



千里眼控股有限公司 TeleEye Holdings Limited

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)
(股份代號：8051)
(Stock code: 8051)

二零零五年／二零零六年第三季度業績報告 2005/2006 THIRD QUARTERLY REPORT

香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)之特色

創業板為帶有高投資風險之公司提供上市之市場。尤其在創業板上市之公司毋須有過往溢利記錄，亦毋須預測未來溢利。此外，在創業板上市之公司可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。有意投資之人士應了解投資於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。創業板之較高風險及其他特色表示創業板較適合專業及其他經驗豐富投資者。

由於創業板上市之公司屬於新興性質，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。

創業板所發佈之資料之主要方法為在聯交所為創業板而設之互聯網網頁刊登。上市公司毋須在憲報指定報章刊登付款公佈披露資料。因此，有意投資之人士應注意彼等能閱覽創業板網頁，以便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，並明確表示概不就因本報告全部或任何部分內容而產生或因依據該等內容而引致之任何損失承擔任何責任。

本報告包括之資料乃遵照聯交所《創業板證券上市規則》之規定而提供有關千里眼控股有限公司之資料。千里眼控股有限公司各董事願就本報告共同及個別承擔全部責任，並在作出一切合理查詢後確認，就彼等所知及所信：(i)本報告所載資料在各重大方面均屬準確及完整，且無誤導成分；(ii)本報告並無遺漏任何其他事實致使本報告所載任何聲明產生誤導；及(iii)本報告內表達之一切意見乃經審慎周詳考慮後方始作出，並以公平合理之基準和假設為依據。

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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 Stock Exchange. Listed companies are not generally required to issue paid announcements 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 Stock 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 of TELEEEYE HOLDINGS LIMITED collectively and individually accept full responsibility, includes particulars given in compliance with Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to TELEEEYE HOLDINGS LIMITED. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) 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.

摘要

- 截至二零零六年三月三十一日止九個月，本集團錄得營業額約26,910,000港元，較二零零五年同期增加約35%。
- 截至二零零六年三月三十一日止九個月，本集團錄得本公司股權持有人應佔虧損約75,000港元。
- 董事會不建議派付截至二零零六年三月三十一日止九個月之中期股息。

HIGHLIGHTS

- The Group recorded a turnover of approximately HK\$26,910,000 for the nine months ended 31 March 2006, representing an increase of approximately 35% when compared with the same period in 2005.
- The Group recorded a loss attributable to the equity holders of the Company of approximately HK\$75,000 for the nine months ended 31 March 2006.
- The Board of Directors does not recommend the payment of an interim dividend for the nine months ended 31 March 2006.

業績

千里眼控股有限公司(「本公司」)董事會(「董事會」)謹此宣佈，本公司及其附屬公司(統稱「本集團」)截至二零零六年三月三十一日止三個月及九個月之未經審核綜合業績連同二零零五年同期之未經審核比較數字如下：

簡明綜合收益表

		截至三月三十一日止 三個月		截至三月三十一日止 九個月		
		Three months ended 31 March		Nine months ended 31 March		
		二零零六年	二零零五年	二零零六年	二零零五年	
		2006	2005	2006	2005	
		千港元	千港元	千港元	千港元	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		(未經審核)	(未經審核)	(未經審核)	(未經審核)	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
收入	Revenue	2	9,275	6,148	26,910	19,878
銷售成本	Cost of sales		(4,723)	(2,710)	(12,848)	(8,631)
毛利	Gross profit		4,552	3,438	14,062	11,247
其他收入	Other income		176	137	569	346
分銷成本	Distribution costs		(2,184)	(1,760)	(6,418)	(5,704)
行政費用	Administrative expenses		(1,800)	(1,696)	(5,360)	(4,809)
研究及發展支出	Research and development expenditure		(980)	(868)	(2,933)	(3,129)
本期間虧損	Loss for the period	3	(236)	(749)	(80)	(2,049)
由下列人士應佔：	Attributable to:					
本公司股權持有人	Equity holders of the Company		(305)	(673)	(75)	(1,877)
少數股東權益	Minority interests		69	(76)	(5)	(172)
			(236)	(749)	(80)	(2,049)
每股虧損(港仙)	Loss per share (HK cent)					
基本	Basic	5	(0.17)	(0.37)	(0.04)	(1.04)

RESULTS

The Board of Directors (the "Board") of TeleEye Holdings Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and nine months ended 31 March 2006, together with the comparative unaudited figures for the corresponding periods in 2005, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		截至三月三十一日止 三個月		截至三月三十一日止 九個月		
		Three months ended 31 March		Nine months ended 31 March		
		二零零六年	二零零五年	二零零六年	二零零五年	
		2006	2005	2006	2005	
		千港元	千港元	千港元	千港元	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		(未經審核)	(未經審核)	(未經審核)	(未經審核)	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
收入	Revenue	2	9,275	6,148	26,910	19,878
銷售成本	Cost of sales		(4,723)	(2,710)	(12,848)	(8,631)
毛利	Gross profit		4,552	3,438	14,062	11,247
其他收入	Other income		176	137	569	346
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少數股東權益	Minority interests		69	(76)	(5)	(172)
			(236)	(749)	(80)	(2,049)
每股虧損(港仙)	Loss per share (HK cent)					
基本	Basic	5	(0.17)	(0.37)	(0.04)	(1.04)

簡明財務報表附註

1. 編製基準及會計政策

未經審核綜合業績乃根據香港普遍採納之會計原則及香港聯合交易所有限公司創業板證券上市規則第18章之適用披露規定而編製。

未經審核綜合業績乃按歷史成本法而編製，惟按公平值計量之若干金融工具(視適用而定)除外。

編製未經審核綜合業績所採納之會計政策與編製本集團截至二零零五年六月三十日止年度之年度財務報表所依循者相符，惟下文闡述者除外。

於本期間，本集團已首次應用香港會計師公會(「香港會計師公會」)頒佈之若干新香港財務報告準則(「香港財務報告準則」)、香港會計準則(「香港會計準則」)及詮釋(此後統稱「新香港財務報告準則」)，該等準則於二零零五年一月一日或之後開始之會計期間內生效。應用新香港財務報告準則已導致收益表、資產負債表及權益變動表之呈列出現變動。尤其是，少數股東權益之呈列已出現變動。呈列之變動已回溯應用。採納新香港財務報告準則已導致本集團於下列方面之會計政策出現變動，但並無對如何編製及呈列本期間或過往會計期間之業績產生任何重大影響。因此，毋須作出過往期間調整。

