

TeleEye

www.TeleEye.com

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)

二零零六年／二零零七年中期業績報告 2006/2007 Interim 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)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 TELEEEY 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 TELEEEY 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

- 截至二零零六年十二月三十一日止六個月，本集團錄得營業額約23,014,000港元，較二零零五年同期增加約31%。
- 截至二零零六年十二月三十一日止六個月，本集團錄得本公司股權持有人應佔溢利約664,000港元。
- 董事會不建議派付截至二零零六年十二月三十一日止六個月之中期股息。

HIGHLIGHTS

- The Group recorded a turnover of approximately HK\$23,014,000 for the six months ended 31 December 2006, representing an increase of approximately 31% when compared with the same period in 2005.
- The Group recorded a profit attributable to the equity holders of the Company of approximately HK\$664,000 for the six months ended 31 December 2006.
- The Board of Directors does not recommend the payment of an interim dividend for the six months ended 31 December 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」)截至二零零六年十二月三十一日止三個月及六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

		截至十二月三十一日止 三個月		截至十二月三十一日止 六個月		
		Three months ended 31 December		Six months ended 31 December		
		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	11,991	8,612	23,014	17,635
銷售成本	Cost of sales		(6,711)	(3,875)	(13,110)	(8,125)
毛利	Gross profit		5,280	4,737	9,904	9,510
分銷成本	Other income		204	265	330	392
分銷成本	Distribution costs		(2,389)	(2,291)	(4,510)	(4,234)
行政費用	Administrative expenses		(1,506)	(1,822)	(3,014)	(3,560)
研究及發展支出	Research and development expenditure		(1,058)	(1,213)	(2,073)	(1,952)
本期間溢利(虧損)	Profit (Loss) for the period	4	531	(324)	637	156
由下列人士應佔：	Attributable to:					
本公司股權持有人	Equity holders of the Company		587	(231)	664	230
少數股東權益	Minority interests		(56)	(93)	(27)	(74)
			531	(324)	637	156
每股盈利(虧損)(港仙)	Earnings (loss) per share (HK cent)					
基本	Basic	6	0.33	(0.13)	0.37	0.13

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 six months ended 31 December 2006, together with the comparative unaudited figures for the corresponding periods in 2005, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		截至十二月三十一日止 三個月		截至十二月三十一日止 六個月		
		Three months ended 31 December		Six months ended 31 December		
		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	11,991	8,612	23,014	17,635
銷售成本	Cost of sales		(6,711)	(3,875)	(13,110)	(8,125)
毛利	Gross profit		5,280	4,737	9,904	9,510
分銷成本	Other income		204	265	330	392
分銷成本	Distribution costs		(2,389)	(2,291)	(4,510)	(4,234)
行政費用	Administrative expenses		(1,506)	(1,822)	(3,014)	(3,560)
研究及發展支出	Research and development expenditure		(1,058)	(1,213)	(2,073)	(1,952)
本期間溢利(虧損)	Profit (Loss) for the period	4	531	(324)	637	156
由下列人士應佔：	Attributable to:					
本公司股權持有人	Equity holders of the Company		587	(231)	664	230
少數股東權益	Minority interests		(56)	(93)	(27)	(74)
			531	(324)	637	156
每股盈利(虧損)(港仙)	Earnings (loss) per share (HK cent)					
基本	Basic	6	0.33	(0.13)	0.37	0.13

簡明綜合資產負債表

CONDENSED CONSOLIDATED BALANCE SHEET

			於二零零六年 十二月三十一日 As at 31 December 2006 千港元 HK\$'000 (未經審核) (Unaudited)	於二零零六年 六月三十日 As at 30 June 2006 千港元 HK\$'000 (經審核) (Audited)
非流動資產	Non-current assets			
物業、廠房及設備	Property, plant and equipment	7	531	700
發展成本資本化	Capitalised development costs		1,366	1,599
於聯營公司之權益	Interest in an associate		-	-
可供出售投資	Available-for-sale investments		4,237	3,780
			6,134	6,079
流動資產	Current assets			
存貨	Inventories		10,344	8,775
應收賬款及其他應收款	Trade and other receivables	8	7,706	5,847
應收聯營公司之款項	Amount due from an associate	9	29	63
銀行結餘及現金	Bank balances and cash		10,773	13,354
			28,852	28,039
流動負債	Current liabilities			
應付賬款及其他應付款	Trade and other payables	10	4,563	4,768
應付少數股東款項	Amounts due to minority shareholders	11	495	474
應付董事款項	Amounts due to directors	12	183	92
			5,241	5,334
流動資產淨值	Net current assets		23,611	22,705
總資產減流動負債	Total assets less current liabilities		29,745	28,784
資本及儲備	Capital and reserves			
股本	Share capital		1,800	1,800
儲備	Reserves		28,235	27,232
本公司股權持有人應佔 之權益	Equity attributable to equity holders of the Company		30,035	29,032
少數股東權益	Minority Interests		(290)	(248)
			29,745	28,784

