



Information Technology Integrations and Solution

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Interim Report **2006 / 07**



Sys Solutions Holdings Limited

**軟迅科技控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8182

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

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*This report, for which the directors of Sys Solutions Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to Sys Solutions Holdings Limited. The directors of Sys Solutions Holdings Limited, 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.*

## CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the three months and six months ended 31 January 2007

The board of directors (the “Board”) of Sys Solutions Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 31 January 2007, together with the unaudited comparative figures for the corresponding period in 2006 as follows:

|                                                      | Notes | Three months ended<br>31 January |                             | Six months ended<br>31 January |                             |
|------------------------------------------------------|-------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
|                                                      |       | 2007<br>HK\$<br>(Unaudited)      | 2006<br>HK\$<br>(Unaudited) | 2007<br>HK\$<br>(Unaudited)    | 2006<br>HK\$<br>(Unaudited) |
| TURNOVER                                             | 3     | <b>1,434,186</b>                 | 1,286,861                   | <b>2,145,995</b>               | 3,993,536                   |
| Cost of sales                                        |       | <b>(1,274,998)</b>               | (732,147)                   | <b>(1,780,781)</b>             | (3,177,557)                 |
| Gross profit                                         |       | <b>159,188</b>                   | 554,714                     | <b>365,214</b>                 | 815,979                     |
| Other revenue                                        | 5     | <b>5,843,306</b>                 | 21,041                      | <b>5,843,314</b>               | 22,107                      |
| Administrative and<br>operating expenses             |       | <b>(7,550,866)</b>               | (2,096,642)                 | <b>(8,904,316)</b>             | (4,755,932)                 |
| LOSS FROM<br>OPERATING ACTIVITIES                    | 4     | <b>(1,548,372)</b>               | (1,520,887)                 | <b>(2,695,788)</b>             | (3,917,846)                 |
| Share of loss of a<br>jointly-controlled entity      |       | <b>-</b>                         | (61,574)                    | <b>-</b>                       | (165,421)                   |
| LOSS BEFORE TAX                                      |       | <b>(1,548,372)</b>               | (1,582,461)                 | <b>(2,695,788)</b>             | (4,083,267)                 |
| Tax                                                  | 6     | <b>-</b>                         | -                           | <b>-</b>                       | -                           |
| NET LOSS FOR<br>THE PERIOD                           |       | <b>(1,548,372)</b>               | (1,582,461)                 | <b>(2,695,788)</b>             | (4,083,267)                 |
| Attributable to:<br>Equity holders of the<br>Company |       | <b>(1,548,372)</b>               | (1,582,461)                 | <b>(2,695,788)</b>             | (4,083,267)                 |
| LOSS PER SHARE                                       |       |                                  |                             |                                |                             |
| - basic                                              | 7     | <b>(HK0.39 cent)</b>             | (HK0.40 cent)               | <b>(HK0.68 cent)</b>           | (HK1.03 cents)              |
| - diluted                                            | 7     | <b>(HK0.36 cent)</b>             | N/A                         | <b>(HK0.63 cent)</b>           | N/A                         |

## CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31 January 2007

|                                             | Notes | 31 January<br>2007<br>HK\$<br>(Unaudited) | 31 July<br>2006<br>HK\$<br>(Audited) |
|---------------------------------------------|-------|-------------------------------------------|--------------------------------------|
| <b>NON-CURRENT ASSETS</b>                   |       |                                           |                                      |
| Fixed assets                                | 8     | <b>503,798</b>                            | 685,315                              |
| Investment in a jointly-controlled entity   | 9     | <b>—</b>                                  | —                                    |
|                                             |       | <b>503,798</b>                            | 685,315                              |
| <b>CURRENT ASSETS</b>                       |       |                                           |                                      |
| Inventories                                 |       | <b>27,329</b>                             | 3,874                                |
| Trade receivables                           | 10    | <b>550,186</b>                            | 694,247                              |
| Deposits, prepayments and other receivables |       | <b>917,352</b>                            | 1,178,810                            |
| Cash and bank balances                      |       | <b>199,559</b>                            | 485,791                              |
|                                             |       | <b>1,694,426</b>                          | 2,362,722                            |
| <b>CURRENT LIABILITIES</b>                  |       |                                           |                                      |
| Trade payables                              | 11    | <b>372,485</b>                            | 1,526,385                            |
| Deposits received                           |       | <b>564,801</b>                            | 1,642,675                            |
| Accrued liabilities and other payables      |       | <b>1,225,405</b>                          | 855,976                              |
| Amount due to a director                    |       | <b>1,480,000</b>                          | 3,187,329                            |
|                                             |       | <b>3,642,691</b>                          | 7,212,365                            |
| <b>NET CURRENT LIABILITIES</b>              |       | <b>(1,948,265)</b>                        | (4,849,643)                          |
| <b>NET LIABILITIES</b>                      |       | <b>(1,444,467)</b>                        | (4,164,328)                          |
| <b>CAPITAL AND RESERVES</b>                 |       |                                           |                                      |
| Issued capital                              | 12    | <b>3,961,800</b>                          | 3,961,800                            |
| Reserves                                    | 13    | <b>(5,406,267)</b>                        | (8,126,128)                          |
| <b>Total Equity</b>                         |       | <b>(1,444,467)</b>                        | (4,164,328)                          |