以股份支付之支出

於本期間，本集團已應用香港財務報告準則第2號「以股份支付之支出」，該準則規定，倘本集團作為股份或股份權利之交換而購買貨品或獲得服務(「以權益結算之交易」)或作為價值相等於指定數目股份或股份權利之其他資產之交換而購買貨品或獲得服務(「以現金結算之交易」)，則開支須予以確認。香港財務報告準則第2號對本集團之主要影響與於購股權授出日期按歸屬期釐定之本公司董事及僱員購股權之公平值之支銷有關。於應用香港財務報告準則第2號前，本集團並無確認該等購股權之財務影響，直至彼等獲行使。由於本公司所授出之所有購股權於二零零五年一月一日前已歸屬，故毋須作出過往期間調整。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

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

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2005 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards (HKASs) and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interests has been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas but has had no material impact on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

Share-based Payments

In the current period, the Group has applied HKFRS 2 Share-based Payment which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. Since all the share options granted by the Company had been vested before 1 January 2005, no prior period adjustment is required.

金融工具

於本期間，本集團已應用香港會計準則第32號「金融工具：披露及呈列」以及香港會計準則第39號「金融工具：確認及計量」。香港會計準則第32號須回溯應用。應用香港會計準則第32號並無對本集團財務報表內之金融工具之呈列產生任何重大影響。香港會計準則第39號（於二零零五年一月一日或之後開始之年度期間內生效）一般不容許按回溯基準確認、撤除確認或計量金融資產及負債。實行香港會計準則第32號及香港會計準則第39號所導致之主要影響概述如下：

金融資產及金融負債之分類及計量

本集團已就屬於香港會計準則第39號範疇之金融資產及金融負債之分類及計量應用香港會計準則第39號之有關過渡性條文。

於二零零五年六月三十日前，本集團乃根據會計實務準則第24號（「會計實務準則第24號」）之替代處理方法將其債務及權益性證券分類及計量。根據會計實務準則第24號，於債務及權益性證券之投資乃分類為「交易證券」、「非交易證券」或「持有至到期日之投資」（視適用而定）。「交易證券」及「非交易證券」均按公平值計量。「交易證券」之未變現收益或虧損乃於收益或虧損產生期間於損益賬內呈報。「非交易證券」之未變現收益或虧損乃直至證券被售出或釐定出現減值方於權益中呈報，其時原先於權益中確認之累積收益或虧損乃包含在該期間之溢利或虧損淨額內。自二零零五年七月一日起，本集團根據香港會計準則第39號將其債務及權益性證券分類及計量。根據香港會計準則第39號，金融資產被分類為「透過損益以公平值列賬之金融資產」、「可供銷售之金融資產」、「貸款及應收賬款」或「持有至到期日之金融資產」。「透過損益以公平值列賬之金融資產」及「可供銷售之金融資產」乃按公平值列賬，而公平值之變動分別於損益賬及權益內確認。「貸款及應收賬款」及「持有至到期日之金融資產」均於初步確認後使用實際利息法按攤銷成本計量。

於二零零五年七月一日，本集團根據香港會計準則第39號之過渡性條文將其債務及權益性證券分類及計量，據此，約4,379,000港元之非交易證券被分類為可供銷售金融資產，而原先於權益項下投資重估儲備呈報之累積未變現收益或虧損繼續於權益內列賬。

Financial Instruments

In the current period, the Group has applied HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement. HKAS 32 requires retrospective application. The application of HKAS 32 has had no material effect on the presentation of financial instruments in the financial statements of the Group. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 30 June 2005, the Group classified and measured its debt and equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "trading securities", "non-trading securities" or "held-to-maturity investments" as appropriate. Both "trading securities" and "non-trading securities" are measured at fair value. Unrealised gains or losses of "trading securities" are reported in the profit or loss for the period in which gains or losses arise. Unrealised gains or losses of "non-trading securities" are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for that period. From 1 July 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity, respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition.

On 1 July 2005, the Group classified and measured its debt and equity securities in accordance with the transitional provisions of HKAS 39 where the non-trading securities of approximately HK\$4,379,000 are classified as available-for-sale financial assets and the cumulative unrealized gains or losses previously reported in investment revaluation reserve under equity section continue to be in equity.

債務及權益性證券以外之金融資產及金融負債

自二零零五年七月一日起，本集團已根據香港會計準則第39號之規定將其債務及權益性證券以外之金融資產及金融負債（原先在會計實務準則第24號之範疇之外）分類及計量。誠如上文所述，香港會計準則第39號項下之金融資產被分類為「透過損益以公平值列賬之金融資產」、「可供銷售之金融資產」、「貸款及應收賬款」或「持有至到期日之金融資產」。金融負債一般被分類為「透過損益以公平值列賬之金融負債」或「其他金融負債」。透過損益以公平值列賬之金融負債乃按公平值計量，而有關公平值之變動直接於損益賬內確認。其他金融負債乃於初次確認後使用實際利息法按攤銷成本列賬。

2. 收入

收入指本期間內已售出貨品之已收及應收回款額減給予外來客戶之退款及津貼之款項。

3. 本期間虧損

本期間虧損已扣除
(計入)：

發展成本資本化
之攤銷
折舊
來自可供銷售投資
之股息
證券投資之股息
利息收入

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

Amortisation of capitalized
development costs

Depreciation

Dividends from available-for-sale
investments

Dividends from investments in
securities

Interest income

Financial assets and financial liabilities other than debt and equity securities

From 1 July 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition.

