



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)

THIRD QUARTERLY REPORT 2005

二零零五年第三季度業績報告

** 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.

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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因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，本公司各董事(「董事」)對本報告共同及個別承擔全部責任。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)本報告所表達之一切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 nine months ended 31 December 2005 amounted to approximately HK\$48,869,000, representing an increase of approximately 14% as compared to the corresponding period in the previous financial year.
 - Net loss from ordinary activities attributable to shareholders for the nine months ended 31 December 2005 amounted to approximately HK\$19,839,000, representing a decrease of approximately 35% as compared with the same period of 2004.
 - The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2005.
- 本集團截至二零零五年十二月三十一日止九個月之營業額約為48,869,000港元，較上一財政年度同期上升約14%。
 - 截至二零零五年十二月三十一日止九個月之股東應佔日常業務虧損淨額約為19,839,000港元，較二零零四年度同期減少約35%。
 - 董事會不建議就截至二零零五年十二月三十一日止九個月派發任何中期股息。

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 nine months and three months ended 31 December 2005 together with the comparative unaudited figures for the corresponding periods 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」）截至二零零五年十二月三十一日止九個月及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：

		Notes 附註	Nine months ended 31 December 截至十二月三十一日 九個月		Three months ended 31 December 截至十二月三十一日 三個月	
			2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
TURNOVER	營業額	2	48,869	42,963	14,528	12,905
Cost of sales	銷售成本		(24,828)	(29,527)	(7,101)	(9,007)
Gross profit	毛利		24,041	13,436	7,427	3,898
Other revenue	其他收益		1,182	2,068	449	328
Selling and distribution costs	銷售及分銷成本		(15,142)	(14,795)	(4,963)	(4,665)
General and administrative expenses	一般及行政開支		(27,902)	(30,977)	(9,419)	(10,256)
Other operating expenses	其他經營開支		(2,131)	(1,023)	(932)	(362)
LOSS FROM OPERATING ACTIVITIES	經營業務虧損		(19,952)	(31,291)	(7,438)	(11,057)
Finance costs	財務費用		(24)	(34)	(14)	(10)
LOSS BEFORE TAX	除稅前虧損		(19,976)	(31,325)	(7,452)	(11,067)
Tax	稅項	3	137	634	(6)	-
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東應佔日常 業務虧損淨額		(19,839)	(30,691)	(7,458)	(11,067)
LOSS PER SHARE Basic	每股虧損 基本	4	(HK3.9 cents) (3.9港仙)	(HK6.0 cents) (6.0港仙)	(HK1.5 cents) (1.5港仙)	(HK2.2 cents) (2.2港仙)

Notes:

附註：

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. The unaudited consolidated results have been prepared under the historical cost convention except for certain financial instruments which are measured at fair values, as appropriate.

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 HKAS 32 and HKAS 39 has resulted in a change in the accounting policy for recognition, derecognition, measurement and disclosure of financial instruments. Prior to 1 April 2005, investments of the Group were classified as short term investments and were stated at fair value.

In accordance with HKAS 39, investments are classified into available-for-sale financial assets, financial assets at fair value through profit or loss, loans and receivables, and held-to-maturity investments. The classification depends on the purpose of holding the investments. Under this accounting standard, the investments of the Group are classified as financial assets at fair value through profit or loss and are stated at fair value. The changes in accounting policies have been made in accordance with the transitional provision of HKAS 39. The investments of the Group are reclassified from "short term investments" to "financial assets at fair value through profit or loss" and no financial impact has arisen as a result of the change.

The adoption of HKFRS 2 "Share-based Payment" has resulted in a change in accounting policy for share options. In accordance with 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 nine months ended 31 December 2005 and accordingly, no adjustment has been recorded to reflect the impact of applying HKFRS 2 in the unaudited consolidated results for the nine months ended 31 December 2005.

