索引擎(搜索引擎)將於未來季度推出，本集團將致力於中國多個省份積極推廣此項新策略性產品。本集團已獲中國移動授予多個主要省份之官方權利。移動智能搜索引擎音樂門戶(音樂門戶)之推廣活動已於二零零五年五月推出，並於數個省份展開了提供音樂內容搜索之服務。目前，本集團正就移動智能搜索引擎(搜索引擎)於移動搜索引擎市場之業務發展，探索與電訊運營商及手機製造商發展更密切貿易關係之可能性。

展望將來，本集團將致力改善其營運業績務求重獲溢利。管理層將精簡架構，再度集中精力於MVAS業務，同時持續於移動搜索引擎市場中發掘新機會。此外，本集團將繼續集中於把握流動數據應用客戶增加之商機。本集團將持續發展多元化業務，以於中國提供MVAS產品及相關服務。本集團具備踏入新增長前景之優勢，並致力為本集團投資者提昇長期股東價值。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2005, the interests or short positions of the Directors and chief executive of the Company in the 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")) which were notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required, pursuant to the Code of Conduct regarding Securities Transactions by Directors adopted by the Company ("Code of Conduct"), to be notified to the Company and the Exchange, were as follows:

董事於股份、相關股份及債權證之權益及淡倉

於二零零五年六月三十日，本公司董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債權證中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益或淡倉（包括彼等根據證券及期貨條例之該等條文被假設或視為擁有之權益或淡倉），或記載於本公司按證券及期貨條例第352條須置存之登記冊內之權益或淡倉，或根據本公司已採納之董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益或淡倉如下：

Long positions in the shares of the Company

於本公司股份之好倉

Number of shares held, capacity and nature of interest
所持股份數目、權益類別及性質

Name of Director 董事姓名	Notes 附註	Number of shares held, capacity and nature of interest 所持股份數目、權益類別及性質				Percentage of the Company's issued share capital 佔本公司已發行股本百分比	
		Directly beneficially owned 直接實益擁有	Through spouse or minor children 透過配偶或十八歲以下子女	Through controlled corporation 透過受控制公司	Beneficiary of a trust 信託受益人		
Mr. Yip Heon Ping 葉向平先生	(1)	-	-	-	404,280,619	404,280,619	79.08%
Mr. Yip Seng Mun 葉醒民先生	(2)	-	-	248,349,584	-	248,349,584	48.58%

Notes:

- (1) These shares were held by Greenford Company Limited, Century Technology Holding Limited and Bakersfield Global Corporation as trustees of The Greenford Unit Trust, The Century Unit Trust and The Bakersfield Unit Trust, respectively, all the units of which were held by Cititrust (Cayman) Limited as trustee of The New Millennium Trust, a discretionary family trust established with Mr. Yip Heon Ping as the discretionary object for the time being.
- (2) These shares were held by Century Technology Holding Limited and Bakersfield Global Corporation and were beneficially owned by Mr. Yip Seng Mun.

Long positions in the underlying shares of the Company

Share Options

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the Company's Directors and employees of the Group. Under the terms of the share option scheme adopted by the Company on 7 March 2000, the Board was authorised, at its absolute discretion, to grant options to the Company's Directors and employees of the Group, to take up options to subscribe for shares of the Company. The share option scheme became effective for a period of 10 years commencing on the listing of the Company's shares on the GEM of the Exchange on 28 March 2000 (the "Old Scheme").

Pursuant to the annual general meeting held on 27 July 2001, ordinary resolutions were passed by the shareholders to approve the cancellation and the re-grant of the share options under the Old Scheme.

附註：

- (1) 該等股份由 Greenford Company Limited、Century Technology Holding Limited 及 Bakersfield Global Corporation 分別以 The Greenford Unit Trust、The Century Unit Trust 及 The Bakersfield Unit Trust 之受託人身份持有，其所有單位均由 Cititrust (Cayman) Limited 以 The New Millennium Trust 之受託人身份持有，而 The New Millennium Trust 乃於當時以葉向平先生為全權託管對象而設之家族全權信託。
- (2) 該等股份由 Century Technology Holding Limited 及 Bakersfield Global Corporation 持有，並由葉醒民先生實益擁有。

於本公司相關股份之好倉

購股權

本公司設有一項購股權計劃，旨在鼓勵及獎勵對本集團之成功經營作出貢獻之合資格參與者。合資格參與者包括本公司董事及本集團僱員。根據本公司於二零零零年三月七日所採納之購股權計劃條款，董事會獲授權全權酌情決定向本公司董事及本集團僱員授出購股權，以接納購股權認購本公司股份。購股權計劃於本公司股份於二零零零年三月二十八日在聯交所創業板上市時開始生效，為期10年（「舊計劃」）。