2. REVENUE

Revenue represents the amount received and receivable for goods sold, less returns and allowances, to outside customers during the period.

3. LOSS FOR THE PERIOD

截至三月三十一日止 三個月		截至三月三十一日止 九個月	
Three months ended 31 March		Nine months ended 31 March	
二零零六年	二零零五年	二零零六年	二零零五年
2006	2005	2006	2005
千港元	千港元	千港元	千港元
HK\$'000	HK\$'000	HK\$'000	HK\$'000
223	291	586	1,010
130	134	424	422
(39)	—	(103)	—
—	(23)	—	(79)
(84)	(98)	(275)	(242)

4. 稅項

由於本集團於香港經營之業務在截至二零零六年及二零零五年三月三十一日止期間內均錄得稅項虧損，故並無在該等期間之財務報表內撥備香港利得稅。

5. 每股基本虧損

每股基本虧損乃根據截至二零零六年三月三十一日止三個月及九個月之本公司股權持有人應佔虧損分別約305,000港元及75,000港元(截至二零零五年三月三十一日止三個月及九個月：本公司股權持有人應佔虧損分別約為673,000港元及1,877,000港元)及於截至二零零六年三月三十一日止三個月及九個月內已發行普通股180,000,000股(截至二零零五年三月三十一日止三個月及九個月：180,000,000股普通股)計算。

鑑於截至二零零六年及二零零五年三月三十一日止九個月本公司購股權之行使價高於股份之平均市價，因此，並無披露所呈列之期間之每股攤薄虧損。

4. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements for the periods ended 31 March 2006 and 2005 as the Group's operations in Hong Kong incurred tax losses for that periods.

5. BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company for the three months and nine months ended 31 March 2006 of approximately HK\$305,000 and HK\$75,000, respectively (three months and nine months ended 31 March 2005: loss attributable to equity holders of the Company of approximately HK\$673,000 and HK\$1,877,000, respectively), and 180,000,000 ordinary shares in issue during the three months and nine months ended 31 March 2006 (three months and nine months ended 31 March 2005: 180,000,000 ordinary shares).

No disclosure of diluted loss per share for the nine months ended 31 March 2006 and 2005 is shown because the exercise price of the Company's options were higher than the average market price for shares for the periods presented.

6. 儲備變動

6. MOVEMENT OF RESERVES

		股份溢價 Share premium 千港元 HK\$'000	匯兌儲備 Translation reserve 千港元 HK\$'000	投資 重估儲備 Investment revaluation reserve 千港元 HK\$'000	特別儲備 Special reserve 千港元 HK\$'000	虧絀 Deficit 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零零四年七月一日 (經審核)	At 1 July 2004 (Audited)	21,605	(81)	(257)	14,990	(6,179)	30,078
因換算海外業務之賬目 而產生之匯兌差額	Exchange differences on translation of overseas operations	-	(11)	-	-	-	(11)
重估證券投資	Revaluation of investments in securities	-	-	510	-	-	510
直接於權益中確認之收入淨額	Net income directly recognised in equity	-	(11)	510	-	-	499
本期間虧損	Loss for the period	-	-	-	-	(1,877)	(1,877)
本期間確認之支出總額	Total recognised expense for the period	-	(11)	510	-	(1,877)	(1,378)
於二零零五年三月三十一日 (未經審核)	At 31 March 2005 (Unaudited)	<u>21,605</u>	<u>(92)</u>	<u>253</u>	<u>14,990</u>	<u>(8,056)</u>	<u>28,700</u>
於二零零五年七月一日 (經審核)	At 1 July 2005 (Audited)	21,605	(18)	425	14,990	(9,463)	27,539
因換算海外業務之賬目 而產生之匯兌差額	Exchange differences on translation of overseas operations	-	32	-	-	-	32
重估證券投資	Revaluation of investments in securities	-	-	214	-	-	214
直接於權益中確認之收入淨額	Net income directly recognised in equity	-	32	214	-	-	246
本期間虧損	Loss for the period	-	-	-	-	(75)	(75)
本期間確認之收入總額	Total recognised income for the period	-	32	214	-	(75)	171
於二零零六年三月三十一日 (未經審核)	At 31 March 2006 (Unaudited)	<u>21,605</u>	<u>14</u>	<u>639</u>	<u>14,990</u>	<u>(9,538)</u>	<u>27,710</u>

中期股息

董事不建議派付截至二零零六年三月三十一日止三個月及九個月之中期股息(截至二零零五年三月三十一日止三個月及九個月：無)。

財務及業務回顧

截至二零零六年三月三十一日止三個月及九個月，本集團分別錄得營業額約9,275,000港元及26,910,000港元，較去年同期之營業額約6,148,000港元及19,878,000港元分別增加51%及35%。與截至二零零五年十二月三十一日止之上季度比較，截至二零零六年三月三十一日止本季度之營業額增加約8%，或約663,000港元。截至二零零六年三月三十一日止九個月，本集團錄得本公司股權持有人應佔虧損約75,000港元，而去年同期之本公司股權持有人應佔虧損則約為1,877,000港元。截至二零零六年三月三十一日止九個月，每股虧損為0.04港仙，二零零五年同期之每股虧損則為1.04港仙。

截至二零零六年三月三十一日止九個月之營業額錄得令人鼓舞的增長，反映本集團之全球擴展及高級產品開發策略取得成功。截至二零零六年三月三十一日止九個月，**TeleEye III+ VRB/VXB數碼錄像傳送器**之營業額佔本集團之營業額約27% (二零零五年：12%)。**TeleEye RX數碼視像錄影傳送器**之營業額佔本集團之營業額約6% (二零零五年：無)。TeleEye視像監察系統及TeleEye攝像機之營業額分別佔本集團之營業額約59% (二零零五年：78%) 及約30% (二零零五年：14%)。

截至二零零六年三月三十一日止九個月之整體經營成本約為14,711,000港元，較二零零五年同期之13,642,000港元比較，上升約8%或1,069,000港元。經營成本上升與營業額增加相符。

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months and nine months ended 31 March 2006 (three months and nine months ended 31 March 2005: Nil).