簡明綜合權益變動表

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零零六年十二月三十一日止六個月

For the six months ended 31 December 2006

		由本公司股權持有人應佔 Attributable to equity holders of the Company							少數股東 權益	總計
		股本 Share Capital 千港元 HK\$'000	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	保留溢利 (虧絀) Retained profits (deficit) 千港元 HK\$'000	總計 Total 千港元 HK\$'000	Minority Interests 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零零五年七月一日 (經審核)	At 1 July 2005 (audited)	1,800	21,605	(18)	425	14,990	(9,463)	29,339	(296)	29,043
因換算海外業務之賬目 而產生之匯兌差距	Exchange differences on translation of overseas operations	-	-	47	-	-	-	47	2	49
可供出售投資公平值 變動收益	Gain on fair value of available-for-sale investments	-	-	-	144	-	-	144	-	144
直接在權益內確認之 收益淨額	Net income directly recognised in equity	-	-	47	144	-	-	191	2	193
本期間溢利	Profit for the period	-	-	-	-	-	230	230	(74)	156
本期間已確認 收入總額	Total recognised income for the period	-	-	47	144	-	230	421	(72)	349
於二零零五年十二月三十一日 (未經審核)	At 31 December 2005 (unaudited)	1,800	21,605	29	569	14,990	(9,233)	29,760	(368)	29,392
因換算海外業務之賬目 而產生之匯兌差距	Exchange differences on translation of overseas operations	-	-	(114)	-	-	-	(114)	(18)	(132)
可供出售投資公平值 變動收益	Gain on fair value of available-for-sale investments	-	-	-	174	-	-	174	-	174
直接在權益內確認之收入 (開支)淨額	Net income (expense) directly recognised in equity	-	-	(114)	174	-	-	60	(18)	42
出售可供出售投資時 變現重估儲備	Realisation of revaluation reserve on disposal of available-for-sale investments	-	-	-	(285)	-	-	(285)	-	(285)
本期間虧損	Loss for the period	-	-	-	-	-	(503)	(503)	138	(365)
本期間已確認收入 (開支)總額	Total recognised income (expense) for the period	-	-	(114)	(111)	-	(503)	(728)	120	(608)
於二零零六年六月三十日 (經審核)	At 30 June 2006 (audited)	1,800	21,605	(85)	458	14,990	(9,736)	29,032	(248)	28,784
因換算海外業務之賬目 而產生之匯兌差距	Exchange differences on translation of overseas operations	-	-	(118)	-	-	-	(118)	(15)	(133)
可供出售投資公平值 變動收益	Gain on fair value of available-for-sale investments	-	-	-	457	-	-	457	-	457
直接在權益內確認之收入 (開支)淨額	Net income (expense) directly recognised in equity	-	-	(118)	457	-	-	339	(15)	324
本期間溢利	Profit for the period	-	-	-	-	-	664	664	(27)	637
本期間已確認收入 (開支)總額	Total recognised income (expense) for the period	-	-	(118)	457	-	664	1,003	(42)	961
於二零零六年十二月三十一日 (未經審核)	At 31 December 2006 (unaudited)	1,800	21,605	(203)	915	14,990	(9,072)	30,035	(290)	29,745

本集團之特別儲備乃指根據於二零零一年四月進行集團重組時被購入之附屬公司合計之股本面值與本公司發行股本作為收購代價之面值兩者之差額。

The special reserve of the Group represents the difference between the aggregate of the nominal value of share capital of the subsidiaries acquired pursuant to a group reorganisation in April 2001 and the nominal value of the share capital issued by the Company as consideration for the acquisition.

簡明綜合現金流量表

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

截至十二月三十一日
止六個月

Six months ended
31 December

		二零零六年 2006 千港元 HK\$'000 (未經審核) (Unaudited)	二零零五年 2005 千港元 HK\$'000 (未經審核) (Unaudited)
應用於經營業務之現金淨額	Net cash used in operating activities	(2,441)	(1,888)
應用於投資業務之現金淨額	Net cash used in investing activities	(160)	(443)
源自融資業務之現金淨額	Net cash from financing activities	20	67
現金及現金等價物減少淨額	Net decrease in cash and cash equivalents	(2,581)	(2,264)
於期初之現金及現金等價物	Cash and cash equivalents at beginning of the period	13,354	16,339
於期終之現金及現金等價物 (即銀行結餘及現金)	Cash and cash equivalents at end of the period, representing bank balances and cash	10,773	14,075

簡明財務報表附註

1. 編製基準

本公司在開曼群島註冊成立為有限公司，而其股份於香港聯合交易所有限公司（「聯交所」）創業板（「創業板」）上市，其最終控股公司為Etin Tech Limited，一家於英屬處女群島（「英屬處女群島」）註冊成立之公司。

簡明財務報表乃根據香港聯合交易所有限公司創業板證券上市規則第18章之適用披露規定及香港會計準則第34號「中期財務報告」而編製。簡明財務報表乃根據歷史成本法而編製，惟若干金融工具以公平值計量（倘適用）。

於編製簡明財務報表時採納之主要會計政策與本集團於其截至二零零六年六月三十日止年度之年度賬目所採納者保持一致。

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。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Etin Tech Limited, a company incorporated in the British Virgin Islands ("BVI").

The condensed financial statements have been prepared in accordance with 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 and with Hong Kong Accounting Standard 34 "Interim Financial Reporting". They have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The principal accounting policies adopted in the preparation of the condensed financial statements are consistent with those adopted by the Group in its annual accounts for the year ended 30 June 2006.

2. REVENUE

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

3. 分類資料

本集團主要從事視聽監察系統之研究及開發與買賣。根據本集團之內部財務報告，本集團決定以客戶之所在地之地區分部作為其主要呈報方式。

地區分類

本集團以其客戶（其客戶主要位於香港、新加坡、其他亞洲國家、中東、歐洲、美洲、非洲及澳洲）之所在地區呈報其主要業務資料。以下為按上述地區劃分之市場之分部資料：

截至二零零六年十二月三十一日止六個月

3. SEGMENT INFORMATION

The Group is principally engaged in the research and development and trading of audio and video surveillance systems. In accordance with the Group's internal financial reporting, the Group has determined that geographical segment by location of customers is its primary reporting format.