## CONDENSED CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 31 January 2007

|                                                          | Six months ended<br>31 January |                             |
|----------------------------------------------------------|--------------------------------|-----------------------------|
|                                                          | 2007<br>HK\$<br>(Unaudited)    | 2006<br>HK\$<br>(Unaudited) |
| At beginning of period - total equity                    | <b>(4,164,328)</b>             | 3,678,633                   |
| Exchange differences on translation<br>of PRC operations | <b>(7,273)</b>                 | (47,936)                    |
| Employees share options reserve                          | <b>5,422,922</b>               | —                           |
| Net loss for the period                                  | <b><u>(2,695,788)</u></b>      | <u>(4,083,267)</u>          |
| At end of period - total equity                          | <b><u>(1,444,467)</u></b>      | <u>(452,570)</u>            |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 31 January 2007

|                                                      | Six months ended<br>31 January |                             |
|------------------------------------------------------|--------------------------------|-----------------------------|
|                                                      | 2007<br>HK\$<br>(Unaudited)    | 2006<br>HK\$<br>(Unaudited) |
| Net cash outflow from operating activities           | <b>(3,546,346)</b>             | (3,010,748)                 |
| Net cash outflow from investing activities           | <b>(19,886)</b>                | (13,243)                    |
| Net cash inflow/(outflow) from financing activities  | <b>3,280,000</b>               | (3,519,231)                 |
| NET DECREASE IN CASH AND<br>CASH EQUIVALENTS         | <b>(286,232)</b>               | (6,543,222)                 |
| Cash and cash equivalents at beginning of period     | <b>485,791</b>                 | 7,513,302                   |
| CASH AND CASH EQUIVALENTS AT<br>END OF PERIOD        | <b>199,559</b>                 | 970,080                     |
| ANALYSIS OF BALANCES OF CASH AND CASH<br>EQUIVALENTS |                                |                             |
| Cash and bank balances                               | <b>199,559</b>                 | 970,080                     |

## Notes:

**1. BASIS OF PREPARATION**

The unaudited consolidated results have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

The adoption of HKFRS 2 requires an expense to be recognised where the Group buys good and 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 main impact of HKFRS 2 on the unaudited operating results of the Group for the six months ended 31 January 2007 was the two share options expense of approximately HK\$5,422,922 recognised in administrative expenses over the six-month period. The share option expense is the fair value of the option granted which is estimated at the date of share option granted using Black-Scholes option pricing model with the following assumptions used: dividend yield of HK\$nil, expected volatility of 186.91% and 309.78% and a risk-free rate of return of approximately 3.73% and 3.88%, being the yield of the Hong Kong Exchange Fund Notes for a period of about 5 years.

The accounting policies and method of computation used in the preparation of the unaudited consolidated results are consistent with those adopted by the Group in its annual accounts for the year ended 31 July 2006.

**2. SEGMENT INFORMATION**

No analysis for geographical segment is presented as over 90% of the Group's revenue was derived from services rendered in or located in Hong Kong during each of the six months ended 31 January 2006 and 2007.

An analysis of the Group's revenue and loss for the Group's business segments is as follows:

|                                                           | Network<br>infrastructure<br>construction<br>solutions<br>segment<br>HK\$<br>(Unaudited) | Network<br>infrastructure<br>maintenance<br>and<br>reinforcement<br>services<br>segment<br>HK\$<br>(Unaudited) | Other<br>professional<br>value-added<br>solutions and<br>services<br>segment<br>HK\$<br>(Unaudited) | Resources<br>income<br>HK\$<br>(Unaudited) | Consolidated<br>HK\$<br>(Unaudited) |
|-----------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------|
| Six months ended<br>31 January 2007                       |                                                                                          |                                                                                                                |                                                                                                     |                                            |                                     |
| Segment revenue:                                          |                                                                                          |                                                                                                                |                                                                                                     |                                            |                                     |
| Sales to external customers                               | 410,848                                                                                  | 1,655,147                                                                                                      | -                                                                                                   | 80,000                                     | 2,145,995                           |
| Segment results                                           | 21,339                                                                                   | 869,811                                                                                                        | -                                                                                                   | 80,000                                     | 971,150                             |
| Unallocated income                                        |                                                                                          |                                                                                                                |                                                                                                     |                                            | 5,000,124                           |
| Unallocated expenses                                      |                                                                                          |                                                                                                                |                                                                                                     |                                            | (8,667,062)                         |
| Loss from operating activities                            |                                                                                          |                                                                                                                |                                                                                                     |                                            | (2,695,788)                         |
| Share of loss of a jointly-controlled<br>entity           |                                                                                          |                                                                                                                |                                                                                                     |                                            | -                                   |
| Loss before tax                                           |                                                                                          |                                                                                                                |                                                                                                     |                                            | (2,695,788)                         |
| Tax                                                       |                                                                                          |                                                                                                                |                                                                                                     |                                            | -                                   |
| Net Loss attributable to equity<br>holders of the Company |                                                                                          |                                                                                                                |                                                                                                     |                                            | (2,695,788)                         |

|                                                        | <b>Network<br/>infrastructure<br/>construction<br/>solutions<br/>segment</b><br>HK\$<br>(Unaudited) | <b>Network<br/>infrastructure<br/>maintenance<br/>and<br/>reinforcement<br/>services<br/>segment</b><br>HK\$<br>(Unaudited) | <b>Other<br/>professional<br/>value-added<br/>solutions and<br/>services<br/>segment</b><br>HK\$<br>(Unaudited) | <b>Consolidated</b><br>HK\$<br>(Unaudited) |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| Six months ended 31 January 2006                       |                                                                                                     |                                                                                                                             |                                                                                                                 |                                            |
| Segment revenue:                                       |                                                                                                     |                                                                                                                             |                                                                                                                 |                                            |
| Sales to external customers                            | <u>2,199,440</u>                                                                                    | <u>173,805</u>                                                                                                              | <u>1,620,291</u>                                                                                                | <u>3,993,536</u>                           |
| Segment results                                        | <u>(341,437)</u>                                                                                    | <u>38,697</u>                                                                                                               | <u>(619,129)</u>                                                                                                | <u>(921,869)</u>                           |
| Unallocated income                                     |                                                                                                     |                                                                                                                             |                                                                                                                 | 22,107                                     |
| Unallocated expenses                                   |                                                                                                     |                                                                                                                             |                                                                                                                 | <u>(3,018,084)</u>                         |
| Loss from operating activities                         |                                                                                                     |                                                                                                                             |                                                                                                                 | (3,917,846)                                |
| Share of loss of a jointly-controlled entity           |                                                                                                     |                                                                                                                             |                                                                                                                 | <u>(165,421)</u>                           |
| Loss before tax                                        |                                                                                                     |                                                                                                                             |                                                                                                                 | (4,083,267)                                |
| Tax                                                    |                                                                                                     |                                                                                                                             |                                                                                                                 | <u>-</u>                                   |
| Net loss attributable to equity holders of the Company |                                                                                                     |                                                                                                                             |                                                                                                                 | <u>(4,083,267)</u>                         |