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（「香港會計師公會」）頒佈之香港財務申報準則（「香港財務申報準則」）（亦包括香港會計準則（「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。該等未經審核綜合業績乃根據歷史成本慣例編製，惟若干按公平價值列賬之金融工具（倘適用）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二零零五年四月一日起始之財務報表。

採納香港會計準則第32號及香港會計準則第39號導致金融工具之確認、不作確認、計量及披露之會計政策有變。於二零零五年四月一日前，本集團之投資被分類為短期投資，並按公平價值列賬。

根據香港會計準則第39號，投資被分類為可供出售之金融資產、按公平價值列賬及在損益賬處理之金融資產、貸款及應收款項及持至到期之投資。分類取決於持有投資之目的。在此會計準則下，本集團之投資被分類為按公平價值列賬及在損益賬處理之金融資產，並按公平價值列賬。會計政策已根據香港會計準則第39號之過渡安排作出改變。本集團之投資已由「短期投資」重新分類為「按公平價值列賬及在損益賬處理之金融資產」，該項變動並無導致任何財務影響。

採納香港財務申報準則第2號「股份為本之付款」導致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之公平價值計算，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十二月三十一日止九個月期間之業績並無重大影響。因此截至二零零五年十二月三十一日止九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。

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.

除上文所披露外，採納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由本公司之審核委員會審閱。

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.

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賬目時對銷。

3. Tax

3. 稅項

	Nine months ended 31 December 截至十二月三十一日止 九個月		Three months ended 31 December 截至十二月三十一日止 三個月	
	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Current period provision:	本期撥備：			
Hong Kong	-	-	-	-
Elsewhere	6	12	6	-
	6	12	6	-
Hong Kong profits tax refunded	-	(503)	-	-
Overprovision in prior years	(143)	(143)	-	-
Tax charge/(written back) for the period	(137)	(634)	6	-

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the nine months and three months ended 31 December 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.

由於本集團於截至二零零五年十二月三十一日止九個月及三個月並無錄得香港應課稅溢利(二零零四年：無)，故並無作出香港利得稅之撥備。其他地區之應課稅溢利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。

The Group's subsidiary operating in the PRC is adjudicated as a "high technology enterprise" by the PRC governmental authority. In accordance with a notice issued by the PRC governmental authority, the subsidiary is entitled to a subvention on 3.5% of its assessable profits for the period from 1 January to 31 December 2005 when all attaching conditions are complied with.

本集團一間在中國經營之附屬公司獲中國政府機關頒發「高新技術企業」。根據中國政府機關發出之通知，如該附屬公司達成所有附帶之條件，便有權獲得二零零五年一月一日至十二月三十一日止期間之應課稅溢利之3.5%的津貼。

There was no unprovided deferred tax in respect of the nine months and three months ended 31 December 2005 and at the balance sheet date (2004: Nil).

截至二零零五年十二月三十一日止九個月及三個月及於結算日概無任何未撥備之遞延稅項(二零零四年：無)。

4. Loss per Share

The calculation of basic loss per share amount for the nine months and three months ended 31 December 2005 are based on the unaudited net loss from ordinary activities attributable to shareholders of HK\$19,839,000 (nine months ended 31 December 2004: net loss from ordinary activities attributable to shareholders of HK\$30,691,000) and HK\$7,458,000 (three months ended 31 December 2004: net loss from ordinary activities attributable to shareholders of HK\$11,067,000), respectively, and on the weighted average number of 511,250,000 ordinary shares (both for the nine months and three months ended 31 December 2004: 511,250,000 ordinary shares) in issue throughout the periods.

The amount of diluted loss per share for the nine months and three months ended 31 December 2005 and 2004 have not been disclosed, as the share options outstanding had an anti-dilutive effect on the basic loss per share for the periods.

5. Reserves

		Share premium account	Statutory reserve fund	Exchange fluctuation reserve	Accumulated losses	Total
		股份 溢價賬	法定儲 備基金	匯兌波 動儲備	累計虧損	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
At 1 April 2004 (Audited)	於二零零四年四月一日 (經審核)	339,275	53	335	(312,544)	27,119
Net loss for the period	期內虧損淨額	-	-	-	(30,691)	(30,691)
At 31 December 2004 (Unaudited)	於二零零四年十二月三十一日 (未經審核)	339,275	53	335	(343,235)	(3,572)
At 1 April 2005 (Audited)	於二零零五年四月一日 (經審核)	339,275	53	539	(344,353)	(4,486)
Net loss for the period	期內虧損淨額	-	-	-	(19,839)	(19,839)
At 31 December 2005 (Unaudited)	於二零零五年十二月三十一日 (未經審核)	339,275	53	539	(364,192)	(24,325)