Geographical segments

The Group reports its primary segment information by geographical location of its customers who are principally located in Hong Kong, Singapore, other Asian countries, Middle East, Europe, the Americas, Africa and Australia. Segment information about these geographical markets is presented below:

Six months ended 31 December 2006

		香港	新加坡	其他 亞洲國家	中東	歐洲	美洲	非洲	澳洲	對銷	綜合
		Hong Kong	Singapore	Other Asian countries	Middle East	Europe	The Americas	Africa	Australia	Eliminations	Consolidated
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
收入	REVENUE										
來自外界之銷售	External sales	3,280	2,393	2,569	2,068	8,343	339	2,490	1,532	-	23,014
分部間之銷售	Inter-segment sales	-	1,484	278	-	3,205	-	-	-	(4,967)	-
總收入	Total revenue	<u>3,280</u>	<u>3,877</u>	<u>2,847</u>	<u>2,068</u>	<u>11,548</u>	<u>339</u>	<u>2,490</u>	<u>1,532</u>	<u>(4,967)</u>	<u>23,014</u>
分部業績	SEGMENT RESULT	<u>311</u>	<u>(80)</u>	<u>111</u>	<u>561</u>	<u>2,016</u>	<u>47</u>	<u>789</u>	<u>618</u>	<u>74</u>	<u>4,447</u>
未劃分的公司收入	Unallocated corporate income										330
未劃分的公司費用	Unallocated corporate expenses										
- 行政及其他費用	- Administrative and other expenses										(2,067)
- 研究及發展支出	- Research and development expenditure										(2,073)
本期間溢利	Profit for the period										<u>637</u>

5. 稅項

由於應課稅溢利已被結轉之稅項虧損悉數抵免，故無須就截至二零零六年及二零零五年十二月三十一日止六個月於香港產生之溢利繳納任何稅項。

於其他司法權區產生之稅項乃按有關司法權區之適用稅率計算。

6. 每股盈利(虧損)

每股基本盈利乃根據截至二零零六年十二月三十一日止三個月及六個月之本公司股權持有人應佔溢利分別約587,000港元及664,000港元(截至二零零五年十二月三十一日止三個月及六個月：本公司股權持有人應佔(虧損)溢利分別約為(231,000)港元及230,000港元)及於截至二零零六年十二月三十一日止三個月及六個月內已發行普通股180,000,000股(截至二零零五年十二月三十一日止三個月及六個月：180,000,000股普通股)計算。

鑑於所呈列之期間本公司購股權之行使價高於股份之平均市價，因此，並無披露截至二零零六年及二零零五年十二月三十一日止六個月之每股攤薄盈利。

7. 物業、廠房及設備

截至二零零六年十二月三十一日止六個月內，本集團就電腦及辦公室設備動用約42,000港元。

5. TAXATION

No tax is payable on profit for the six months ended 31 December 2006 and 2005 arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the three months and six months ended 31 December 2006 of approximately HK\$587,000 and HK\$664,000, respectively (three months and six months ended 31 December 2005: (loss) profit attributable to equity holders of the Company of approximately HK\$(231,000) and HK\$230,000, respectively), and 180,000,000 ordinary shares in issue during the three months and six months ended 31 December 2006 (three months and six months ended 31 December 2005: 180,000,000 ordinary shares).

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

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2006, the Group spent approximately HK\$42,000 on computer and office equipment.

8. 應收賬款及其他應收款

本集團平均給予其貿易客戶三十日之信貸期。

應收賬款及其他應收款包括應收貿易賬款約5,405,000港元(二零零六年六月三十日:4,054,000港元)。於結算日按銷售發票之到期付款日期為基準而計算應收賬款之賬齡分析如下:

即期付款	Current
逾期1至3個月	1 to 3 months overdue
逾期超過3個月	More than 3 months

8. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers.

Included in trade and other receivables are trade receivables of approximately HK\$5,405,000 (30 June 2006: HK\$4,054,000). The following is an aged analysis of trade receivables at the balance sheet date prepared on the basis of due payment date of sales invoice:

二零零六年 十二月三十一日 31 December 2006 千港元 HK\$'000	二零零六年 六月三十日 30 June 2006 千港元 HK\$'000
2,977	2,495
1,554	1,108
874	451
<u>5,405</u>	<u>4,054</u>

9. 應收聯營公司之款項

貸款賬項	Loan account
貿易賬項	Trade account

貸款賬項為無抵押、年息為1%及須按要求而償還。而貿易賬項則為無抵押及不附利息，而本集團平均給予聯營公司銷售之信貸期為45日。

於結算日之貿易賬項結餘賬齡均介乎本集團所授予之信貸期內。

9. AMOUNT DUE FROM AN ASSOCIATE

二零零六年 十二月三十一日 31 December 2006 千港元 HK\$'000	二零零六年 六月三十日 30 June 2006 千港元 HK\$'000
23	25
6	38
<u>29</u>	<u>63</u>

The loan account is unsecured, bears interest at 1% per annum and is repayable on demand. The trade account is unsecured, non-interest bearing and the Group allows an average credit period of 45 days for sales made to the associate.

The trade account balances at the balance sheet date are aged within the credit period granted by Group.