### 3. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of services rendered. All significant transactions among the companies now comprising the Group have been eliminated on consolidation.

An analysis of the Group's turnover and other revenue is as follows:

|                                                                                                                              | Three months ended<br>31 January |                             | Six months ended<br>31 January |                             |
|------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
|                                                                                                                              | 2007<br>HK\$<br>(Unaudited)      | 2006<br>HK\$<br>(Unaudited) | 2007<br>HK\$<br>(Unaudited)    | 2006<br>HK\$<br>(Unaudited) |
| <b>Turnover</b>                                                                                                              |                                  |                             |                                |                             |
| Network infrastructure construction solutions – Sale of computer hardware and software and the provision of related services | 179,480                          | 601,418                     | 410,848                        | 2,199,440                   |
| Rendering of network infrastructure maintenance and reinforcement services                                                   | 1,174,706                        | 111,748                     | 1,655,147                      | 173,805                     |
| Other professional value-added solutions and services                                                                        | –                                | 573,695                     | –                              | 1,620,291                   |
| Resources                                                                                                                    | 80,000                           | –                           | 80,000                         | –                           |
|                                                                                                                              | <u>1,434,186</u>                 | <u>1,286,861</u>            | <u>2,145,995</u>               | <u>3,993,536</u>            |
| <b>Other revenue</b>                                                                                                         |                                  |                             |                                |                             |
| Interest income                                                                                                              | 7                                | 3,829                       | 55                             | 4,273                       |
| Sundry income (note 5)                                                                                                       | 5,843,299                        | 17,212                      | 5,843,259                      | 17,834                      |
|                                                                                                                              | <u>5,843,306</u>                 | <u>21,041</u>               | <u>5,843,314</u>               | <u>22,107</u>               |
| Total revenue                                                                                                                | <u>7,277,492</u>                 | <u>1,307,902</u>            | <u>7,989,309</u>               | <u>4,015,643</u>            |

#### 4. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging:

|                                                    | Three months ended<br>31 January |                             | Six months ended<br>31 January |                             |
|----------------------------------------------------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
|                                                    | 2007<br>HK\$<br>(Unaudited)      | 2006<br>HK\$<br>(Unaudited) | 2007<br>HK\$<br>(Unaudited)    | 2006<br>HK\$<br>(Unaudited) |
| Cost of inventories sold                           | 151,248                          | 514,558                     | 344,088                        | 1,943,468                   |
| Cost of services provided                          | 1,123,749                        | 217,589                     | 1,436,693                      | 1,234,089                   |
| Depreciation                                       | 91,383                           | 117,473                     | 184,951                        | 239,011                     |
| Staff costs (including<br>directors' remuneration) | 1,417,797                        | 1,423,765                   | 2,428,670                      | 3,208,095                   |
| Share options expenses                             | 5,422,922                        | —                           | 5,422,922                      | —                           |

The cost of services provided includes HK\$406,522 and HK\$775,501 during the three months and six months ended 31 January 2007 (2006: Nil) relating to staff cost, which also included in the total amounts of staff costs disclosed separately above.

#### 5. SUNDRY INCOME

For the 6 months ended 31 January 2007, the sundry income mainly consisted of a waiver of loan of a director of HK\$5,000,000 at closing of the unconditional mandatory cash offer and a waiver of deposit received of HK\$843,148, and the remaining of HK\$158 of other incomes. For the corresponding period in year 2006, HK\$17,834 was consisted of other incomes only.

#### 6. TAX

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the three months and six months ended 31 January 2007 (three months and six months ended 31 January 2006: Nil). No provision for corporate income tax for a subsidiary and the jointly-controlled entity established and operated in Mainland China (2006: Nil) has been made as no assessable profits arose from operations during the period. The statutory tax rate for Hong Kong profits tax is 17.5% (2006: 17.5%). The statutory tax rate of corporate income tax in Mainland China is 33% (2006: 33%).

#### 7. LOSS PER SHARE

The calculation of basic loss per share for the three months and six months ended 31 January 2007 is based on the unaudited net loss attributable to equity holders of the Company of HK\$1,548,372 and HK\$2,695,788 respectively (unaudited net loss attributable to equity holders of the Company for the three months and six months ended 31 January 2006: HK\$1,582,461 and HK\$4,083,267, respectively) and the weighted average 396,180,000 ordinary shares in issue for the three months and six months ended 31 January 2007 respectively (weighted average of 396,180,000 ordinary shares in issue for the three months and six months ended 31 January 2006: 396,180,000 and 396,180,000 ordinary shares in issue respectively).

Diluted loss per share amount for the three months and six months ended 31 January 2006 has not been presented, as the share options outstanding during the periods had an anti-dilutive effect on the basic loss per share for the respective periods.