FINANCIAL AND BUSINESS REVIEW

The turnover of the Group for the three months and nine months ended 31 March 2006 were approximately HK\$9,275,000 and HK\$26,910,000 respectively, representing an increase of 51% and 35% as compared to the turnover of approximately HK\$6,148,000 and HK\$19,878,000 for the same periods last year. In comparison with the previous quarter ended 31 December 2005, turnover for this quarter ended 31 March 2006 increased by approximately 8% or approximately HK\$663,000. The Group recorded a loss attributable to the equity holders of the Company of approximately HK\$75,000 for the nine months ended 31 March 2006, as compared to the loss attributable to the equity holders of the Company of approximately HK\$1,877,000 for the same period last year. Loss per share for the nine months ended 31 March 2006 was HK0.04 cent, compared to loss per share of HK1.04 cent in the corresponding period in 2005.

The encouraging growth in turnover for the nine months ended 31 March 2006 reflected the Group's success in global expansion and advanced product development strategies. For the nine months ended 31 March 2006, turnover from **TeleEye III+ VRB/VXB Video Recording Transmitter** accounted for approximately 27% of the Group's turnover (2005: 12%). Turnover from **TeleEye RX Video Recording Transmitter** amounted for approximately 6% of the Group's turnover (2005: Nil). TeleEye video surveillance systems and TeleEye cameras generated approximately 59% (2005: 78%) and approximately 30% (2005: 14%) of the Group's turnover, respectively.

Overall operating costs for the nine months ended 31 March 2006 were approximately HK\$14,711,000, representing an increase of approximately 8% or HK\$1,069,000 as compared to HK\$13,642,000 for the same period in 2005. Such increase was in line with the increase in turnover.

本集團在市場競爭激烈的情況下仍能錄得增長，而競爭對手主要包括數碼錄像機及網絡攝像機生產商。由於多個市場均存在價格壓力，導致本集團之毛利率下降。有見及此，本集團已推出更多新產品，並專注擴大現有市場之佔有率及擴充分銷網絡。於回顧期間內，本集團繼續在多個國家舉行展覽會及研討會，藉以在全球提升TeleEye之品牌形象。此外，TeleEye Hrvatska及TeleEye Philippines Inc分別於克羅地亞及菲律賓成立，以進一步擴大本集團於該等地區之銷售網絡。

本集團繼續致力增強本身優勢，為市場提供質素上乘之產品。隨著於二零零五年十月推出**TeleEye RX304數碼視像錄影傳送器**後，本集團在研製其他RX系列數碼視像錄影傳送器上已進入最後階段，該等產品在傳送及錄影速度、圖像質素及功能方面均表現超卓。截至二零零六年三月三十一日止三個月內，本集團推出**TeleEye SF360超高解像彩色攝像機**，以進一步擴展本集團之閉路電視攝像機產品系列。

展望

本集團將繼續增強其核心業務，發展創新及優質產品，以擴闊其產品範疇及加強其競爭優勢，並正計劃在市場潛力優厚之國家開拓新市場。董事對本集團未來增長感到樂觀，並相信本集團在全球電子視像監察市場上可繼續擔當先驅。

The Group achieved growth under a highly competitive market environment. Keen competitions mainly come from digital video recorder and network camera manufacturers. Price pressure in various markets reduced the Group's gross profit margin. In view of this, the Group has introduced more new products, focused on deeper penetration of existing market and expanded its distribution networks. During the periods under review, the Group continued to conduct exhibitions and seminars in various countries with a view to enhance the TeleEye brand image globally. Moreover, TeleEye Hrvatska and TeleEye Philippines Inc were established in Croatia and Philippines respectively to further expand the Group's sales network there.

The Group continued to strengthen its position to provide quality products to the markets. Following the introduction of **TeleEye RX304 Video Recording Transmitter** in October 2005, the Group is now in the final stage of development of other RX series video recording transmitters that possess superb performance in transmission and recording speed, picture quality and functionality. During the three months ended 31 March 2006, the Group introduced **TeleEye SF360 Ultra hi-resolution Color CCD Camera** to further expand the Group's CCTV camera product line.

PROSPECTS

The Group will continue to maximize its core strength of developing innovative and quality products to increase its product range and strengthen its competitive position, and is planning to explore into new markets in countries with substantial market potential. The directors are optimistic of the future growth of the group and believe that the Group can continue to be a pioneer in the global digital video surveillance market.

董事及主要行政人員於股份及購股權之權益

於二零零六年三月三十一日，董事及主要行政人員及彼等之聯繫人士於本公司或其任何相聯法團（見證券及期貨條例（「證券及期貨條例」）第十五部之定義）之股份及購股權中擁有而須根據證券及期貨條例第352條，或根據創業板上市規則第5.46條知會本公司及聯交所之權益如下：

股份好倉

(a) 本公司每股面值0.01港元之普通股

董事姓名 Name of director	身份 Capacity	持有已發行 普通股數目 Number of issued ordinary shares held	本公司已發行 股本百分比 Percentage of the issued share capital of the Company
陳作基博士 Dr. Chan Chok Ki	由受控制法團持有（附註1） Held by controlled corporation (Note 1)	104,000,000	57.8%
陳祥發博士 Dr. Chan Cheung Fat	由受控制法團持有（附註1） Held by controlled corporation (Note 1)	104,000,000	57.8%

(b) 購股權

董事姓名 Name of director	身份 Capacity	持有購股權數目 Number of share options held	相關股份數目 Number of underlying shares
陳作基博士 Dr. Chan Chok Ki	實益擁有人（附註2） Beneficial owner (Note 2)	2,700,000	2,700,000
馬志傑博士 Dr. Ma Chi Kit	實益擁有人（附註2） Beneficial owner (Note 2)	2,160,000	2,160,000
何家豪先生 Mr. Ho Ka Ho	實益擁有人（附註2） Beneficial owner (Note 2)	2,044,000	2,044,000