10. 應付賬款及其他應付款

應付賬款及其他應付款包括應付貿易賬款約1,903,000港元(二零零六年六月三十日:1,440,000港元)。於結算日按供應商發票之到期付款日期為基準而計算應付賬款之賬齡分析如下:

即期付款	Current
逾期1至3個月	1 to 3 months overdue
逾期超過3個月但在 12個月以內	More than 3 months but less than 12 months overdue

11. 應付少數股東款項

該筆結餘為無抵押、不附利息及須按要求而償還。

12. 應付董事款項

該筆結餘為應付董事的袍金及酬金。

13. 關連人士交易

向聯營公司之銷售	Sales to an associate
來自聯營公司貸款之利息收入	Interest income from loan to an associate
向香港城市大學(「城大」) 支付服務費	Service fee to The City University of Hong Kong ("City University")

持有Etin City Limited(本公司之主要股東之一)30%權益之城大企業有限公司為城大之全資附屬公司。

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK\$1,903,000 (30 June 2006: HK\$1,440,000). The following is an aged analysis of trade payables at the balance sheet date prepared on the basis of due payment date of supplier's invoice:

二零零六年 十二月三十一日 31 December 2006 千港元 HK\$'000	二零零六年 六月三十日 30 June 2006 千港元 HK\$'000
1,205	643
408	298
290	499
1,903	1,440

11. AMOUNTS DUE TO MINORITY SHAREHOLDERS

The balance are unsecured, non-interest bearing and are repayable on demand.

12. AMOUNTS DUE TO DIRECTORS

The balances represent fees and emoluments due to directors.

13. RELATED PARTY TRANSACTIONS

截至十二月三十一日 止六個月 Six months ended 31 December	
二零零六年 2006 千港元 HK\$'000	二零零五年 2005 千港元 HK\$'000
63	280
2	2
32	10

CityU Enterprises Limited, a wholly owned subsidiary of City University, holds a 30% interest in Etin City Limited, a substantial shareholder of the Company.

13. 關連人士交易 (續)

主要管理人員的補償

董事及其他主要管理層成員於期間內之酬金如下：

短期福利	Short-term benefits
離職後福利	Post-employment benefits

董事及主要行政人員的酬金乃由薪酬委員會於考慮個別表現及市場趨勢後釐定。

13. RELATED PARTY TRANSACTIONS (continued)

Compensation of Key Management Personnel

The remuneration of directors and other members of key management during the period was as follows:

截至十二月三十一日 止六個月	
Six months ended 31 December	
二零零六年	二零零五年
2006	2005
千港元	千港元
HK\$'000	HK\$'000

2,311	2,315
36	36

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

中期股息

董事會不擬派付截至二零零六年十二月三十一日止三個月及六個月之中期股息(二零零五年：無)。

財務回顧

截至二零零六年十二月三十一日止六個月，本集團錄得總營業額約23,014,000港元，較截至二零零五年十二月三十一日止六個月之營業額約17,635,000港元增加約31%。與截至二零零六年九月三十日止之上一季度比較，截至二零零六年十二月三十一日止本季度之營業額增加約9%，或約968,000港元。

截至二零零六年十二月三十一日止六個月，本集團錄得本公司權益持有人應佔溢利約664,000港元，而二零零五年同期之本公司權益持有人應佔溢利則約為230,000港元。截至二零零六年十二月三十一日止六個月，每股盈利為0.37港仙，截至二零零五年十二月三十一日止六個月之每股盈利則為0.13港仙。

截至二零零六年十二月三十一日止六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。於截至二零零六年十二月三十一日止六個月內，本集團已將有關發展高級閉路電視產品的經營成本約169,000港元(二零零五年：426,000港元)資本化。截至二零零六年十二月三十一日止六個月之整體經營成本約為9,597,000港元，與二零零五年同期之9,746,000港元比較，輕微減少約2%。儘管營業額上升，但整體經營成本則維持於去年同期的相若水平。此乃由於本集團實行有效成本控制措施及有效率地分配資源所致。

業務回顧

本集團在市場競爭激烈的情況下仍能錄得大幅增長，而且在本財政年度能連續兩個季度錄得溢利。競爭對手主要包括數碼錄像機及網絡攝像機生產商，而由於多個市場均出現減價壓力，因此本集團之毛利率有所下降。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。於本期間內，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。

INTERIM DIVIDEND

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

FINANCIAL REVIEW

For the six months ended 31 December 2006, the Group recorded a total turnover of approximately HK\$23,014,000, representing an increase of approximately 31% as compared to the turnover of approximately HK\$17,635,000 for the six months ended 31 December 2005. In comparison with the previous quarter ended 30 September 2006, turnover for this quarter ended 31 December 2006 increased by approximately 9% or approximately HK\$968,000.

The Group recorded a profit attributable to the equity holders of the Company of approximately HK\$664,000 for the six months ended 31 December 2006, as compared to the profit attributable to the equity holders of the Company of approximately HK\$230,000 in the corresponding period in 2005. Earnings per share for the six months ended 31 December 2006 was HK\$0.37 cent, compared to earnings per share of HK\$0.13 cent for the six months ended 31 December 2005.

The encouraging growth in turnover for the six months ended 31 December 2006 was attributable to the Group's success in global expansion and advanced product development strategies. During the six months ended 31 December 2006, the Group had capitalized operating costs of approximately HK\$169,000 (2005: HK\$426,000) in respect of development of advanced CCTV products. Overall operating costs for the six months ended 31 December 2006 were approximately HK\$9,597,000, representing a slight decrease of approximately 2% as compared to HK\$9,746,000 for the same period in 2005. Notwithstanding the rise in turnover, overall operating costs had been kept at approximately the same level as last corresponding period. This was due to the implementation of effective cost control measures and efficient allocation of resources applied among the Group.