4. 每股虧損

截至二零零五年十二月三十一日止九個月及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分別19,839,000港元(截至二零零四年十二月三十一日止九個月: 股東應佔日常業務虧損淨額30,691,000港元)及7,458,000港元(截至二零零四年十二月三十一日止三個月: 股東應佔日常業務虧損淨額11,067,000港元), 以及於兩段期間已發行普通股之加權平均股數511,250,000股普通股(截至二零零四年十二月三十一日止九個月及三個月: 511,250,000股普通股)計算。

截至二零零五年及二零零四年十二月三十一日止九個月及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等期間之每股基本虧損有反攤薄影響。

5. 儲備

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The consolidated turnover for the nine months ended 31 December 2005 was HK\$48,869,000, representing an increase by HK\$5,906,000 or 14% as compared with the same period last year. During the nine-month period, revenue from the Mobile Value Added Services (“MVAS”) business was increased by 84% to HK\$43,875,000 while revenue from solution integration business was decreased by 74% to HK\$4,994,000 as compared to the same period in 2004.

The increase in MVAS business was attributable to the increase in revenues from the Group’s Interactive Voice Response Services (“IVRS”), Wireless Application Protocol (“WAP”) and Multimedia Messaging Services (“MMS”) platforms and partly offset by the decrease in the revenue from Short Messaging Services (“SMS”). The decrease in revenue from SMS was due to the change in operational procedures with China Mobile at the beginning of this period and the tightening of market regulations in this sector. The Group has developed a more diversified revenue mix in the MVAS segment attributable to the growth of IVRS and WAP, notwithstanding the slow down of SMS.

For the three months ended 31 December 2005, the Group’s consolidated turnover was slightly increased by HK\$1,623,000 or 13% as compared with the same quarter in last year. The revenue from MVAS business was increased by 60% to HK\$13,345,000 and the revenue from solution integration business was decreased by 74% to HK\$1,183,000.

中期股息

董事會不建議就截至二零零五年十二月三十一日止九個月派發任何中期股息(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十二月三十一日止九個月之綜合營業額為48,869,000港元，較去年同期增加5,906,000港元或14%。於九個月期間，移動增值服務(「MVAS」)業務之收益較二零零四年同期上升84%至43,875,000港元，而解決方案整合業務之收益則下跌74%至4,994,000港元。

MVAS業務之增長乃由於本集團在互動語音回應服務(「IVRS」)、無線應用軟體協定服務(「WAP」)及多媒體訊息服務(「MMS」)平台之收益增長，惟部分增長因短訊服務(「SMS」)之收益減少而被抵銷。SMS收益減少乃由於本期初改變與中國移動之營運程序以及本行業市場監管收緊所致。雖然SMS增長放緩，但由於IVRS與WAP之增長，本集團之MVAS分部已經發展出一套更多元化之收益組合。

截至二零零五年十二月三十一日止三個月，本集團之綜合營業額較去年同期微升1,623,000港元或13%。MVAS業務之收益上升60%至13,345,000港元，而解決方案整合業務之收益則下跌74%至1,183,000港元。

As compared with the same periods of last year, the Group's gross profit for the nine-month period was significantly increased by 79% to HK\$24,041,000 and increased by 91% to HK\$7,427,000 for the three-month period. In addition, the Group's gross profit margin was increased by 18% to 49% for the nine-month period and increased by 21% to 51% for the three-month period. The improvement in gross profit and gross profit margin was due to the proportion of MVAS revenue over the Group's total revenue being significantly increased and the gross profit margin for this segment is much higher than solution integration business.

During the nine-month period, the selling and distribution costs were slightly increased by 2% to approximately HK\$15,142,000 when compared to the corresponding period in 2004. The increase was mainly caused by the increase in promotion and marketing expenses in IVRS and WAP. On the other hand, the general and administrative expenses were reduced by 10% to HK\$27,902,000 as a result of the Group's cost control effort. The other operating expenses were increased by 108% to HK\$2,131,000 due to the Group's research and development team expanding during the period.

The overall operating expenses including selling and distribution costs, general and administrative expenses, other operating expenses and finance costs amounted to HK\$45,199,000 for the period under review, which was slightly decreased by 4% as compared to the same period in 2004.

The Group's net loss from ordinary activities attributable to shareholders for the nine-month period in 2005 was HK\$19,839,000, representing a decrease of HK\$10,852,000 or 35% as compared to the corresponding period in last year.