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND SHARE OPTIONS

At 31 March 2006, the interests of the directors and chief executives and their associates in the shares and share options of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) which were required pursuant to Section 352 of the SFO, or which are required pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares

(a) Ordinary shares of HK\$0.01 each of the Company

董事姓名 Name of director	身份 Capacity	持有已發行 普通股數目 Number of issued ordinary shares held	本公司已發行 股本百分比 Percentage of the issued share capital of the Company
陳作基博士 Dr. Chan Chok Ki	由受控制法團持有（附註1） Held by controlled corporation (Note 1)	104,000,000	57.8%
陳祥發博士 Dr. Chan Cheung Fat	由受控制法團持有（附註1） Held by controlled corporation (Note 1)	104,000,000	57.8%

(b) Share options

董事姓名 Name of director	身份 Capacity	持有購股權數目 Number of share options held	相關股份數目 Number of underlying shares
陳作基博士 Dr. Chan Chok Ki	實益擁有人（附註2） Beneficial owner (Note 2)	2,700,000	2,700,000
馬志傑博士 Dr. Ma Chi Kit	實益擁有人（附註2） Beneficial owner (Note 2)	2,160,000	2,160,000
何家豪先生 Mr. Ho Ka Ho	實益擁有人（附註2） Beneficial owner (Note 2)	2,044,000	2,044,000

附註：

- (1) 於二零零六年三月三十一日，此等約佔本公司已發行股本57.8%之股份由Etin City Limited持有。Etin City Limited由Etin Tech Limited及城大企業有限公司分別按70%及30%之比例持有。Etin Tech Limited乃由陳作基博士、陳祥發博士、馬志傑博士及何家豪先生分別按約44.3%、34.3%、14.3%及7.1%之比例擁有。由於陳作基博士及陳祥發博士有權於股東大會上行使或控制行使30%或以上之Etin Tech Limited之投票權，故彼等被視作擁有所有由Etin City Limited持有之本公司股份。
- (2) 董事獲授購股權乃根據本公司採納之購股權計劃而定，有關購股權計劃之詳情載於下文「購股權計劃」一段。

除上文所披露者及由一名董事以本集團信託之身份持有於附屬公司之代名人股份外，於二零零六年三月三十一日，本公司之董事、主要行政人員或彼等之聯繫人士並無於本公司或其任何相聯法團之任何股份、相關股份或債券中擁有任何權益或淡倉。

Notes:

- (1) These shares, representing approximately 57.8% of the issued share capital of the Company as at 31 March 2006, are held by Etin City Limited, which is owned by Etin Tech Limited and CityU Enterprises Limited in the proportion of 70% and 30%, respectively. Etin Tech Limited is owned by Dr. Chan Chok Ki, Dr. Chan Cheung Fat, Dr. Ma Chi Kit and Mr. Ho Ka Ho in the proportion of approximately 44.3%, 34.3%, 14.3% and 7.1%, respectively. As Dr. Chan Chok Ki and Dr. Chan Cheung Fat are entitled to exercise or control the exercise of 30% or more of the voting power in general meetings of Etin Tech Limited, they are deemed to be interested in the entire shares in the Company held by Etin City Limited.
- (2) The share options are granted to the directors pursuant to the share option schemes adopted by the Company, details of which are set out under the header of "Share Option Schemes" below.

Save as disclosed above, and other than a nominee share in a subsidiary held by a director in trust for the Group, at 31 March 2006, none of the directors, the chief executives of the Company 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.

購股權計劃

- (i) **招股前購股權計劃**（「招股前購股權計劃」）
本公司根據於二零零一年四月十二日通過之一項決議案採納招股前購股權計劃，藉以對本公司及其附屬公司之執行董事及僱員對本集團之成功及／或本公司股份於創業板上市所作出之貢獻予以肯定。根據計劃而授出之購股權授予持有人權利可按每股普通股0.60港元認購本公司之新普通股，而根據計劃可予授出之購股權涉及之最高股份數目為14,400,000股。可授予任何人士之購股權之股份數目不得超過3,600,000股。

購股權在並未支付任何初步款項之情況下仍然可予授出。授出之購股權在本公司股份於創業板開始買賣後，可分別在滿六個月、十八個月、三十個月及四十二個月之後之任何時間內，順次序行使合共佔購股權總額之25%、50%、75%及100%。該等購股權由各自可行使之日期起計十年內有效。

自本公司股份於二零零一年五月八日在創業板上市後，根據招股前購股權計劃，本公司將不得再授出購股權，而在此以前獲授購股權之持有人所享有之權益將不會受到影響，根據計劃之條款該等已授出之購股權將仍然有效並可予以行使。

下表披露於截至二零零六年三月三十一日止九個月內根據招股前購股權計劃本公司之購股權之變動詳情：

授出日期 Date of grant	每股 購股權 行使價 Exercise price per share 港元 HK\$	於二零零五年 七月一日 尚餘之購股權 Balance at 1 July 2005	於期間內已 失效之購股權 Lapsed during the period (附註) (Note)	於二零零六年 三月三十一日 尚餘之購股權 Balance at 31 March 2006	
本公司之董事 Directors of the Company					
陳作基博士 Dr. Chan Chok Ki	二零零一年四月十二日 12 April 2001	0.60	1,800,000	—	1,800,000
馬志傑博士 Dr. Ma Chi Kit	二零零一年四月十二日 12 April 2001	0.60	1,440,000	—	1,440,000
何家豪先生 Mr. Ho Ka Ho	二零零一年四月十二日 12 April 2001	0.60	1,364,000	—	1,364,000
			4,604,000	—	4,604,000
本集團僱員 Employees of the Group	二零零一年四月十二日 12 April 2001	0.60	3,912,000	(1,856,000)	2,056,000
			8,516,000	(1,856,000)	6,660,000

SHARE OPTION SCHEMES

- (i) **Pre-IPO Share Option Scheme (the "Pre-IPO Scheme")**
The Pre-IPO Scheme was adopted pursuant to a resolution passed on 12 April 2001 to recognise the contribution of executive directors and employees of the Company and its subsidiaries to the growth of the Group and/or the listing of the Company's shares on the GEM. The options granted under the scheme grant the right to the holder to subscribe for new ordinary shares of the Company at HK\$0.60 per ordinary share and the maximum number of shares in respect of which options might be granted under the scheme was 14,400,000. The number of shares in respect of which options might be granted to any individual was not permitted to exceed 3,600,000.