Diluted loss per share amount for the three months and six months ended 31 January 2007 has been presented, as the share options outstanding during the periods had a dilutive effect on the basic loss per share for the respective periods. The calculation of basic loss per share for the three months and six months ended 31 January 2007 is based on the unaudited net loss attributable to equity holders of the Company of HK\$1,548,372 and HK\$2,695,788 respectively (unaudited net loss attributable to equity holders of the Company for the three months and six months ended 31 January 2006: HK\$1,582,461 and HK\$4,083,267, respectively) and the weighted average plus free shares of 426,033,133 ordinary shares in issue for the three months and six months ended 31 January 2007 respectively (only weighted average of 396,180,000 ordinary shares in issue for the three months and six months ended 31 January 2006: 396,180,000 and 396,180,000 ordinary shares in issue respectively).

## 8. FIXED ASSETS

|                                | HK\$<br>(Unaudited) |
|--------------------------------|---------------------|
| Cost:                          |                     |
| At 1 August 2006               | 2,299,650           |
| Additions                      | 20,203              |
| Disposal                       | (75,874)            |
| Written off                    | (36,069)            |
| Exchange realignment           | 2,551               |
|                                | <hr/>               |
| At 31 January 2007             | 2,210,461           |
|                                | <hr/>               |
| Accumulated depreciation:      |                     |
| At 1 August 2006               | 1,614,335           |
| Provided during the period     | 184,951             |
| Disposal                       | (75,874)            |
| Written off                    | (18,624)            |
| Exchange realignment           | 1,875               |
|                                | <hr/>               |
| At 31 January 2007             | 1,706,663           |
|                                | <hr/>               |
| Net book value:                |                     |
| At 31 January 2007 (Unaudited) | 503,798             |
|                                | <hr/>               |
| At 31 July 2006 (Audited)      | 685,315             |
|                                | <hr/>               |

## 9. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

|                          | <b>31 January<br/>2007<br/>HK\$<br/>(Unaudited)</b> | <b>31 July<br/>2006<br/>HK\$<br/>(Audited)</b> |
|--------------------------|-----------------------------------------------------|------------------------------------------------|
| Share of net assets      | <b>1,457,726</b>                                    | 1,457,726                                      |
| Provision for impairment | <b>(1,457,726)</b>                                  | (1,457,726)                                    |
|                          | <b>—</b>                                            | —                                              |

Equity accounting is discontinued from the date on which the Group ceases to have joint control over, or have significant influence in, a jointly controlled entity. When the carrying amount of the investment in the jointly controlled entity reaches zero, equity accounting is discontinued unless the Group has obligations or guaranteed obligations in respect of the jointly controlled entity.

Particulars of the jointly controlled entity are as follows:

| <b>Name</b>          | <b>Business structure</b> | <b>Place of incorporation/<br/>registration and<br/>operations</b> | <b>Ownership interest</b> | <b>Profit sharing</b> | <b>Principal activities</b>                                         |
|----------------------|---------------------------|--------------------------------------------------------------------|---------------------------|-----------------------|---------------------------------------------------------------------|
| 杭州軟均信息系統<br>工程監理有限公司 | Corporate                 | People's Republic<br>of China<br>("PRC")                           | 50                        | 50                    | Provision of<br>information<br>technology<br>consulting<br>services |

## 10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit for which the credit period is generally for a period of 30 to 60 days.

An aged analysis of the trade receivables of the Group as at the balance sheet date, based on the invoice date, is as follows:

|                     | <b>31 January<br/>2007<br/>HK\$<br/>(Unaudited)</b> | <b>31 July<br/>2006<br/>HK\$<br/>(Audited)</b> |
|---------------------|-----------------------------------------------------|------------------------------------------------|
| Within 30 days      | <b>509,180</b>                                      | 422,859                                        |
| Between 31–60 days  | <b>41,006</b>                                       | 166,481                                        |
| Between 61–90 days  | —                                                   | 103,407                                        |
| Between 91–180 days | —                                                   | 1,500                                          |
| Over 181 days       | —                                                   | —                                              |
|                     | <b>550,186</b>                                      | 694,247                                        |

**11. TRADE PAYABLES**

An aged analysis of the trade payables of the Group as at the balance sheet date, based on the invoice date, is as follows:

|                     | <b>31 January<br/>2007<br/>HK\$<br/>(Unaudited)</b> | <b>31 July<br/>2006<br/>HK\$<br/>(Audited)</b> |
|---------------------|-----------------------------------------------------|------------------------------------------------|
| Within 30 days      | –                                                   | 725,691                                        |
| Between 31–60 days  | <b>3,000</b>                                        | 34,755                                         |
| Between 61–90 days  | <b>6,270</b>                                        | 225,427                                        |
| Between 91–180 days | <b>86,211</b>                                       | 158,050                                        |
| Over 181 days       | <b>277,004</b>                                      | 382,462                                        |
|                     | <b>372,485</b>                                      | <b>1,526,385</b>                               |

**12. SHARE CAPITAL**

|                                  | <b>Number of shares</b>                       |                                          | <b>Nominal value</b>                                   |                                                   |
|----------------------------------|-----------------------------------------------|------------------------------------------|--------------------------------------------------------|---------------------------------------------------|
|                                  | <b>At 31 January<br/>2007<br/>(Unaudited)</b> | <b>At 31 July<br/>2006<br/>(Audited)</b> | <b>At 31 January<br/>2007<br/>(Unaudited)<br/>HK\$</b> | <b>At 31 July<br/>2006<br/>(Audited)<br/>HK\$</b> |
| Authorised:                      |                                               |                                          |                                                        |                                                   |
| Ordinary shares of HK\$0.01 each | <b>5,000,000,000</b>                          | 5,000,000,000                            | <b>50,000,000</b>                                      | 50,000,000                                        |
| Issued and fully paid:           |                                               |                                          |                                                        |                                                   |
| Ordinary shares of HK\$0.01 each | <b>396,180,000</b>                            | 396,180,000                              | <b>3,961,800</b>                                       | 3,961,800                                         |