BUSINESS REVIEW

The Group achieved considerable growth under a highly competitive market environment, and has managed to maintain profitability for two consecutive quarters in this fiscal year. Keen competitions mainly come from digital video recorder and network camera manufacturers, and price pressure in various market reduced the Group's gross profit margin. The Group has introduced new products, focused on deeper penetration of existing market and expanded its distribution networks. During the period, the Group continued to conduct exhibitions and seminars in various countries with a view to enhance the TeleEye brand image worldwide.

於二零零六年十月，**TeleEye RX360**系列數碼錄像傳送器（「**TeleEye RX360**」）於2006年香港電子產品展（為全亞洲最大、亦是全世界第二大的電子產品展覽會）榮獲2006年香港電子業商會創新科技獎全場大獎及保安產品金獎，為千里眼科技產品連續第四年榮獲香港電子業商會獎項。此外，本集團亦首次榮獲全場大獎，為香港電子業商會獎項之最高榮譽。

於上一個季度推出 **TeleEye RX334**數碼視像錄影傳送器（「**TeleEye RX334**」）後，本集團於截至二零零六年十二月三十一日止季度內推出**TeleEye RX330**系列數碼錄像傳送器（「**TeleEye RX330**」）的其他成員，即**TeleEye RX338**數碼視像錄影傳送器（「**TeleEye RX338**」）及**TeleEye RX3316**數碼視像錄影傳送器（「**TeleEye RX3316**」）。**TeleEye RX338**及**TeleEye RX3316**分別為高性能8路視頻傳送器及16路視頻傳送器，支援多至兩個內置硬盤，適合本機及遙距操作。秉承**TeleEye RX360**的彪炳成績，該兩個新型號將高速視像傳送、高解像度質素錄影及靈活的連接結合在單一裝置內。採用本集團革命性的「多重串流視像壓縮技術(SMAC-M)」，**TeleEye RX338**及**TeleEye RX3316**能真正提供絕不妥協的同步高速視像傳送及DVD高質素錄影效果。

於截至二零零六年十二月三十一日止六個月內，**TeleEye RX360**及**TeleEye RX330**為本集團產生分別約為40%及7%之總營業額。

業務展望

展望未來，本集團將專注於其核心業務的強項，即發展及採購創新及優質產品，並將尋求機會在市場潛力優厚之國家開拓新市場，以擴大收入來源。本集團預期RX系列產品將繼續為本集團之總營業額帶來可觀之貢獻。董事對本集團未來增長仍然審慎樂觀，並相信本集團在全球視像管理應用方案市場上可繼續擔當技術先進而具領導地位的供應商。

In October 2006, **TeleEye RX360 Series Digital Video Recording Transmitters (“TeleEye RX360”)** has won the Grand Award and the Gold Award (Security Category) in the 2006 Hong Kong Electronic Industries Association (HKEIA) Award for Outstanding Innovation and Technology Products during the Hong Kong Electronic Fair 2006, the largest electronic exhibitions in Asia and the second largest in the world. This is the fourth consecutive year that the HKEIA Award goes to TeleEye technology products. Moreover, this is the first time that the Group has received the Grand Award, the top honour in the HKEIA Award.

Following the launch of **TeleEye RX334 Digital Video Recording Transmitter (“TeleEye RX334”)** in last quarter, the Group launched another members of **TeleEye RX330 Series Video Recording Transmitters (“TeleEye RX330”)**, namely **TeleEye RX338 Digital Video Recording Transmitter (“TeleEye RX338”)** and **TeleEye RX3316 Digital Video Recording Transmitter (“TeleEye RX3316”)**, in the quarter ended 31 December 2006. **TeleEye RX338** and **TeleEye RX3316** are high performance 8-channel transmitter and 16-channel transmitter respectively, which support up to two internal hard drives for standalone and remote operations. Being inherited from the success of their counterpart **TeleEye RX360**, these two new models combine fast video transmission, high-resolution recording and flexible connections in one single box. Featuring with the Group’s revolutionary Multi-rate Video Coding Technology (SMAC-M), **TeleEye RX338** and **TeleEye RX3316** deliver truly “no compromise” on both efficient video transmission and excellent DVD quality recording performance.

During the six months ended 31 December 2006, **TeleEye RX360** and **TeleEye RX330** generated approximately 40% and 7% of the Group’s total turnover, respectively.

BUSINESS OUTLOOK

Going forward, the Group will focus on its core strength of developing and sourcing innovative and quality products, and will explore into new markets in countries with good market potential in order to broaden the source of revenue. The Group expected that the RX series products will continue to contribute significantly to the Group’s total turnover. The directors remains cautiously optimistic about the future growth of the Group and believe that the Group can continue to be a leading advanced technological supplier in the global market of video management applications.

分類資料

歐洲

歐洲仍然為本集團之最大市場，截至二零零六年十二月三十一日止六個月之營業額約為8,343,000港元(二零零五年：4,779,000港元)，佔本集團營業額之36%(二零零五年：27%)。TeleEye Europe Limited(於英國之附屬公司)自二零零四年四月開始作為直銷辦事處之方式經營，其對於在歐洲市場提供技術支援及市場推廣作出莫大貢獻。分類溢利增加至約2,016,000港元(二零零五年：705,000港元)。分類溢利增加是由於營業額增加以及實行嚴謹成本控制措施所致。

香港

香港為本集團第二大市場。截至二零零六年十二月三十一日止六個月之營業額約為3,280,000港元(二零零五年：3,581,000港元)，佔本集團營業額之14%(二零零五年：20%)。分類溢利減少至約311,000港元(二零零五年：1,843,000港元)。此乃由於營業額減少及撇減本集團之香港附屬公司的若干呆滯存貨所致。