Options might be granted without any initial payment. Options granted are exercisable to the extent of an aggregate total of 25%, 50%, 75% and 100% at anytime after 6 months, 18 months, 30 months and 42 months, respectively, from the commencement of the trading of the shares of the Company on the GEM, and have a duration of 10 years from their respective vesting dates.

Upon the listing of the Company's shares on the GEM on 8 May 2001 no further options could be granted by the Company under the Pre-IPO Scheme. The rights of the holders of the share options granted prior thereto are not affected and such options granted continue to remain valid and exercisable in accordance with the terms of the scheme.

The following table discloses movements in the Company's share options under the Pre-IPO Scheme during the nine months ended 31 March 2006:

授出日期 Date of grant	每股 購股權 行使價 Exercise price per share 港元 HK\$	於二零零五年 七月一日 尚餘之購股權 Balance at 1 July 2005	於期間內已 失效之購股權 Lapsed during the period (附註) (Note)	於二零零六年 三月三十一日 尚餘之購股權 Balance at 31 March 2006	
本公司之董事 Directors of the Company					
陳作基博士 Dr. Chan Chok Ki	二零零一年四月十二日 12 April 2001	0.60	1,800,000	—	1,800,000
馬志傑博士 Dr. Ma Chi Kit	二零零一年四月十二日 12 April 2001	0.60	1,440,000	—	1,440,000
何家豪先生 Mr. Ho Ka Ho	二零零一年四月十二日 12 April 2001	0.60	1,364,000	—	1,364,000
			4,604,000	—	4,604,000
本集團僱員 Employees of the Group	二零零一年四月十二日 12 April 2001	0.60	3,912,000	(1,856,000)	2,056,000
			8,516,000	(1,856,000)	6,660,000

附註：此等購股權在承授人辭任後失效。

自授出日期起計並無購股權獲行使。於二零零六年三月三十一日，根據招股前購股權計劃授出之購股權涉及之股份數目佔該日期本公司已發行股份3.7%。

(ii) 於二零零一年四月十二日採納之購股權計劃 (「購股權計劃」)

本公司於二零零一年四月十二日採納購股權計劃之主要目的旨在向董事及合資格僱員提供獎勵，有效期為十年。購股權在並未支付任何款項之情況下仍然可予授出，並須於授出日期起計21日內接納。認購價(可予調整)將為(i)本公司股份面值；(ii)本公司股份在授出日期於聯交所創業板之每日報價表(「每日報價表」)所報之收市價；及(iii)本公司股份在緊接授出日期前五個營業日於每日報價表所報之平均收市價(三者以最高款額者為準)。

購股權持有人可在由董事釐定之該等期間(該等期間為不得少於自授出日期起計三年但不得超過十年)內認購本公司之股份。可予授出之購股權涉及之最高股份數目，不得超過本公司當時已發行股本之10%。

倘僱員或董事全面行使購股權而將致使該等僱員或董事有權認購根據購股權計劃當時已發行或可予發行之股份數目合計超過25%者，則不得向彼等授出購股權。

根據於二零零三年十月二十八日通過之決議案，購股權計劃已終止。自採納購股權計劃以來並無授出購股權。

Note: These options lapsed upon the resignation of the grantees.

No options had been exercised since the date of grant. At 31 March 2006, the number of shares in respect of which options had been granted under the Pre-IPO Scheme represents 3.7% of the shares of the Company in issue at that date.

(ii) Share Option Scheme adopted on 12 April 2001 (the "Option Scheme")

The Option Scheme was adopted on 12 April 2001 for the primary purpose of providing incentives to directors and eligible employees for a term of ten years. Option may be granted without any initial payment and should be accepted within 21 days from the date of grant. The subscription price, subject to adjustment, is the highest of (i) the nominal value of the shares of the Company; (ii) the closing price of the Company's shares as stated in the GEM of the Stock Exchange's daily quotation sheet ("Daily Quotation Sheet") on the date of grant; and (iii) the average closing price of the Company's shares as stated in the Daily Quotation Sheet for the five business days immediately preceding the date of grant.

The option holder may subscribe for shares in the Company during such period as may be determined by the directors (which shall be not less than three years and not more than ten years from the date of grant). The maximum number of shares in respect of which options may be granted cannot exceed 10% of the issued share capital of the Company from time to time.

No employee or director shall be granted an option which, if exercised in full, would result in such employee or director becoming entitled to subscribe for more than 25% of the aggregate number of shares for the time being issued and issuable under the Option Scheme.

Pursuant to a resolution passed on 28 October 2003, the Option Scheme was terminated. No options had been granted since the adoption of the Option Scheme.