根據於二零零一年七月二十七日召開之股東週年大會，股東通過普通決議案，批准取消及重新授出舊計劃下之購股權。

At the extraordinary general meeting of the Company held on 9 April 2002 (the “EGM”), ordinary resolutions to approve the termination of the Old Scheme and the adoption of a new share option scheme (the “New Scheme”) were duly passed by the shareholders. Upon termination of the Old Scheme, no further options will be granted thereunder but in all other respects, the provisions of the Old Scheme shall remain in force and all options granted prior to such termination shall continue to be valid and exercisable in accordance therewith. The New Scheme became effective for a period of 10 years commencing on 23 April 2002. Under the New Scheme, the Directors may, at their sole discretion, grant to any eligible participants options to subscribe for shares of the Company at the higher of (i) the closing price of shares of the Company on the GEM as stated in the Exchange’s daily quotation sheet on the date of the offer of grant; or (ii) the average closing price of the shares of the Company on the GEM as stated in the Exchange’s daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the share. The offer of a grant of options may be accepted within 21 days from the date of the offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

In accordance with the terms of the relevant share option schemes, the exercise period of the options granted is determinable by the Directors, and commences after a certain vesting period and ends in any event not later than 10 years from the respective date when the share options are granted, subject to the provisions for early termination thereof.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the New Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of the EGM.

在本公司於二零零二年四月九日召開之股東特別大會（「股東特別大會」）上，股東正式通過普通決議案，批准終止舊計劃及採納一項新購股權計劃（「新計劃」）。於舊計劃終止後，將不再根據舊計劃授出購股權，惟舊計劃之條文於所有其他方面仍然有效，且於終止前授出之所有購股權將持續有效及可據其條款予以行使。新計劃自二零零二年四月二十三日開始生效，為期10年。根據新計劃，董事可全權酌情決定向任何合資格參與者授出購股權，以認購本公司之股份，認購價為(i)於要約發出日期聯交所每日報價單上所列本公司股份在創業板之收市價；或(ii)緊接要約發出日期前五個交易日聯交所每日報價單上所列本公司股份在創業板之平均收市價；及(iii)股份面值(以較高者為準)。接納購股權之要約之期限為要約日期起計21日內。接納購股權時須支付象徵式代價1港元。

根據有關購股權計劃之條款，已授出購股權之行使期限可由董事予以釐定，並於若干歸屬期後開始，及在任何情況下最遲須於授出購股權之各有關日期起計十年屆滿，惟須受提前終止之規定所規限。

因根據新計劃將授出之所有購股權獲行使而可配發及發行之股份總數目，相等於截至股東特別大會舉行日期之本公司已發行股份之10%。

The maximum number of securities to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the relevant class of securities of the Company in issue from time to time.

On 24 June 2005, a total of 3,000,000 share options were granted by the Company at an exercise price of HK\$0.10 per share. During the three months ended 30 June 2005, a total of 50,000 and 470,000 share options were lapsed under the Old Scheme and the New Scheme, respectively, following the resignation of certain employees of the Group. As at 30 June 2005, the Company had outstanding options to subscribe for up to 27,435,000 shares and 10,810,000 shares under the Old Scheme and the New Scheme, respectively.

因根據新計劃及本集團任何其他購股權計劃所授出及尚未獲行使之所有購股權獲行使而將予配發及發行之證券最高數目，必須合共不超過不時已發行之本公司有關類別證券之30%。

於二零零五年六月二十四日，本公司以行使價每股0.10港元授出共3,000,000份購股權。於截至二零零五年六月三十日止三個月期間，於本集團若干僱員辭任後，舊計劃及新計劃下分別合共50,000及470,000份購股權失效。於二零零五年六月三十日，根據舊計劃及新計劃，本公司分別有可認購最多27,435,000股及10,810,000股股份之尚未行使購股權。

The following Directors were granted share options under the Old Scheme to subscribe for shares of the Company, details of which are as follows:

以下董事根據舊計劃獲授購股權以認購本公司股份，詳情如下：

Name of Director 董事姓名	Number of options re-granted on 22 August 2001 at exercise price of HK\$0.40 per share 於二零零一年 八月二十二日 重授之購股權 數目(行使價為 每股0.40 港元)	Number of share options as at 1 April 2005 and 30 June 2005 於二零零五年 四月一日及 二零零五年 六月三十日 之購股權數目	Exercise period of share options re-granted 重授購股權 之行使期限
Mr. Yip Seng Mun 葉醒民先生	6,000,000	6,000,000	22 August 2001 to 21 August 2011 二零零一年 八月二十二日至 二零一一年 八月二十一日
Mr. Yip Heon Ping 葉向平先生	6,300,000	6,300,000	22 August 2001 to 21 August 2011 二零零一年 八月二十二日至 二零一一年 八月二十一日
Mr. Yip Heon Wai 葉向維先生	5,300,000	5,300,000	22 August 2001 to 21 August 2011 二零零一年 八月二十二日至 二零一一年 八月二十一日
Mr. Yip Heon Keung 葉向強先生	5,300,000	5,300,000	22 August 2001 to 21 August 2011 二零零一年 八月二十二日至 二零一一年 八月二十一日

The following Director was granted share options under the New Scheme to subscribe for shares of the Company, details of which are as follows:

以下董事根據新計劃獲授購股權以認購本公司股份，詳情如下：

Name of Director 董事姓名	Number of share options granted on 22 May 2002 at exercise price of HK\$0.26 per share 於二零零二年五月二十二日授出之購股權數目(行使價為每股0.26港元)	Number of share options as at 1 April 2005 and 30 June 2005 於二零零五年四月一日及二零零五年六月三十日之購股權數目	Exercise period of share options granted 授出購股權之行使期限
Mr. Au Shing Kwok 區承國先生	500,000	500,000	22 May 2002 to 21 May 2012 二零零二年五月二十二日至二零零二年五月二十一日

Save as disclosed above, as at 30 June 2005, none of the Directors or chief executive of the Company had, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Exchange pursuant to the Code of Conduct.

除上文所披露者外，於二零零五年六月三十日，本公司董事或主要行政人員概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債權證中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益或淡倉(包括彼等根據證券及期貨條例之該等條文被假設或視為擁有之權益或淡倉)，或記載於本公司按證券及期貨條例第352條須置存之登記冊內之權益或淡倉，或根據標準守則須知會本公司及聯交所之權益或淡倉。

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

主要股東之權益及淡倉

As at 30 June 2005, shareholders (other than Directors or chief executive of the Company) who had interests of short positions in the shares or underlying shares of the Company which would fall to be disclosed to the

於二零零五年六月三十日，於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及第3分部之條文須向本公司披露或記載於本公司按證券

Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

及期貨條例第336條置存之登記冊內之權益或淡倉之股東(本公司董事或主要行政人員除外)如下:

Name of Shareholder 股東名稱	Notes 附註	Capacity and nature of interest 權益類別及性質	Number of shares 股份數目	Percentage of the Company's issued share capital 佔本公司 已發行股本 百分比
Greenford Company Limited	(1)	Directly beneficially owned 直接實益擁有	155,931,035	30.50%
Century Technology Holding Limited	(2)	Directly beneficially owned 直接實益擁有	155,931,035	30.50%
Bakersfield Global Corporation	(3)	Directly beneficially owned 直接實益擁有	92,418,549	18.08%
Cititrust (Cayman) Limited	(4)	Through controlled corporations 透過受控制公司	404,280,619	79.08%

Notes:

- (1) The entire issued share capital of Greenford Company Limited is beneficially owned by Mr. Yip Heon Ping, a Director of the Company.
- (2) The entire issued share capital of Century Technology Holding Limited is beneficially owned by Mr. Yip Seng Mun, a Director of the Company.
- (3) The entire issued share capital of Bakersfield Global Corporation is beneficially owned by Mr. Yip Seng Mun, a Director of the Company.
- (4) 404,280,619 shares were held through Greenford Company Limited, Century Technology Holding Limited and Bakersfield Global Corporation as trustee of The Greenford Unit Trust, The Century Unit Trust and The Bakersfield Unit Trust, respectively, all of the units of which were held by Cititrust (Cayman) Limited as trustee of The New Millennium Trust, a discretionary family trust established with Mr. Yip Heon Ping as the discretionary object for the time being. Cititrust (Cayman) Limited is a wholly-owned subsidiary of Citibank Overseas Investment Corporation which in turn is owned by Citibank N.A.