### 13. RESERVES

|                                                          | Share<br>premium<br>account<br>HK\$ | Capital<br>reserve<br>HK\$ | Translation<br>reserve<br>HK\$ | Accumulated<br>losses<br>HK\$ | Total<br>HK\$      |
|----------------------------------------------------------|-------------------------------------|----------------------------|--------------------------------|-------------------------------|--------------------|
| (Audited) At 1 August 2005                               | 29,685,786                          | 19,980,000                 | –                              | (49,948,953)                  | (283,167)          |
| Exchange differences on<br>translation of PRC operations | –                                   | –                          | (47,936)                       | –                             | (47,936)           |
| Net loss for the six months ended<br>31 January 2006     | –                                   | –                          | –                              | (4,083,267)                   | (4,083,267)        |
|                                                          | <u>29,685,786</u>                   | <u>19,980,000</u>          | <u>(47,936)</u>                | <u>(54,032,220)</u>           | <u>(4,414,370)</u> |
| (Unaudited) At 31 January 2006                           | 29,685,786                          | 19,980,000                 | (56,832)                       | (57,735,082)                  | (8,126,128)        |
| Exchange difference on<br>translation of PRC operations  | –                                   | –                          | (7,273)                        | –                             | (7,273)            |
| Employees share options reserve                          | –                                   | 5,422,922                  | –                              | –                             | 5,422,922          |
| Net loss for the six months ended<br>31 January 2007     | –                                   | –                          | –                              | (2,695,788)                   | (2,695,788)        |
|                                                          | <u>29,685,786</u>                   | <u>25,402,922</u>          | <u>(64,105)</u>                | <u>(60,430,870)</u>           | <u>(5,406,267)</u> |

### 14. OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

|                                 | <b>31 January<br/>2007<br/>HK\$<br/>(Unaudited)</b> | 31 July<br>2006<br>HK\$<br>(Audited) |
|---------------------------------|-----------------------------------------------------|--------------------------------------|
| Within one year                 | <b>622,212</b>                                      | 689,056                              |
| After 1 year but within 5 years | <b>174,883</b>                                      | 447,853                              |
|                                 | <u><b>797,095</b></u>                               | <u>1,136,909</u>                     |

## 15. RELATED PARTY TRANSACTIONS

Particulars of significant transactions between the Group and related parties during the periods are summarised below:

|                                                                                           | Notes | Three months ended<br>31 January |                             | Six months ended<br>31 January |                             |
|-------------------------------------------------------------------------------------------|-------|----------------------------------|-----------------------------|--------------------------------|-----------------------------|
|                                                                                           |       | 2007<br>HK\$<br>(Unaudited)      | 2006<br>HK\$<br>(Unaudited) | 2007<br>HK\$<br>(Unaudited)    | 2006<br>HK\$<br>(Unaudited) |
| Speed Sourcing Limited*                                                                   |       |                                  |                             |                                |                             |
| Network maintenance and reinforcement services income                                     | (i)   | -                                | -                           | -                              | 21,500                      |
| Pushang Management Services Limited**                                                     |       |                                  |                             |                                |                             |
| Network infrastructure construction solutions income includes Revenue – Jan 07 HK\$32,400 | (i)   | 40,757                           | 138,050                     | 41,021                         | 146,500                     |
| Network maintenance and reinforcement services income                                     | (i)   | 27,150                           | 25,000                      | 163,400                        | 25,000                      |
| Other professional value-added solutions and services income                              | (ii)  | -                                | -                           | -                              | 9,000                       |
| Wong Wing Hong***                                                                         |       |                                  |                             |                                |                             |
| Renovation fee                                                                            | (iii) | -                                | -                           | -                              | 27,600                      |
| Lam Chi Shing                                                                             |       |                                  |                             |                                |                             |
| Loan from a director                                                                      | (iv)  | -                                | 1,480,769                   | -                              | 1,480,769                   |
| Loan waived                                                                               |       | 5,000,000                        | -                           | 5,000,000                      | -                           |
| Chan, Kenny-Wing Him                                                                      |       |                                  |                             |                                |                             |
| Loan from a director                                                                      | (iv)  | 1,480,000                        | -                           | 1,480,000                      | -                           |

- \* Speed Sourcing Limited is a company incorporated in Hong Kong, each of which Mr. Lam Chi Shing, the former chairman and a former executive director of the Company, is also a director. Mr. Lam resigned as the chairman and executive director of the Company on 20 December 2006.
- \*\* Pushang Management Services Limited is a company incorporated in Hong Kong, of which Mr. Lam Chi Shing, the former chairman and a former executive director of the Company, has a beneficial interest. Mr. Lam resigned as the chairman and executive director of the Company on 20 December 2006.
- \*\*\* Mr. Wong Wing Hong was a significant shareholder of the Company for the period ended 31 January 2006.

*Notes:*

- (i) The directors of the Company considered that the prices and terms of the sales transactions with related companies of the Company approximated to those with independent third parties.
- (ii) The income included sales of internally developed software and dataline rental income. The sales of internally developed software were made according to the actual costs incurred for the software development and approximated to those with independent third parties. Dataline rental income was recorded based on a cost-plus basis according to the direct costs incurred, with a margin of 18%.
- (iii) The transactions were conducted in accordance with the quotation agreed by the directors of the Company.