(iii) 於二零零三年十月二十八日採納之購股權計劃 (「二零零三年購股權計劃」)

根據於二零零三年十月二十八日通過之決議案，本公司採納二零零三年購股權計劃，藉以確認及推動僱員對本公司作出貢獻，並向本公司現有僱員給予獎勵，藉以協助挽留他們，以及招聘任期為十年之額外僱員。本公司董事會可酌情向任何僱員（包括本集團之執行董事及非執行董事、專家、顧問、代理、承辦商、客戶及供應商）授出購股權，以認購本公司股份。購股權可以代價1港元授出，惟必須於授出日期起計五個營業日內接納。在承授人接納及支付購股權的代價時，購股權方可予以行使。

將授予購股權涉及之最高股份數目，不得超逾本公司於二零零三年十月二十八日之已發行股本之10%。倘在直至授出購股權予承授人日期（包括該日）止之任何十二個月期間，已發行股份及根據二零零三年購股權計劃已授出及將予授出之購股權獲行使時將予發行之股份總數，超逾本公司當時已發行股本之1%，則本公司將不會授出購股權予該承授人。

認購價不得少於下列三者中之最高者：(i)本公司股份於授出日期（須為交易日）在每日報價表所報之收市價；(ii)本公司股份在緊接授出日期前五個交易日於每日報價表所報之平均收市價；或(iii)股份面值。在不損害上文之一般性原則下，本公司董事會可授出以不同價格釐定認購價之購股權。

(iii) Share Option Scheme adopted on 28 October 2003 (the “2003 Option Scheme”)

Pursuant to a resolution passed on 28 October 2003, the 2003 Option Scheme was adopted to recognise and motivate the contribution of the employees and to provide incentives and help the Company in retaining its existing employees and recruiting additional employees for a term of ten years. The board of directors of the Company may at its discretion grant options to any employees, including executive and non-executive directors, advisers, consultants, agents, contractors, customers and suppliers of the Group to subscribe for shares in the Company. Option may be granted at a consideration of HK\$1 and should be accepted within 5 business days from the date of grant. The option granted is exercisable upon acceptance and payment of consideration by the grantee.

The maximum number of shares in respect of which options may be granted cannot exceed 10% of the issued share capital of the Company on 28 October 2003. No option shall be granted to a grantee if the total number of shares issued and to be issued upon exercise of options granted and to be granted under the 2003 Option Scheme in any twelve months period up to and including the date of grant to such grantee would exceed 1% of the issued share capital of the Company for the time being in issue.

The subscription price shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Daily Quotation Sheet on the date of grant, which must be a trading day; (ii) the average closing price of the shares of the Company as stated in the Daily Quotation Sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a share. Without prejudice to the generality of the above, the board of directors of the Company may grant options in respect of which the subscription price is fixed at different price.

下表披露於截至二零零六年三月三十一日止九個月內根據二零零三年購股權計劃本公司之購股權之變動詳情：

The following table discloses movements in the Company's share options under the 2003 Option Scheme during the nine months ended 31 March 2006:

授出日期 Date of grant	每股 購股權 行使價 Exercise price per share 港元 HK\$	於二零零五年 七月一日 尚餘之購股權 Balance at 1 July 2005	於期間內已 失效之購股權 Lapsed during the period (附註) (Note)	於二零零六年 三月三十一日 尚餘之購股權 Balance at 31 March 2006	
本公司之董事 Director of the Company					
陳作基博士 Dr. Chan Chok Ki	二零零四年八月四日 4 August 2004	0.145	900,000	—	900,000
馬志傑博士 Dr. Ma Chi Kit	二零零四年八月四日 4 August 2004	0.145	720,000	—	720,000
何家豪先生 Mr. Ho Ka Ho	二零零四年八月四日 4 August 2004	0.145	680,000	—	680,000
			<u>2,300,000</u>	—	<u>2,300,000</u>
本集團僱員 Employees of the Group	二零零四年八月四日 4 August 2004	0.145	<u>700,000</u>	<u>(260,000)</u>	<u>440,000</u>
			<u>3,000,000</u>	<u>(260,000)</u>	<u>2,740,000</u>

附註：此等購股權在承授人辭任後失效。

Note: These options lapsed upon the resignation of the grantees.

自授出日期起計並無購股權獲行使。緊接二零零四年八月四日(上述購股權授出日期)前本公司股份之收市價為0.145港元。於二零零六年三月三十一日，根據二零零三年購股權計劃授出之購股權涉及之股份數目佔該日期本公司已發行股份1.5%。

No options had been exercised since the date of grant. The closing price of the Company's shares immediately before 4 August 2004 (date of grant of the above options) was HK\$0.145. At 31 March 2006, the number of shares in respect of which options had been granted under the 2003 Option Scheme represents 1.5% of the shares of the Company in issue at that date.

已授出購股權之財務影響並無記錄於本公司或本集團之資產負債表，直至購股權獲行使為止；而於收益表內亦無確認已授出購股權價值之開支。待購股權獲行使後，本公司將按因此而發行之股份之股份面值記錄為額外股本，並將每股購股權行使價超逾股份面值之差額記錄於本公司之股份溢價賬內。在購股權行使日期前已失效或註銷之購股權已於尚未行使購股權登記冊中刪除。

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge had been recognised in the income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

主要股東

除「董事及主要行政人員於股份及購股權之權益」一段所披露者外，於二零零六年三月三十一日，按照本公司根據證券及期貨條例第336條而須存置之主要股東名冊所披露，並無任何人士於本公司之已發行股本中擁有須申報之權益或淡倉。

競爭權益

董事相信，本公司各董事或管理層股東（見創業板上市規則之定義）並無在與本集團在業務上競爭或可能會與本集團在業務上競爭之業務中擁有任何權益。

買賣或贖回本公司之上市證券

於回顧期間內，本公司或其任何附屬公司概無買賣或贖回本公司之任何上市證券。

有關董事進行證券交易之行為守則

截至二零零六年三月三十一日止九個月內，本公司繼續採納一套關於董事進行證券交易之行為守則，條款不遜於創業板上市規則第5.48條至第5.67條所載之規定交易標準。在向全體董事作出特別查詢後，全體董事已確認彼等已遵照本公司所採納有關董事進行證券交易所規定的買賣標準與行為準則。

企業管治常規守則

截至二零零六年三月三十一日止九個月，本公司一直遵守創業板上市規則附錄十五企業管治常規守則所載之守則條文，惟下列偏離事項除外：

1. 守則條文A.2.1規定，主席及行政總裁之角色須分開，而不應由同一人擔任。主席及行政總裁之職責須明確區分，並以書面形式訂明。

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed in the paragraph headed "Directors' and Chief Executives' Interests in Shares and Share Options", the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company as at 31 March 2006.