附註:

- (1) Greenford Company Limited全部已發行股本由本公司董事葉向平先生實益擁有。
- (2) Century Technology Holding Limited全部已發行股本由本公司董事葉醒民先生實益擁有。
- (3) Bakersfield Global Corporation全部已發行股本由本公司董事葉醒民先生實益擁有。
- (4) 合共404,280,619股股份由Greenford Company Limited、Century Technology Holding Limited及Bakersfield Global Corporation分別以The Greenford Unit Trust、The Century Unit Trust及The Bakersfield Unit Trust之受託人身份持有。所有有關單位均由Cititrust (Cayman) Limited以The New Millennium Trust之受託人身份持有。The New Millennium Trust為一項當時以葉向平先生為全權託管對象而設之全權家族信託。Cititrust (Cayman) Limited為Citibank Overseas Investment Corporation之全資附屬公司，而Citibank Overseas Investment Corporation又為Citibank N.A.所擁有。

Save as disclosed above, as at 30 June 2005, the Company has not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) have any interests in a business which competes or may compete with the business of the Group, or has any other conflict of interest with the Group during the period under review.

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

During the three months ended 30 June 2005, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is in the process of reviewing its corporate governance practices and will report in its half-year financial report on the compliance of the Code on Corporate Governance Practices ("Code on CG Practices").

除上文所披露者外，於二零零五年六月三十日，概無任何人士（本公司董事或主要行政人員除外）曾知會本公司擁有根據證券及期貨條例第XV部第2及第3分部之條文須向本公司披露或記載於本公司按證券及期貨條例第336條置存之登記冊內之本公司股份或相關股份之權益或淡倉。

競爭權益

於回顧期內，本公司之董事或管理層股東或彼等各自之聯繫人士（定義見創業板上市規則）概無於與本集團業務構成或可能構成競爭之業務中擁有任何權益，或與本集團出現其他利益衝突。

購買、出售或贖回本公司上市證券

於截至二零零五年六月三十日止三個月內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

遵守企業管治常規守則

本公司正審閱其企業管治常規及將於其半年財務報告中呈報其遵守企業管治常規守則（「企業管治常規守則」）之情況。

AUDIT COMMITTEE

The Company established an audit committee (“Audit Committee”) on 7 March 2000 and has formulated its written terms of reference in accordance with the provisions set out in the Code on CG Practices. The existing Audit Committee of the Company comprises three independent non-executive Directors, namely Mr. James T. Siano (Chairman of the Audit Committee), Mr. Au Shing Kwok and Ms. Tse Yuet Ling, Justine. The primary duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the auditors of the Company. The Audit Committee has reviewed the draft of this report and has provided advice and comments thereon.

REMUNERATION COMMITTEE

According to the Code on CG Practices, the Company established its remuneration committee (“Remuneration Committee”) on 17 June 2005 with written terms of reference. The Remuneration Committee comprises two independent non-executive Directors of the Company, namely Mr. Au Shing Kwok (Chairman of the Remuneration Committee), Ms. Tse Yuet Ling, Justine and one executive Director, Mr. Yip Heon Keung.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company’s policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

By Order of the Board
Yip Seng Mun
Chairman

Hong Kong, 9 August 2005

審核委員會

本公司已於二零零零年三月七日根據企業管治常規守則之條文成立一個具有書面職權範圍之審核委員會（「審核委員會」）。本公司現時之審核委員會由James T. Siano先生（審核委員會主席）、區承國先生及謝月玲女士三位獨立非執行董事組成。審核委員會之主要責任包括審核及監督本集團之財務申報系統及內部控制措施，審閱本集團之財務資料及檢討與本公司核數師之關係。審核委員會已審閱本報告之草稿，並就此提供意見及評論。

薪酬委員會

根據企業管治常規守則之規定，本公司已於二零零五年六月十七日成立一個具有書面職權範圍之薪酬委員會（「薪酬委員會」）。薪酬委員會由本公司兩名獨立非執行董事區承國先生（薪酬委員會主席）、謝月玲女士，以及一名執行董事葉向強先生組成。

薪酬委員會之主要職責包括就本公司所有董事和高級管理層之薪酬政策及架構向董事會提供建議，並參考董事會不時通過之企業目標及目的，檢討所有執行董事及高級管理層之特定薪酬待遇。

承董事會命
主席
葉醒民

香港，二零零五年八月九日



Prosten Technology Holdings Limited
Room 1506, 15/F., Tai Tung Building
8 Fleming Road, Wanchai, Hong Kong

長達科技控股有限公司
香港灣仔菲林明道8號
大同大廈15樓1506室

www.prosten.com