The board of directors of Global Tech (Holdings) Limited (the "Company") is pleased to announce the Interim Report and unaudited condensed accounts of the Company and its subsidiaries (the "Group") for the six months ended 31st March, 2004 (the "Period"). The condensed consolidated profit and loss account, condensed consolidated cash flow statement and condensed consolidated statement of changes in equity of the Group for the Period, and condensed consolidated balance sheet of the Group as at 31st March, 2004, along with selected explanatory notes, are set out as follows:

UNAUDITED INTERIM RESULTS

Condensed Consolidated Profit and Loss Account

	Note	Unaudited Six months ended 31st March 2004 HK$'000	 2003 HK$'000
Turnover	2	892,067	1,643,278
Cost of sales		(872,090)	(1,564,051)
Gross profit		19,977	79,227
Other revenues		729	7,573
Selling and distribution expenses		(11,372)	(12,625)
Administrative expenses		(48,859)	(62,997)
Other operating expenses		(39,663)	(60,216)
Operating loss	3	(79,188)	(49,038)
Finance costs		(132)	(3,272)
Share of loss of a jointly controlled entity		—	(417)
Loss before taxation		(79,320)	(52,727)
Taxation	5	18	(39)
Loss after taxation		(79,302)	(52,766)
Loss attributable to shareholders		(79,302)	(52,766)
Dividends	6	—	—
Basic loss per share	7	(HK$0.015)	(HK$0.011)
Fully diluted loss per share	7	(HK$0.015)	(HK$0.010)

Condensed Consolidated Balance Sheet

	Note	Unaudited 31st March, 2004 HK$'000	Audited 30th September, 2003 HK$'000
Fixed assets		12,850	14,765
Club debentures		12,301	12,301
Current assets			
Inventories		214,694	137,690
Trade receivables	8	400,220	418,744
Deposits, prepayments and other receivables		155,815	159,737
Cash and bank balances		84,882	192,322
		855,611	908,493
Current liabilities			
Trade payables	9	66,828	57,154
Other payables and accrued charges		28,594	42,639
Taxation		119,342	121,630
Short-term bank loans		31,487	3,878
Current portion of long-term liabilities	10	28	26
		246,279	225,327
Net current assets		609,332	683,166
Total assets less current liabilities		634,483	710,232
Financed by:			
Share capital	11	51,659	51,659
Reserves		582,561	658,295
Shareholders' funds		634,220	709,954
Long-term liabilities	10	132	147
Deferred tax liabilities	5(iii)	131	131
		634,483	710,232

Condensed Consolidated Cash Flow Statement

	Unaudited Six months ended 31st March	
	2004	2003
	HK$'000	HK$'000
Net cash outflow from operating activities	**(134,906)**	(676,457)
Net cash (outflow)/inflow from investing activities	**(130)**	37,566
Net cash inflow/(outflow) from financing activities	**27,596**	(147,117)
Net decrease in cash and cash equivalents	**(107,440)**	(786,008)
Cash and cash equivalents at 1st October	**192,322**	1,070,490
Cash and cash equivalents at 31st March	**84,882**	284,482

Condensed Consolidated Statement of Changes in Equity

		Unaudited Six months ended 31st March	
		2004	2003
	Note	**HK$'000**	HK$'000
Total equity at 1st October		**709,954**	824,686
Currency translation differences	12	**3,568**	234
Net gains not recognised directly in the profit and loss account		**3,568**	234
Net loss for the Period	12	**(79,302)**	(52,766)
Total equity at 31st March		**634,220**	772,154

Notes to condensed accounts:

1 Principal accounting policies

These unaudited condensed consolidated accounts are prepared in accordance with the Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants (the "HKSA").

These condensed accounts should be read in conjunction with the 2003 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 30th September, 2003, except that the Group has changed its accounting policy on deferred taxation following its adoption of SSAP 12 (revised) "Income Taxes" issued by HKSA which is effective for financial statements of periods beginning on or after 1st January, 2003.

In prior years, the Group accounted for its deferred taxation, at current taxation rate, in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure. Deferred tax liabilities were recognised when they were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt.

With effect from 1st October, 2003, in order to comply with the new SSAP 12 (revised), the Group adopted a new policy on deferred taxation as follows:

> Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.
>
> Apart from certain limited exceptions as defined under SSAP 12 (revised), all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.
>
> The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.
>
> Deferred taxation is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
>
> The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.
>
> Deferred tax assets and liabilities are offset if, and only if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

The new accounting policy has been adopted prospectively as the change in this policy has no material effects on the prior periods' results and net assets of the Group. Therefore, no comparative figures have been restated. The adoption of this new policy also has no material effects on the Group's results and net assets for the current Period.

2 Turnover and segment information

Primary reporting format — business segments

The Group is principally engaged in the trading of telecommunications products. Other operations of the Group mainly comprise provision of repair services of telecommunications products.

The Group's inter-segment transactions mainly consist of provision of repair services of telecommunications products between different business segments. These transactions were entered into at similar terms as that contracted with independent third parties and were eliminated on consolidation.

Comparative figures for the six months ended 31st March, 2003 for the Group's other operations segment included its businesses on television programme syndication and events management which the Group had ceased to operate during the year ended 30th September, 2003.