In the opinion of the directors of the Company, the above related party transactions were entered into by the Group in the ordinary course of business.

- (iv) The loan is unsecured, interest-free and has no fixed terms of repayment.

## INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 January 2007 (2006: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

During the period under review, the Group continued to strengthen its performance of main streams line of business, including information technology solutions and services, software development for e-commerce and human resources management, as well as information technology services and consultations, in order to grasp growth opportunities.

### Financial review

For the six months ended 31 January 2007, the Group recorded an unaudited turnover of HK\$2,145,995, representing a decrease of 46% as compared with HK\$3,993,536 of the same period last year. The unaudited gross profit margin ratio for the six months ended 31 January 2007 was 17%, while it was 20% for the corresponding period last year. During the period, the Company's focused on network infrastructure maintenance and reinforcement services, which had a lower gross profit margin ratio.

The unaudited loss from operating activities for the six months ended 31 January 2007 was HK\$2,695,788, while in the same period last year, the Group made an unaudited loss from operating activities of HK\$3,917,846. The main reason for this was due to the wavier of loan of a director of HK\$5,000,000, a waiver of deposit received of HK\$843,148 during the period and the share options expenses of HK\$5,422,922.

### Liquidity, financial resources and capital structure

For the period under review, the Group financed its operations primarily with internally generated cash flows and a loan of HK\$1,480,000 advanced from a director of the Company, which was unsecured, interest free and had no fixed terms of repayment.

As at 31 January 2007, the Group had net liabilities of HK\$1,444,467 (31 July 2006: net liabilities of HK\$4,164,328), of which approximately HK\$199,559 (31 July 2006: HK\$485,791) were bank and cash balances.

As at 31 January 2007, the Group did not have any composite banking facilities (31 July 2006: Nil).

For the six months ended 31 January 2007, there was no change in the capital structure and issued capital of the Group.

### **Significant investments and future plans for material investments**

As at 31 January 2007, the Group had not authorised or contracted for any capital expenditure commitments and no future plans for material investments or capital assets.

### **Acquisitions and disposals of subsidiaries and affiliated company**

The Group had no material acquisition or disposal of subsidiaries and affiliated company during the period under review.

### **Employee information**

As at 31 January 2007, the Group had 14 full-time employees (31 July 2006: 28) working in Hong Kong and Mainland China. The total staff costs, including directors' emoluments, amounted to HK\$2,428,670 for the period under review (2006: HK\$3,208,295). The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

### **Charge on group assets**

As at 31 January 2007, the Group did not have any charge on group assets or any significant contingent liabilities (31 July 2006: Nil).

### **Gearing ratio**

The gearing ratio of the Group calculated as a ratio of total liabilities to total assets was 1.66 as at 31 January 2007 as compared to 2.37 as at 31 July 2006.

### **Foreign exchange exposure**

The Group mainly earns revenue and incurs costs in Hong Kong dollars, Renminbi and United States dollars. Risk on exposure to fluctuation in exchange rates should be minimal as there is no material fluctuation in the exchange rates between Hong Kong dollars, Renminbi, as well as United States dollars.

### **Contingent liabilities**

As at 31 January 2007, the Group did not have any significant contingent liabilities (31 July 2006: Nil).

### **Business prospects**

The Group's network service business had suffered stiff competition and unfavorable business environment especially in mainland China during the past few years. Although the market for this type of service is still growing, strong local competition at deep discount has eroded profit margin of the Group's services. In view of the current business environment and the dismal financial results due to the current operation, the management has to consider alternative measure and business direction to increase the shareholders value.

Global warming and climate change due to greenhouse gas emission has been a “hot” topic in the past few years. The world’s economic and political status is also influenced by the results of this global warming issue. Different solutions and scientific measures and remedies are proposed and implemented to reduce the amount of greenhouse emissions to the atmosphere, and thus reducing the global warming effect, which is believed to be avoiding catastrophic results worldwide. Associated with this, a New Industry relating to curbing greenhouse gas emission is being created as well. This New Industry requires strong knowledge in linking different existing industries such as coal mining, oil and gas industries, coal fire powerplant operation and others together to curb Carbon Dioxide emission. One of the pioneers and effective ways to mitigate CO<sub>2</sub> emission is to capture the greenhouse gas and bury (sequester) into underground. In accurately designing the CO<sub>2</sub> capture and sequestration process, a very sophisticated computer simulation technology is required to track and monitor the CO<sub>2</sub> being injected into the underground storage which may include oil and gas reservoirs, coal seam, underground water aquifer.

The Group is pleased to have Mr. Peter Ho joining our management team as Senior Executive Vice President. Mr. Ho brings with him more than twenty eight years of international petroleum industry experience and strong experience in computer modeling application to the Company. Due to Mr. Ho’s vast connections in the petroleum and coal industries worldwide, Mr. Ho has been actively invited by different institutions for seminar and consulting work. Mr. Ho also foresees strong opportunities of and demand for this simulation technology service that will flourish in the upcoming climate change greenhouse gas sequestration process. Mr. Ho and the management of the Company, with the support of the Board, will be charting the Group into this new territory and bringing in new business opportunity which has little competition and tapping into this vast market worldwide. In providing this service, it is also possible for the Group to participate in the projects as equity owner and in such, providing even larger return in the investment.

The change of name from Sys Solutions Holdings Limited to Enviro Energy International Holdings Limited (8182), which is subject to special resolution to be passed by shareholders at the extraordinary meeting to be held on 23 March 2007, will reflect more on this course change and also present a new image and direction for the investment community about the Group’s new business objective and goal. The management is fully dedicated to seeking and providing business opportunities and adding value to our shareholders. This addition of new services will also attract new investments from international community especially in Europe and Middle East which have a strong interest in investing into the “Green” industry, especially in Asia.