與去年同期比較，本集團於九個月期間毛利大幅增加79%至24,041,000港元，三個月期間之毛利亦大幅增長91%至7,427,000港元。此外，本集團於九個月期間及三個月期間之毛利率亦分別上升18%至49%及上升21%至51%。本集團之毛利及毛利率改善，乃由於MVAS收益佔本集團總收益之比例大幅增加，而該分部之毛利率遠高於解決方案整合業務之毛利率所致。

於九個月期間，銷售及分銷成本較二零零四年同期微升2%至約15,142,000港元。此項升幅主要可歸因於IVRS及WAP之宣傳及市場推廣開支增加所致。另一方面，鑑於本集團致力控制成本，一般及行政開支減少10%至27,902,000港元。其他經營開支增加108%至2,131,000港元，此乃由於本集團於期內擴充研發隊伍所致。

於本回顧期間，本集團整體經營開支（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）為45,199,000港元，較二零零四年同期微跌4%。

本集團於二零零五年之九個月期間之股東應佔日常業務虧損淨額為19,839,000港元，較去年同期下降10,852,000港元或35%。

Financial Position, Liquidity, Financial Resources and Gearing Ratio

The shareholders' fund of the Group as at 31 December 2005 was HK\$26,800,000 (31 December 2004: HK\$47,553,000). The Group had net current assets of HK\$19,802,000 (31 December 2004: HK\$43,344,000). The Group's current ratio, as a ratio of current assets to current liabilities, was approximately 1.6 as at 31 December 2005 (31 December 2004: 2.2).

The Group had cash and bank balances including pledged bank deposits of HK\$26,170,000 as at 31 December 2005 (31 December 2004: HK\$42,469,000). During the period under review, the Group financed its operations mainly with its revenue from operations, internal resources and balance of proceeds from initial public offering. The Group's financial and liquidity positions remain at a stable level. As at 31 December 2005, the gearing ratio of the Group, as a ratio of total borrowings to shareholders' fund, was 0% (31 December 2004: 5.9%).

Business Review and Outlook

During the third quarter, the Group continued to concentrate on its wireless Internet business. The revenue contributed by the MVAS business represented about 90% of the Group's overall revenue. The SMS revenue slightly declined by around 5% during the nine months under review, and it was mainly due to the telecom operators' change in the policies and regulations in the SMS sector. On the other hand, the Group successfully boosted its revenue in other services lines, especially in WAP and IVRS.

財政狀況、流動資金、財政資源及資本負債比率

於二零零五年十二月三十一日，本集團之股東資本為26,800,000港元(二零零四年十二月三十一日：47,553,000港元)。本集團之流動資產淨值為19,802,000港元(二零零四年十二月三十一日：43,344,000港元)。於二零零五年十二月三十一日，本集團之流動比率(流動資產與流動負債之比率)約為1.6(二零零四年十二月三十一日：2.2)。

於二零零五年十二月三十一日，本集團之現金及銀行結餘包括已抵押銀行存款為26,170,000港元(二零零四年十二月三十一日：42,469,000港元)。於回顧期內，本集團主要以其經營收益、內部資源及首次公開售股所得款項餘額為其業務營運提供資金。本集團之財政及流動資金狀況維持於穩定水平。於二零零五年十二月三十一日，本集團之資本負債比率(總借貸與股東資本之比率)為0%(二零零四年十二月三十一日：5.9%)。

業務回顧及展望

於第三季，本集團繼續專注於其無線互聯網業務。MVAS業務所帶來之收入佔本集團整體收入約90%。截至九個月之回顧期間內，SMS收入微跌約5%，這主要是由於電訊運營商在SMS業務類別之政策和規例改變所致。另一方面，本集團成功推動其他服務線之收入，特別是WAP和IVRS。

Since the first quarter of this fiscal year, the WAP operation platform has been re-structured and deployed on various strategic alliances with various business partners and media enterprises. By increasing the breadth of content and service, the WAP contributes to increase the overall attractiveness of its products offering to the mobile users. In order to increase its brand awareness among mobile users, the WAP team initiated significant marketing activities in some major provinces and it will continue to develop more innovative WAP products to address the growing WAP market in Mainland China.

Through a series of testing and marketing campaign in the first half of 2005, the Mobile Intelligent Navigation Engine ("MINE") music search engine was commercially launched in several key provinces through the contracts signed with China Mobile. The Group believes that the number of users will continue to grow with the Group's marketing activities. The Group will continue to expand this new strategic product to other key cities and provinces in Mainland China, which help to provide a new income source to the Group in the near future.