其他亞洲國家

截至二零零六年十二月三十一日止六個月，本集團源自其他亞洲國家之營業額約為2,569,000港元(二零零五年：2,177,000港元)，佔本集團營業額之11%(二零零五年：12%)。分類溢利減少至約111,000港元(二零零五年：660,000港元)。

非洲

截至二零零六年十二月三十一日止六個月，來自非洲之營業額增加224%至約為2,490,000港元(二零零五年：768,000港元)，或佔本集團營業額之11%(二零零五年：5%)。分類溢利增加至約為789,000港元(二零零五年：341,000港元)。營業額增加乃由於在區內加大市場推廣力度所致。本集團最近在南非委任新的分銷商，以進一步加強在南非市場的銷售及客戶支援。

新加坡

由於市場需求增加，截至二零零六年十二月三十一日止六個月，新加坡的營業額約為2,393,000港元(二零零五年：1,847,000港元)，或佔本集團營業額之10%(二零零五年：11%)。該分類錄得虧損約80,000港元(二零零五年：虧損約190,000港元)。

中東

截至二零零六年十二月三十一日止六個月，本集團源自中東的營業額約為2,068,000港元(二零零五年：2,266,000港元)，或佔本集團營業額之9%(二零零五年：13%)。該分類錄得溢利約561,000港元(二零零五年：936,000港元)。

SEGMENT INFORMATION

Europe

Europe is still the largest market of the Group, whose turnover for the six months ended 31 December 2006 amounted to approximately HK\$8,343,000 (2005: HK\$4,779,000) or 36% (2005: 27%) of the Group's turnover. TeleEye Europe Limited (a subsidiary in the UK) operates as a direct selling office commencing from April 2004. It contributed significant effort in the provision of technical and marketing support in the region. Segment profit increased to approximately HK\$2,016,000 (2005: HK\$705,000). It was due to the increase in turnover and implementation of stringent cost control measures.

Hong Kong

Hong Kong is the second largest market of the Group. Turnover for the six months ended 31 December 2006 amounted to approximately HK\$3,280,000 (2005: HK\$3,581,000) or 14% (2005: 20%) of the Group's turnover. Segment profit reduced to approximately HK\$311,000 (2005: HK\$1,843,000). It was due to the decrease in turnover and the write-down of certain slow-moving inventories in the Group's subsidiary in Hong Kong.

Other Asia Countries

Turnover for other Asia countries for the six months ended 31 December 2006 amounted to approximately HK\$2,569,000 (2005: HK\$2,177,000) or 11% (2005: 12%) of the Group's turnover. Segment profit reduced to approximately HK\$111,000 (2005: HK\$660,000).

Africa

Turnover from Africa for the six months ended 31 December 2006 increased by 224% to approximately HK\$2,490,000 (2005: HK\$768,000) or 11% (2005: 5%) of the Group's turnover. Segment profit increased to approximately HK\$789,000 (2005: HK\$341,000). The increase in turnover was due to the increasing marketing efforts applied in the region. The Group has recently appointed a new distributor in South Africa to further strengthen the sales and customer support in the South Africa market.

Singapore

Due to increase in market demand, turnover for Singapore for the six months ended 31 December 2006 amounted to approximately HK\$2,393,000 (2005: HK\$1,847,000) or 10% (2005: 11%) of the Group's turnover. The segment reported a loss of approximately HK\$80,000 (2005: loss of approximately HK\$190,000).

Middle East

Turnover for Middle East for the six months ended 31 December 2006 amounted to approximately HK\$2,068,000 (2005: HK\$2,266,000) or 9% (2005: 13%) of the Group's turnover. The segment reported a profit of approximately HK\$561,000 (2005: HK\$936,000).

美洲

截至二零零六年十二月三十一日止六個月，來自美洲之營業額約為339,000港元(二零零五年：1,975,000港元)，或佔本集團營業額之2%(二零零五年：11%)。該分類錄得溢利約為47,000港元(二零零五年：321,000港元)。

澳洲

截至二零零六年十二月三十一日止六個月，來自澳洲之營業額急升533%至約為1,532,000港元(二零零五年：242,000港元)，或佔本集團總營業額之7%(二零零五年：1%)。營業額增長乃由於本集團積極進行銷售及市場推廣工作以及上一個財政年度所推出新產品之競爭力增強所致。分類溢利增加至約618,000港元(二零零五年：82,000港元)。

僱員資料

於二零零六年十二月三十一日，本集團在香港聘用34名(二零零五年：38名)全職僱員，駐中國及海外辦事處之全職僱員則為17名(二零零五年：17名)。本集團之員工成本(包括董事酬金、僱員薪酬及退休福利計劃供款)約為6,400,000港元(二零零五年：6,383,000港元)。

僱員薪酬乃參照個別員工之職責與表現而定，與現行市場條件比較仍然甚具競爭力。本集團向全體僱員提供之其他福利包括醫療保險、退休福利計劃及酌情花紅。董事會將根據購股權計劃之條款及條件酌情授出購股權。

流動現金、財政資源及資本負債率

於二零零六年十二月三十一日，本集團尚未償還一筆由少數股東提供之不附利息短期墊款，該筆貸款主要用作TeleEye (S) Pte Limited之經營資金，乃按要求而償還並以新加坡元列示。於本期間內，本集團並無提取及償還此筆貸款。此外，本集團亦尚未償還一筆由另一少數股東提供的不附利息貸款。該筆貸款以英鎊列示，並用作TeleEye Europe Limited之經營資金。於二零零六年十二月三十一日，本集團並無償還此筆貸款。

除上文所述者外，於截至二零零六年十二月三十一日止六個月內，本集團主要運用其內部資源之資金經營。本集團持有恆生銀行可動用銀行融資額5,000,000港元，惟於二零零六年十二月三十一日，所有款額均尚未動用(二零零六年六月三十日：無)。據此，本集團於二零零六年十二月三十一日之資本負債率(銀行及其他借款與長期債務除總資產之百分比)約為1%(二零零六年六月三十日：1%)。

The Americas

Turnover for the Americas for the six months ended 31 December 2006 amounted to approximately HK\$339,000 (2005: HK\$1,975,000) or 2% (2005: 11%) of the Group's turnover. The segment reported a profit of approximately HK\$47,000 (2005: HK\$321,000).