The management strongly believes the addition of this new technology will provide ample opportunities for the Company in Mainland China and other regions dealing with this CO<sub>2</sub> capture and sequestration process and is looking forward to reporting any positive and prosperous progress to our shareholders on a regular basis.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES**

As at 31 January 2007, the interests and short positions of the directors and the chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company:

| <b>Name of director</b> | <b>Note</b> | <b>Corporate interests</b> | <b>Percentage of the Company's issued share capital</b> | <b>Capacity and nature of interest</b> |
|-------------------------|-------------|----------------------------|---------------------------------------------------------|----------------------------------------|
| Mr. Chan Wing Him Kenny | (a)         | 295,635,000                | 74.6                                                    | Through a controlled corporation       |
|                         |             | <u>295,635,000</u>         | <u>74.6</u>                                             |                                        |

*Note:*

- (a) These shares are held by Colpo Mercantile Inc. The entire share capital of Colpo Mercantile Inc. is beneficially owned by Mr. Chan Wing Him Kenny, who is therefore deemed to be interested in the shares held by Colpo Mercantile Inc.

Save as disclosed above, as at 31 January 2007, none of the directors and chief executive had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

At 31 January 2007, the following interests and short positions of 5% or more of the issued share capital and share options of the Company held by the following parties (other than directors or chief executive of the Company) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

| Name                           | Note | Number of<br>ordinary<br>shares held | Capacity and<br>nature of interest | Percentage<br>of holding |
|--------------------------------|------|--------------------------------------|------------------------------------|--------------------------|
| <b>Substantial shareholder</b> |      |                                      |                                    |                          |
| Colpo Mercantile Inc.          | (a)  | 295,635,000                          | Directly beneficially owned        | 74.6                     |

*Note:*

- (a) The entire issued share capital of Colpo Mercantile Inc. is beneficially owned by Mr. Chan Wing Him Kenny, the chairman and an executive director of the Company, who is therefore deemed to be interested in the 295,635,000 shares held by Colpo Mercantile Inc.. Mr. Chan Wing Him Kenny's indirect interest in 295,635,000 shares in the Company held through Colpo Mercantile Inc. have also been set out in the above section headed "Directors' and chief executive's interests and short positions in shares and underlying shares and debentures".

## LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

On 25 January 2003, a share option scheme (the "Post-Scheme") was approved pursuant to a written resolution of the Company. The purpose of the Post-Scheme is to enable the Group to recognise the contribution of the participants to the Group and to motivate the participants to continuously work to the benefit of the Group by offering the participants an opportunity to have personal interest in the share capital of the Company. The Board may, at its discretion, grant options to any employee, consultants and advisers of the Company or its subsidiaries, including executive, non-executive and independent non-executive directors, to subscribe for shares of the Company. The Post-Scheme remains in force for a period of ten years with effect from 25 January 2003.

Details of the options granted to the Directors and Chief Executive of the Company under the Post-Scheme since its adoption and up to 31 January 2007 are as follows:

| Name                      | Date of grant<br>(dd/mm/yy) | Exercise period<br>(dd/mm/yy) | Subscription price<br>per share | No. of<br>underlying<br>shares<br>comprising<br>the options<br>granted | No. of<br>underlying<br>shares<br>comprising<br>the options<br>exercised | No. of<br>underlying<br>shares<br>comprising<br>the options<br>lapsed | No. of<br>underlying<br>shares<br>comprising<br>the options<br>outstanding |
|---------------------------|-----------------------------|-------------------------------|---------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------|
| Mr Chan Wing Him<br>Kenny | 29/12/2006                  | 29/12/2006<br>to<br>24/1/2013 | HK\$0.254                       | 3,961,800                                                              | –                                                                        | –                                                                     | 3,961,800                                                                  |
| Mr Ho Tak Yuen<br>Peter   | 18/1/2007                   | 18/1/2007<br>to<br>24/1/2013  | HK\$0.254                       | 3,961,800                                                              | –                                                                        | –                                                                     | 3,961,800                                                                  |
| Mr Chan Man<br>Ching      | 29/12/2006                  | 29/12/2006<br>to<br>24/1/2013 | HK\$0.254                       | 3,961,800                                                              | –                                                                        | –                                                                     | 3,961,800                                                                  |
|                           |                             |                               |                                 | <u>11,885,400</u>                                                      | <u>–</u>                                                                 | <u>–</u>                                                              | <u>11,885,400</u>                                                          |

Save as disclosed above, as at 31 January 2007, no person (other than the directors and chief executive of the Company, whose interests are set out in the section headed “Directors’ and chief executive’s interests and short positions in shares and underlying shares and debentures” above) had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## SHARE OPTION SCHEMES

On 25 January 2003, the Pre-IPO Share Option Scheme (the “Pre-Scheme”) was approved pursuant to written resolutions of the Company. The purpose of the Pre-Scheme was to recognise the contribution of certain employees of the Group to its growth. The Company had granted pre-IPO share options thereunder to two executive directors and 18 employees to subscribe for a total of 30,168,000 shares, representing in aggregate approximately 7.84% of the then issued share capital of the Company immediately following the completion of the share placing on 25 January 2003 and the capitalisation issue, at a subscription price ranged from HK\$0.11 each to HK\$0.27 each. No further options can be granted under the Pre-Scheme after the listing of the Company’s shares on GEM. All these options granted may be exercised after the expiry of 12 months from 18 February 2003, the listing date, and in each case, not later than four years from the listing date. Each grantee has paid HK\$1 to the Company as consideration for such grant.