COMPETING INTERESTS

The directors believe that none of the directors nor the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

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

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

For the nine months ended 31 March 2006, the Company continued to adopt a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules for the nine months ended 31 March 2006, except for the following deviations:

1. Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

現時，陳作基博士為本公司主席兼行政總裁，其負責管理董事會及本集團之業務。陳博士自公司註冊成立以來一直擔任本公司之主席兼行政總裁。本集團認為，陳博士對本集團業務有深入了解，並能夠即時及有效地作出適當決定。合併主席及行政總裁之角色能有效地制定及實施本集團之策略。本集團亦認為，此結構不會減弱董事會及本公司管理層之間的權力及授權之平衡，蓋因董事會(由經驗豐富及高素質人士組成)定期召開會議，以討論影響本集團營運之事宜。本集團認為，按其現時之規模，並無迫切需要分開主席及行政總裁之角色。

2. 守則條文A.4.1規定，非執行董事的委任應有指定任期，並須接受重選。守則條文A.4.2規定，所有為填補臨時空缺而被委任之董事須在接受委任後之首個股東大會上接受股東選舉，而每位董事(包括按固定年期委任者)須至少每三年輪值退任一次。

現時，獨立非執行董事的委任並無指定任期，惟須根據本公司之公司組織章程細則之規定輪值退任及膺選連任。此外，並非每位董事須至少每三年輪值退任一次。董事乃根據本公司之公司組織章程細則輪值退任(於每屆股東週年大會上，當時三分之一之董事(或倘彼等數目並非三的倍數，則取最接近但不大於三分之一之數目)須退任)，惟儘管如此，董事會主席及/或本公司董事總經理毋須於擔任有關職務時接受輪值退任或被計入釐定每年退任董事數目內。因此，除主席外，所有董事須輪值退任。本集團認為，因穩定原因，主席毋須接受輪值退任之規定，且無迫切需要修訂本公司之公司組織章程細則。

At present, Dr. Chan Chok Ki is both the Chairman and Chief Executive Officer of the Company who is responsible for managing the Board and the Group's business. Dr. Chan has been both the Chairman and Chief Executive Officer of the Company since its incorporation. The Group consider that Dr. Chan has in-depth knowledge in the Group's business and can make appropriate decisions promptly and efficiently. The combination of the roles of Chairman and Chief Executive Officer can effectively formulate and implement the Group's strategies. The Group also consider that this structure will not impair the balance of power and authority between the Board and the management of the Company as the board of directors, which comprises experienced and high caliber individuals, meets regularly to discuss issues affecting the operations of the Group. The Group considered that, at its present size, there is no imminent need to segregate the role of Chairman and Chief Executive Officer.

2. Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code Provision A.4.2 stipulates that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

At present, the independent non-executive directors are not appointed for a specific term, but are subject to retirement by rotation and re-election in accordance with the Company's Articles of Association. In addition, not every director is subject to retirement by rotation at least once every three years. Directors are subject to rotation in accordance with the Articles of Association of the Company (that at each annual general meeting, one-third of the directors for the time being or, if their number is not a multiple of three, the number nearest to but not greater than one-third, shall retire from office) provided that notwithstanding anything herein, the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. At such, with the exception of the Chairman, all directors are subject to retirement by rotation. The Group considered that for stability reasons, the Chairman do not need to be subject to retirement by rotation and there is no imminent need to amend the Articles of Association of the Company.

薪酬委員會

本公司已遵照《創業板上市規則》設立具有特定成文權責範圍的薪酬委員會。薪酬委員會由三位成員組成，其中一位為非執行董事陳祥發博士，兩位為獨立非執行董事蕭允治教授及程伯中教授。陳祥發博士為薪酬委員會之主席。

審核委員會

審核委員會之三位成員包括三位獨立非執行董事蕭允治教授、程伯中教授及楊國琦先生太平紳士。

審核委員會之首要任務為審閱本公司之年報及財務報表、季度報告及半年期報告，並就該等報告向董事會提供意見及評價。審核委員會將負責檢討及監察本集團之財務申報及內部監控制度。

審核委員會已審閱本報告之草稿，並已就此提供意見及評語。

承董事會命
陳作基博士
主席兼行政總裁

香港，二零零六年五月十二日

於本報告日期，執行董事為陳作基博士（本公司之主席）、馬志傑博士及何家豪先生；非執行董事為陳祥發博士；獨立非執行董事為蕭允治教授、楊國琦先生太平紳士及程伯中教授。

REMUNERATION COMMITTEE

The Company has established a remuneration committee with written terms of reference in compliance with the GEM Listing Rules. The Remuneration Committee comprises three members, one of which is non-executive director, namely, Dr. Chan Cheung Fat, and two are independent non-executive directors, namely, Professor Siu Wan Chi and Professor Ching Pak Chung. Dr. Chan Cheung Fat is the Chairman of the remuneration committee.

AUDIT COMMITTEE

The audit committee has three members comprising three independent non-executive directors, namely Professor Siu Wan Chi, Professor Ching Pak Chung and Mr. Yeung Kwok Ki, JP.

The primary duties of the audit committee are to review the company's annual report and financial statements, quarterly reports and half-yearly report and to provide advice and comment thereon to the board of directors. The audit committee will also be responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

By order of the Board
DR. CHAN CHOK KI
Chairman and Chief Executive Officer

Hong Kong, 12 May 2006

As at the date hereof, the executive Directors are Dr. Chan Chok Ki (Chairman of the Company), Dr. Ma Chi Kit and Mr. Ho Ka Ho; the non-executive Director is Dr. Chan Cheung Fat; and the independent non-executive Directors are Prof. Siu Wan Chi, Mr. Yeung Kwok Ki, JP. and Professor Ching Pak Chung.