On the broadband data network and Internet backbone solutions business, the Group has completed the final stage works of China Unicom VOIP V projects in 10 provinces. In addition, the Group processed the preliminary stage of the China Unicom VOIP phase six-extension project in the provinces of Heilongjiang, Anhui, Jiangxi and Ningxia. Also, the preliminary stage works in Shandong and Chongqing have been completed during the third quarter. In line with the Group business direction, the team is still mainly focusing on the completion of existing projects and the collection of accounts receivable.

Overall, the Group plans to set up a more competitive human resources policy in order to continue on its tightening cost control and enhance cost efficiencies. The Directors believe that the market demand for the Group's products and services will grow continuously. As a result, the Group will keep on diversifying its business into provision of wireless Internet services in Mainland China. The Group will strive to improve its operating results with the aim of returning to profitability.

自本財政年度第一季以來，WAP營運平台已經過重整，並且與多名業務夥伴及媒體企業展開多項策略性聯盟。透過增加內容之深度和服務，WAP對移動用戶提供之產品之整體吸引力得以提升。為了增加在移動用戶之間之品牌知名度，WAP隊伍在一些主要省份推出重要之市場推廣活動，並將致力不斷開發更多具創意之WAP產品，以配合WAP在中國內地不斷增長之市場。

經過在二零零五年上半年進行之一系列測試及市場推廣活動，本集團已透過與中國移動訂立合約，在若干主要省份推出移動智能搜索引擎（「搜索引擎」）移動音樂搜尋平台作商業營運。本集團相信，隨著本集團推出市場推廣活動，用戶人數將不斷增加。本集團將繼續擴展此一策略性產品至中國內地其他主要城市和省份，藉以於不久將來為本集團帶來新收入來源。

在寬頻數據網絡及互聯網主幹線解決方案業務方面，本集團已於十個省份完成中國聯通VOIP V項目之最後階段。此外，本集團在黑龍江、安徽、江西及寧夏等省份展開中國聯通VOIP第六期擴建項目之初期階段。此外，在山東和重慶之初期工程已於第三季完成。為配合本集團之業務方向，此一隊伍仍然主要專注於完成現有項目並收回應收賬款。

整體而言，本集團計劃制定更具競爭力之人力資源政策，從而繼續收緊成本控制和提升成本效益。董事相信，本集團之產品和服務之市場需求將繼續增長。因此，本集團將保持多元化發展其業務至在中國內地提供無線互聯網服務。本集團將致力改善營運業績，銳意轉虧為盈。

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

As at 31 December 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

於二零零五年十二月三十一日，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

Name of Director 董事姓名	Notes 附註	Capacity and nature of interest 身份及 權益性質	Number of ordinary shares 普通股 股份數目	Percentage of the Company's issued share capital 佔本公司 已發行股本 百分比
Mr. Yip Heon Ping 葉向平先生	(1)	Object of a discretionary family trust & interest of a controlled corporation 全權家族信託之對象及受控制公司之權益	404,280,619	79.08%
Mr. Yip Seng Mun 葉醒民先生	(2)	Founder of a discretionary family trust & interest of controlled corporations 全權家族信託之創辦人及受控制公司之權益	404,280,619	79.08%
Mr. Yip Heon Keung 葉向強先生	(3)	Interest of a controlled corporation 受控制公司之權益	404,280,619	79.08%

Notes:

- (1) These shares are 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 are held by Ace Central Group Limited as the trustee of The New Millennium Trust, a discretionary family trust established with Mr. Yip Heon Ping as one of the discretionary objects for the time being.

Among these shares, 155,931,035 shares held by Greenford Company Limited as trustee mentioned above. The entire issued share capital in Greenford Company Limited is beneficially owned by Mr. Yip Heon Ping.

- (2) By virtue of the SFO, Mr. Yip Seng Mun, being the settlor and the founder of The New Millennium Trust, is deemed to be interested in the 404,280,619 shares of the Company.

Among these shares, 155,931,035 shares held by Century Technology Holding Limited and 92,418,549 shares held by Bakersfield Global Corporation as trustees mentioned above. The entire issued share capital in each of Century Technology Holding Limited and Bakersfield Global Corporation is beneficially owned by Mr. Yip Seng Mun.

- (3) Mr. Yip Heon Keung is the sole beneficial owner of Ace Central Group Limited, the trustee of The New Millennium Trust as mentioned above.