The following share options were outstanding under the Pre-Scheme during the period:

| Name or category of participant | Number of share options granted on 25 January 2003 |                          |                    | Exercise period of share options     | Exercise price per share HK\$ |
|---------------------------------|----------------------------------------------------|--------------------------|--------------------|--------------------------------------|-------------------------------|
|                                 | At 1 August 2006                                   | Lapsed during the period | At 31 January 2007 |                                      |                               |
| Employees of the Group          | 270,000                                            | (270,000)                | –                  | 18 February 2004 to 17 February 2007 | 0.27                          |
|                                 | <u>270,000</u>                                     | <u>(270,000)</u>         | <u>–</u>           |                                      |                               |

During the period, 270,000 share options lapsed following the resignation of an employee. As at 31 January 2007, there was no outstanding share options under the Pre-Scheme.

As stated above, on 25 January 2003, the Post-Scheme was approved pursuant to a written resolution of the Company. The purpose of the Post-Scheme is as summarised above.

The maximum number of shares in respect of which options may be granted under the Post-Scheme and any other share option scheme of the Company may not exceed 10% of the issued share capital of the Company, or may not exceed a maximum of 30% should the shareholders renew the 10% limit, from time to time which have been duly allotted and issued.

The exercise price for shares under the Post-Scheme may be determined by the Board at its absolute discretion but in any event will be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option; and (iii) the nominal value of the shares on the date of grant of the option.

Any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value based on the closing price of the shares of the Company at the date of grant in excess of HK\$5 million, in any 12-month period, are subject to shareholders' approval in advance in a general meeting. In addition, any share options granted to any one person in excess of 1% of the shares of the Company in issue at any time, in any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The options granted may be exercised at any time or times during a period to be determined and notified by the Board which period of time shall commence on the expiration of three years after the date of grant of the option and expire on such date as determined by the Board in any event no later than 10 years from the date of the grant of the options. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option under the Post-Scheme.

## EMPLOYEE SHARE OPTIONS

As at 31 January 2007, details of the share options granted under the Post-Scheme (including the options granted to the directors and chief executive of the Company disclosed in the sub-section headed "Long positions in underlying shares of the Company" under the section headed "DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS above) are as follows:

| Class of optionees                                                                                             | Date of grant | Exercise period         | Subscription price per share | Number of underlying shares |                                     |                                    |                                       |                               |
|----------------------------------------------------------------------------------------------------------------|---------------|-------------------------|------------------------------|-----------------------------|-------------------------------------|------------------------------------|---------------------------------------|-------------------------------|
|                                                                                                                |               |                         |                              | Beginning of year           | Granted during the six-month period | Lapsed during the six-month period | Exercised during the six-month period | Balance as at 31 January 2007 |
| Directors, chief executive, management shareholders or substantial shareholders or their respective associates | 29/12/2006    | 29/12/2006 to 24/1/2013 | HK\$0.254                    | -                           | 7,923,600                           | -                                  | -                                     | 7,923,600                     |
|                                                                                                                | 18/1/2007     | 18/1/2007 to 24/1/2013  | HK\$0.254                    | -                           | 3,961,800                           | -                                  | -                                     | 3,961,800                     |
| Employees working under continuous employee contracts                                                          | 18/1/2007     | 18/1/2007 to 24/1/2013  | HK\$0.254                    | -                           | 3,961,800                           | -                                  | -                                     | 3,961,800                     |
| All other optionees                                                                                            | 18/1/2007     | 18/1/2007 to 24/1/2013  | HK\$0.254                    | -                           | 8,011,800                           | -                                  | -                                     | 8,011,800                     |
|                                                                                                                |               |                         |                              | -                           | 23,859,000                          | -                                  | -                                     | 23,859,000                    |

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the period under review.

## **COMPETITION AND CONFLICT OF INTERESTS**

As at 31 January 2007, none of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates have engaged in any business that competes or may compete with the businesses of the Group, or have any other conflict of interests with the Group.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has complied with Rules 5.48 to 5.67 of the GEM Listing Rules concerning securities transactions by directors of the Company throughout the six months period ended 31 January 2007 and all directors of the Company have complied with the required standard of dealings set out therein.

## **CORPORATE GOVERNANCE**

### **CODE OF CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions of the Code on Corporate Governance Practice (the "CG Code") set out in Appendix 15 of the GEM Listing Rules throughout the six months ended 31 January 2007:

#### ***Code Provision B.1.1***

A remuneration committee was established on 20 December 2006 with written terms of reference. The remuneration committee comprises three independent non-executive directors, namely, Mr. Lo Chi Kit, Mr. Tam Hang Chuen and Mr. Poon Lai Yin Michael (Chairman of the remuneration committee).

#### ***Code B.1.4 and C.3.4***

Written terms of reference of the audit committee and remuneration committee have been disclosed in the Company's website. These terms of reference were also available from the company secretary of the Company on request.

## **AUDIT COMMITTEE**

The audit committee comprises three members who are the three independent non-executive directors of the Company. Mr. Poon Lai Yin Michael is the chairman of the audit committee. On 14 March 2007, the Company adopted new terms of reference for the audit committee to include such duties as are stipulated in code provision C.3.3 of the CG Code.

The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The Group's unaudited results for the six months ended 31 January 2007 have been reviewed by the audit committee, which was of the opinion that the preparation of such financial statements complied with the applicable accounting standards and requirements of the Stock Exchange and legal requirements, and that adequate disclosures have been made.

As at the date of this report, the board comprises two executive directors, namely, Mr. Chan Wing Him Kenny and Mr. Chan Man Ching and three independent non-executive directors, namely Mr. Poon Lai Yin Michael, Mr. Lo Chi Kit and Mr. Tam Hang Chuen.

By order of the Board  
**Chan Wing Him Kenny**  
*Chairman*

Hong Kong, 14 March 2007