Australia

Turnover from Australia for the six months ended 31 December 2006 surged by 533% to approximately HK\$1,532,000 (2005: HK\$242,000) or 7% (2005: 1%) of the Group's total turnover. The growth in turnover can be attributable to the Group's aggressive sales and marketing efforts and increased competitiveness of new products launched last financial year. Segment profit increased to approximately HK\$618,000 (2005: HK\$82,000).

EMPLOYEE INFORMATION

As at 31 December 2006, the Group employed 34 (2005: 38) full time employees in Hong Kong and 17 (2005: 17) full time employees in the PRC and overseas offices. The Group's staff costs, including directors' emoluments, employees' salaries and retirement benefits scheme contribution amounted to approximately HK\$6,400,000 (2005: HK\$6,383,000).

Employees are remunerated in accordance with individual's responsibility and performance, which remain competitive with the prevailing market rates. Other fringe benefits such as medical insurance, retirement benefit scheme and discretionary bonus are offered to all employees. Share options are granted at the directors' discretion and under the terms and conditions of share options schemes.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2006, a non-interest bearing short-term advances was outstanding to a minority shareholder. The loan was to finance the operation of TeleEye (S) Pte Limited and was denominated in Singapore dollars and repayable on demand. There was no drawing and repayment of this loan during the period. In addition, a non-interest bearing loan was outstanding to another minority shareholder. The loan was denominated in British pounds and was used to finance the operation of TeleEye Europe Limited. There was no repayment to this loan as at 31 December 2006.

Other than the above, the Group mainly used its internal resources to finance its operations during the six months ended 31 December 2006. The Group has available banking facilities of HK\$5 million from Hang Seng Bank and none of them has been utilised as at 31 December 2006 (30 June 2006: Nil). Consequently, the Group's gearing ratio, as a percentage of bank and other borrowings and long-term debt over total assets, as at 31 December 2006 was approximately 1% (30 June 2006: 1%).

於二零零六年十二月三十一日，本集團之銀行結餘、存款及現金約為10,773,000港元(二零零六年六月三十日：13,354,000港元)。

資本結構

除上文所述之少數股東不附利息墊款外，於回顧期間內，本集團並無任何其他借款。

於截至二零零六年十二月三十一日止六個月內，本公司之股本並無任何變動。有關購股權之變動詳情載於下文「購股權計劃」一節。

重大投資

於截至二零零六年十二月三十一日止六個月內，本集團並無訂立任何新的重大投資。

重大收購及出售附屬公司及聯屬公司

本集團並無任何重大收購及出售附屬公司及聯屬公司。

資產抵押

於二零零六年十二月三十一日，本集團之資產並無作任何抵押(二零零六年六月三十日：無)。

重大投資或資本資產之未來計劃

除本公司於二零零一年四月二十四日之招股章程所披露者外，於來年本集團並無任何其他重大投資或資本資產之計劃。

匯率波動及匯率對沖之風險

於回顧期間內，本集團之交易主要以港元、美元及英鎊進行，由於港元與美元掛鈎，故董事會認為本集團之潛在匯兌風險有限。於回顧期間內，本集團並無運用任何金融工具作對沖之用(二零零六年六月三十日：無)。本集團將不時密切留意外幣風險，並於必要時進行適當的對沖活動。

或然負債

於二零零六年十二月三十一日，本集團並無任何或然負債(二零零六年六月三十日：無)。

The Group had bank balances, deposits and cash of approximately HK\$10,773,000 as at 31 December 2006 (30 June 2006: HK\$13,354,000).

CAPITAL STRUCTURE

Apart from the aforesaid non-interest bearing advances from minority shareholders, the Group did not have any borrowings during the period under review.

There was no change in the Company's share capital during the six months ended 31 December 2006. The details of change of share options are set out under the header of "Share Option Schemes" below.

SIGNIFICANT INVESTMENT

The Group did not enter into any new significant investment during the six months ended 31 December 2006.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisitions and disposals of subsidiaries and affiliated companies.

CHARGE ON ASSETS

As at 31 December 2006, the Group did not have any charge on its assets (30 June 2006: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Other than those disclosed in the Company's prospectus dated 24 April 2001, the Group does not have any other plan for material investments or capital assets for the coming year.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the period under review, the Group's transactions were substantially denominated in either Hong Kong, US dollars and British Pounds. Since Hong Kong dollars are pegged to the US dollars, the Board considers that the potential foreign exchange exposure of the Group is limited. During the period under review, the Group did not use any financial instruments for hedging purposes (30 June 2006: Nil). The Group closely monitors its foreign currency exposure from time to time and will engage appropriate hedging activities should needs arise.

CONTINGENT LIABILITIES

As at 31 December 2006, the Group did not have any contingent liabilities (30 June 2006: Nil).