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。該等信託之所有單位均由Ace Central Group Limited以The New Millennium Trust之受託人身份持有，而The New Millennium Trust乃當時以葉向平先生為其中一名全權託管對象而設之全權家族信託。

其中，Greenford Company Limited如上文所述作為受託人，持有155,931,035股股份。Greenford Company Limited之全部已發行股本由葉向平先生實益擁有。

- (2) 根據證券及期貨條例，葉醒民先生身為The New Millennium Trust之財產授予人及創辦人，被視為於本公司404,280,619股股份中擁有權益。

其中，Century Technology Holding Limited及Bakersfield Global Corporation如上文所述作為受託人，分別持有155,931,035股股份及92,418,549股股份。Century Technology Holding Limited及Bakersfield Global Corporation各自之全部已發行股本由葉醒民先生實益擁有。

- (3) 葉向強先生為上文所述The New Millennium Trust之受託人Ace Central Group Limited之唯一實益擁有人。

Long positions in 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.

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 under the New Scheme 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

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。

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」）。於終止舊計劃後，將不會再根據舊計劃授出其他購股權，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繼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新計劃下之合資格參與者授出購股權，以認購本公司股份，認購價為(i)於要約發出日期聯交所每日報價表上所報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表上所報本公司股份在創業板之平均收市價；及(iii)股份之面值（以較高者為

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.

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.

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.

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 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.

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 nine months ended 31 December 2005, a total of 120,000 and 3,070,000 share options were lapsed under the Old Scheme and the New Scheme, respectively. As at 31 December 2005, the Company had outstanding options to subscribe for up to 27,365,000 shares and 8,210,000 shares under the Old Scheme and the New Scheme, respectively.

準)。接納購股權之要約之期限為要約日期起21日。接納購股權時須支付象徵式代價1港元。

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最高證券數目，合共不得超過不時本公司已發行之有關類別證券之30%。

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，相等於截至股東特別大會舉行日期本公司已發行股份之10%。

根據有關購股權計劃之條款，已授出購股權之行使期限由董事予以釐定，於若干歸屬期間後開始，及無論在任何情況下最遲須於各有關授出購股權日期起計十年屆滿，惟須受提前終止之規定所規限。

於二零零五年六月二十四日，本公司以每股0.10港元之行使價授出合共3,000,000份購股權。截至二零零五年十二月三十一日止九個月期間，於舊計劃及新計劃下，分別合共120,000及3,070,000份購股權失效。於二零零五年十二月三十一日，根據舊計劃及新計劃，本公司分別有可認購最多27,365,000股及8,210,000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 share options 購股權數目			Date of share options re-granted 購股權 重授日期	Exercise period of share options re-granted 重授購股權 之行使期限	Exercise price of share options re-granted 重授購股權 之行使價 HK\$ 港元
	At 1 April 2005 於二零零五年 四月一日	Lapsed during the period 期內 失效	At 31 December 2005 於二零零五年 十二月三十一日			
Mr. Yip Seng Mun 葉醒民先生	6,000,000	-	6,000,000	22 August 2001 二零零一年 八月二十二日	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	0.40
Mr. Yip Heon Ping 葉向平先生	6,300,000	-	6,300,000	22 August 2001 二零零一年 八月二十二日	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	0.40
Mr. Yip Heon Wai* 葉向維先生*	5,300,000	-	5,300,000	22 August 2001 二零零一年 八月二十二日	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	0.40
Mr. Yip Heon Keung 葉向強先生	5,300,000	-	5,300,000	22 August 2001 二零零一年 八月二十二日	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	0.40

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 購股權數目			Date of share options granted 購股權 授出日期	Exercise period of share options granted 所授出購股權 之行使期限	Exercise price of share options granted 所授出購股權 之行使價 HK\$ 港元
	At 1 April 2005 於二零零五年 四月一日	Lapsed during the period 期內 失效	At 31 December 2005 於二零零五年 十二月三十一日			
Mr. Au Shing Kwok## 區承國先生##	500,000	(500,000)	-	22 May 2002 二零零二年 五月二十二日	22 May 2002 to 21 May 2012 二零零二年 五月二十二日至 二零一二年 五月二十一日	0.26

In addition to the 5,300,000 share options personally held by Mr. Yip Heon Wai, he is also deemed to be interested in the share options held by his spouse (in her capacity as an employee of the Company) to subscribe for 4,300,000 ordinary shares of the Company at an exercise price of HK\$0.40 within the meaning of Part XV of the SFO, and whose exercise period is from 22 August 2001 to 22 August 2011.

