

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Contingent Liabilities

There have been no significant adverse changes in the Group's contingent liabilities since 31 March 2006.

ADDITIONAL INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Interim Results and Dividend

The Board of Directors has declared an interim dividend of HK1.2 cents per share to shareholders whose names appear on the register of members of the Company at the close of business on 15 January 2007. The dividend will be paid on or about 28 February 2007.

Closure of the Transfer Books and Register of Members

The Transfer Books and Register of Members of the Company will be closed on 15 January 2007 on which day no transfer of shares of the Company will be registered.

In order to qualify for the entitlement of the proposed interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 12 January 2007.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 September 2006, the interests of the directors and the chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Beneficial interests	Position	Ordinary of HK\$0.1 each		Percentage of total issued shares
		Corporate interests	Total number of shares held	
Mr Kwok Wing	Long	762,424,000	762,424,000 (note)	43.33

Note: These shares are held as to 652,800,000 shares by Efulfilment Enterprises Limited and as to 109,624,000 shares by Sharp Asset Holdings Limited. Mr Kwok Wing beneficially owns 50% of the issued share capital of Efulfilment Enterprises Limited and 100% of Sharp Asset Holdings Limited. Ms Wan Lai Ngan, being the spouse of Mr Kwok Wing, is deemed to be interested in the shares beneficially owned by Mr Kwok Wing pursuant to the SFO.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

In addition to the above, certain director has non-beneficial personal equity interest in certain subsidiaries held for the benefit of the Group solely for the purpose of complying with the minimum company membership requirements of the Hong Kong Companies Ordinance. Certain director also has beneficial interests in non-voting deferred shares practically carrying no rights to dividends or to receive notice of or to attend or vote at any general meeting or to participate in any distribution or winding up in a subsidiary.

Other than as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 September 2006.

Directors' and chief executives' benefits from rights to acquire shares

At no time during the six months ended 30 September 2006 was the Company, its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the directors and chief executives or their spouses or children under 18 years of age of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share Option Scheme

Background of the Company's share option scheme is set out in its annual report for the financial year ended 31 March 2006.

On 8 November 2004, the Company granted 68,000,000 options at a nominal consideration under the share option scheme of the Company to certain employees of the Group to subscribe for shares of the Company. Each option gives the holder the right to subscribe for one share of the Company at HK\$0.74 (which is equal to the closing price of the shares on the date of grant) with exercisable period from 8 November 2004 to 7 November 2007. Additionally, on 24 October 2005, the Company granted 70,000,000 options at a nominal consideration under the share option scheme of the Company to certain employees of the Group to subscribe for shares of the Company. Each option gives the holder the right to subscribe for one share of the Company at HK\$0.614 (which is equal to the average closing price of the shares for the five business days immediately preceding the date of grant) with exercisable period from 24 October 2005 to 23 October 2008.

Up to the date of approval of this report, none of the above options granted to the employees have been exercised.

The directors consider that it is not appropriate to disclose the value of the share options granted since any valuation of the share options would be subject to a number of assumptions that would be subjective and uncertain. The directors believe that the evaluation of the share options based upon speculative assumptions would not be informative and might be misleading.

DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Substantial Shareholders' and Other Person's Interest in Shares and Underlying Shares

The Company has been notified of the following interests in the Company's issued shares as at 30 September 2006 amounting to 5% or more of the ordinary shares in issue:

	Position	Ordinary shares held	Percentage of total issued shares
Kwok Chiu (Note 1)	Long	652,800,000	37.10%
Efulfilment Enterprises Limited (Note 1)	Long	652,800,000	37.10%
Sharp Asset Holdings Limited (Note 1)	Long	109,624,000	6.23%
Sansar Capital Management, LLC	Long	263,064,000	14.95%
SinoPac Capital Limited (Note 2)	Long	234,000,000	13.30%
Templeton Asset Management Limited	Long	175,106,000	9.95%
Sansar Capital Master Fund, LP	Long	144,105,700	8.19%
McCarthy Kent C.	Long	139,432,000	7.92%
Sansar Capital Special Opportunity Master Fund, LP	Long	122,550,300	6.96%
Allianz Aktiengesellschaft	Long	107,944,000	6.13%

Note 1: The issued share capital of Efulfilment Enterprises Limited is beneficially owned by Mr Kwok Wing and Mr Kwok Chiu in the proportion of 50:50. The entire issued share capital of Sharp Asset Holdings Limited is beneficially owned by Mr Kwok Wing.

Note 2: To the best knowledge of the directors of the company, some of the holders of the 1% convertible bonds due 2009 have transferred their bonds in favour of SinoPac Capital Limited as security and SinoPac Capital Limited is therefore taken to be interested in the underlying shares of the convertible bonds under the SFO. 15,555,600 shares have been issued in favour of Sinopac Capital Limited upon exercise of the conversion right attached to the convertible bonds in August 2006.

Save as disclosed above, no other interests, other than the directors and chief executive of the Company, whose interests are set out in section "Directors' and chief executives' interests in shares, underlying shares and debentures" above, required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

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

During the six months ended 30 September 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.