董事及主要行政人員於股份及購股權之權益

於二零零六年十二月三十一日，根據證券及期貨條例（「證券及期貨條例」）第352條，或根據創業板上市規則第5.46條須通知本公司及聯交所之規定，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（見證券及期貨條例第十五部之定義）之股份及購股權中擁有之權益如下：

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 December 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

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
104,000,000	57.8%
104,000,000	57.8%

(b) Share options

持有購股權數目 Number of share options held	相關股份數目 Number of underlying shares
2,700,000	2,700,000
2,160,000	2,160,000
2,044,000	2,044,000

附註：

- (1) 於二零零六年十二月三十一日，此等佔本公司已發行股本約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持有本公司之股份。
- (2) 該等購股權乃根據本公司採納之購股權計劃授予董事，有關購股權計劃之詳情載於下文「購股權計劃」一節。

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理人股份外，於二零零六年十二月三十一日，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。

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所作出之貢獻予以肯定。根據計劃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可超過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。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。

Notes:

- (1) These shares, representing approximately 57.8% of the issued share capital of the Company as at 31 December 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 December 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.

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. 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.

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十二月三十一日止六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\$	於二零零六年 七月一日 尚餘之購股權 Balance at 1 July 2006	於期間內 已失效 之購股權 Lapsed during the period (附註) (note)	於二零零六年 十二月三十一日 尚餘之購股權 Balance at 31 December 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	2,056,000	—	2,056,000
			<u>6,660,000</u>	<u>—</u>	<u>6,660,000</u>

自授出日期起計並無購股權獲行使。於二零零六年十二月三十一日，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%。

附註：此等購股權於承授人辭任後失效。

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 six months ended 31 December 2006:

No options had been exercised since the date of grant. At 31 December 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.

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

(ii) 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授出購股權（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、顧客及供應商）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，其有效期由其各自的歸屬日期起計為期10年。

可授出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%。倘在任何十二個月期間直至授出購股權予該承授人日期（包括該日）止，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。

認購價不得少於下列三者之最高者：(i)本公司股份於授出日期（須為交易日）在每日報價表之收市報價；(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之平均收市報價；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。

(ii) **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 and have a duration of 10 years from their respective vesting dates.

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十二月三十一日止六個月期間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 six months ended 31 December 2006:

	授出日期 Date of grant	每股 購股權 行使價 Exercise price per share 港元 HK\$	於二零零六年 七月一日 尚餘之購股權 Balance at 1 July 2006	於期間內 已失效 之購股權 Lapsed during the period (附註) (Note)	於二零零六年 十二月三十一日 尚餘之購股權 Balance at 31 December 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
			2,300,000	—	2,300,000
本集團僱員 Employees of the Group	二零零四年八月四日 4 August 2004	0.145	380,000	—	380,000
			2,680,000	—	2,680,000
			2,680,000	—	2,680,000

自授出日期以來概無行使購股權。緊接二零零四年八月四日(上述購股權之授出日期)前本公司股份之收市價為0.145港元。於二零零六年十二月三十一日，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本公司已發行股份之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 December 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.

附註：此等購股權於承授人辭任後失效。

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

董事購買股份或債券之權利

除上文「購股權計劃」一節所述外，於截至二零零六年十二月三十一日止六個月任何時間內，本公司、其控股公司及其任何附屬公司概無參與任何能夠讓本公司各董事可藉著購入本公司或任何其他法人團體之股份或債券而獲得利益之安排，而本公司之董事、彼等之配偶或年齡在18歲以下之子女於截至二零零六年十二月三十一日止六個月內亦無擁有可認購本公司證券之任何權利或行使任何該等權利。

主要股東

除上文「董事及主要行政人員於股份及購股權之權益」一節所披露者外，於二零零六年十二月三十一日，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登記冊所披露，並無任何人士於本公司之已發行股本中擁有須予公佈之權益或淡倉。

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）沒有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擁有任何權益。

買賣或贖回本公司之上市證券

在回顧期間內，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。

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Other than the section headed "Share Option Schemes" as described above, at no time during the six months ended 31 December 2006 was the Company, its holding company and any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors, their spouses or children under the age of eighteen, had any rights to subscribe for securities of the Company; or had exercised any such rights during the six months ended 31 December 2006.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed in the section 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 December 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.

有關董事進行證券交易的守則

截至二零零六年十二月三十一日止六個月內，本公司已採納一套有關董事進行證券交易行為守則，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操守準則。

企業管治常規守則

截至二零零六年十二月三十一日止六個月，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。

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。陳博士自本公司註冊成立以來一直擔任本公司之主席兼行政總裁。董事會認為，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。董事會亦認為，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。

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31 December 2006, the Company has adopted 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 six months ended 31 December 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.

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 Board considers 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 Board also considers 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 considers that, at its present size, there is no imminent need to segregate the role of Chairman and Chief Executive Officer.

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），惟儘管其中另有任何規定，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，所有董事須根據本公司的公司組織章程細則輪值退任。董事會認為，主席職位的連貫性為本集團提供強大而貫徹的領導，對本集團的暢順運作至關重要。因此，並無迫切需要修訂本公司之公司組織章程細則。

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. As such, with the exception of the Chairman, all directors are subject to retirement by rotation in accordance with the Company's Articles of Association. The Board considers that the continuity of office of the Chairman provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group. Therefore, there is no imminent need to amend the Articles of Association of the Company.

審核委員會

審核委員會包括三位獨立非執行董事蕭允治教授、程伯中教授及俞漢度先生。

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

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
主席及行政總裁

香港，二零零七年二月十二日

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、程伯中教授及俞漢度先生。

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. Yu Hon To, David.

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 February 2007

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, Professor Ching Pak Chung and Mr. Yu Hon To, David.