葉向維先生除了個人持有之5,300,000份購股權外，根據證券及期貨條例第XV部，其亦被視為擁有其配偶（以本公司僱員身份）所持有之購股權權益，該等購股權可按行使價0.40港元認購本公司4,300,000股普通股，行使期由二零零一年八月二十二日至二零一一年八月二十二日止。

500,000 share options lapsed following the passing away of Mr. Au on 8 August 2005.

繼區先生於二零零五年八月八日辭世後，500,000份購股權已失效。

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

主要股東之權益及淡倉

As at 31 December 2005, shareholders (other than the 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 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:

於二零零五年十二月三十一日，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 身份及權益性質	Number of ordinary shares 普通股 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%
Ace Central Group Limited (as trustee of The New Millennium Trust) (以The New Millennium Trust之受託人身份)	(4)&(5)	Trustee of a discretionary family trust & through controlled corporations 全權家族信託之受託人 及透過受控制公司	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) An aggregate of 404,280,619 shares are held through 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 are held by Ace Central Group Limited as the trustee of The New Millennium Trust, a discretionary family trust established with Mr. Yip Seng Mun as the founder and Mr. Yip Heon Ping as one of the discretionary objects for the time being.
- (5) Ace Central Group Limited replaced Cititrust (Cayman) Limited as the new trustee of The New Millennium Trust on 13 December 2005.

Save as disclosed above, as at 31 December 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.

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。該等信託之所有單位均由Ace Central Group Limited以The New Millennium Trust之受託人身份持有，而The New Millennium Trust為一項當時以葉醒民先生為創辦人及以葉向平先生為其中一名全權託管對象而設之全權家族信託。
- (5) 於二零零五年十二月十三日，Ace Central Group Limited取代Cititrust (Cayman) Limited，成為The New Millennium Trust之新委託人。

除上文所披露者外，於二零零五年十二月三十一日，本公司並無獲知會任何人士（本公司董事或主要行政人員除外）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。

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 nine months ended 31 December 2005, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 Corporate Governance Practices ("Code on CG Practices"). Since the passing away of Mr. Au Shing Kwok on 8 August 2005, the Company has only two independent non-executive Directors and two Audit Committee members, namely Mr. James T. Siano (Chairman of the Audit Committee) and Ms. Tse Yuet Ling, Justine. Currently, the Board is in the process of identifying the potential candidate to fill the outstanding positions of the independent non-executive Director and the Audit Committee member of the Company in compliance with Rules 5.05, 5.08 and 5.28 of the GEM Listing Rules (the "Positions"). The Board will use its best endeavour to complete the appointment of the Positions as soon as practicable.

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.

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或與本集團有任何其他利益衝突之業務中擁有任何權益。

購買、出售或贖回本公司上市證券

於截至二零零五年十二月三十一日止九個月內，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。

審核委員會

本公司已於二零零零年三月七日成立審核委員會（「審核委員會」），並根據企業管治常規守則（「企業管治常規守則」）之條文書面制定其職權範圍。自區承國先生於二零零五年八月八日辭世後，本公司僅餘兩位獨立非執行董事及兩位審核委員會成員，即James T. Siano先生（審核委員會主席）及謝月玲女士。現時，董事會正在物色一名合適人選，填補本公司獨立非執行董事及審核委員會成員之職位（「該等職位」），以符合創業板上市規則第5.05條、5.08條及5.28條之規定。董事會將儘力物色有關人選，以儘快完成該等職位之委任。

審核委員會之主要職責包括審核及監督本集團之財務申報制度及內部控制程序，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。

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. Since the passing away of Mr. Au Shing Kwok on 8 August 2005, the Remuneration Committee has comprised one independent non-executive Director of the Company, Ms. Tse Yuet Ling, Justine (Chairman of the Remuneration Committee) 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 the 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 February 2006

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薪酬委員會（「薪酬委員會」），並書面制定其職權範圍。自區承國先生於二零零五年八月八日辭世後，薪酬委員會現由本公司一名獨立非執行董事謝月玲女士（薪酬委員會主席）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，並參考董事會不時釐定之企業宗旨及目標，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，二零零六年二月九日