	Trading of telecommunications products		Other operations		Inter-segment elimination		Group	
	Unaudited six months ended 31st March							
	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000	2004 HK$'000	2003 HK$'000
Continuing operation								
Turnover from external customers	883,577	1,638,990	8,490	3,760	—	—	892,067	1,642,750
Inter-segment turnover	—	—	5,225	—	(5,225)	—	—	—
Turnover	883,577	1,638,990	13,715	3,760	(5,225)	—	892,067	1,642,750
Segment result	(79,011)	(35,455)	(177)	(6,061)	—	—	(79,188)	(41,516)
Discontinued operation								
Turnover from external customers			—	528			—	528
Inter-segment turnover			—	—			—	—
Turnover			—	528			—	528
Segment result			—	(7,522)			—	(7,522)
Total operation								
Total turnover	883,577	1,638,990	13,715	4,288	(5,225)	—	892,067	1,643,278
Total segment results	(79,011)	(35,455)	(177)	(13,583)	—	—	(79,188)	(49,038)
Finance costs							(132)	(3,272)
Share of loss of a jointly controlled entity							—	(417)
Loss before taxation							(79,320)	(52,727)
Taxation							18	(39)
Loss after taxation							(79,302)	(52,766)
Loss attributable to shareholders							(79,302)	(52,766)

3 Operating loss

	Unaudited Six months ended 31st March	
	2004	2003
	HK$'000	HK$'000
Operating loss is stated after crediting and charging the following:		
Crediting		
Net gain on disposals of fixed assets	**—**	14
Gain on disposals of trading investment	**—**	617
Net unrealised gain on trading investments	**—**	1
Charging		
Cost of trading inventories sold	**861,291**	1,515,505
Provision for slow moving and net realisable values of inventories	**45,173**	43,152
Depreciation of owned fixed assets	**1,564**	1,919
Depreciation on fixed assets held under hire purchase contracts	**18**	12
Net loss on disposals of fixed assets	**696**	—
Provision for bad and doubtful debts	**45,225**	60,284

4 Staff costs

The Group's staff costs, including those of Executive Directors, are as follows:

	Unaudited Six months ended 31st March	
	2004	2003
	HK$'000	HK$'000
Salaries and wages	**27,419**	35,350
Contributions to defined contribution plans	**777**	945
Other benefits	**553**	642
	28,749	36,937

5 Taxation

The amount of taxation (credited)/charged to the condensed consolidated profit and loss account represents:

	Unaudited Six months ended 31st March	
	2004 HK$'000	2003 HK$'000
Current tax - Provision for Hong Kong Profits Tax		
Over-provision in respect of prior year	**(18)**	—
Current tax - Overseas Taxation		
Tax for the Period	**—**	39
	(18)	39

Note:

(i) No Hong Kong profits tax has been provided for the Period (2003: nil).

(ii) No overseas taxation has been provided for the Period. Overseas taxation of approximately HK$39,000 for the six months ended 31st March, 2003 was calculated at the appropriate rates of taxation prevailing in the relevant countries in which the subsidiaries of the Group operated.

(iii) Effective from 1st October, 2003, the Group adopted a new deferred taxation policy pursuant to SSAP 12 (revised) "Income Tax". However, no deferred tax charges or deferred tax assets/liabilities adjustments have been made for the Period as the effects of the new policy have been immaterial.

6 Dividends

The board of directors has resolved not to declare any interim dividend for the six months ended 31st March, 2004 (2003: HK$nil).

7 Loss per share

The calculations of basic and diluted loss per share are based on the Group's loss attributable to shareholders of approximately HK$79,302,000 (2003: HK$52,766,000).

The basic loss per share is based on the weighted average of 5,165,973,933 (2003: 4,963,574,523) ordinary shares in issue during the Period.

The computation of fully diluted loss per share for the Period has not assumed the exercise of the Company's options and warrants since the exercise prices were higher than the average market price of the Company's shares for the Period. The calculation of fully diluted loss per share for the six-month period ended 31st March, 2003 was based on 5,053,800,087 ordinary shares which was the weighted average number of ordinary shares in issue during that period plus the weighted average of 90,225,564 ordinary shares deemed to be issued at no consideration if all outstanding warrants and options had been exercised.

8 Trade receivables

As at 31st March, 2004, the ageing analysis of the trade receivables (net of specific provisions) is as follows:

	Unaudited 31st March, 2004 HK$'000	Audited 30th September, 2003 HK$'000
Current	198,922	182,780
1 to 3 months overdue	68,194	158,560
More than 3 months overdue but less than 12 months overdue	163,217	160,009
Over 12 months overdue	1,383	1,276
Less: general provision	(31,496)	(83,881)
	400,220	418,744

The credit terms granted to the Group's customers vary and are generally the results of negotiations between the Group and individual customers.

9 Trade payables

As at 31st March, 2004, all trade payables of the Group were due within one month or on demand.

10 Long-term liabilities

	Unaudited 31st March, 2004 HK$'000	Audited 30th September, 2003 HK$'000
Obligations under hire purchase contracts repayable:		
Within one year	49	49
In the second year	49	49
In the third to fifth year	117	141
Less: future finance charges on hire purchase contracts	(55)	(66)
Total long-term liabilities	160	173
Less: current portion of long-term liabilities	(28)	(26)
	132	147

11 Share capital

	Authorised Ordinary shares of HK$0.01 each No. of shares '000	HK$'000
At 1st October, 2003 and 31st March, 2004, unaudited	20,000,000	200,000

	Issued and fully paid Ordinary shares of HK$0.01 each No. of shares '000	HK$'000
At 1st October, 2003 and 31st March, 2004, unaudited	5,165,974	51,659

12 Reserves

	Unaudited Six months ended 31st March, 2004					
	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Exchange difference reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1st October, 2003	457,804	2,450	160	101	197,780	658,295
Exchange differences arising on translation of subsidiaries	—	—	—	3,568	—	3,568
Loss for the Period	—	—	—	—	(79,302)	(79,302)
At 31st March, 2004	457,804	2,450	160	3,669	118,478	582,561

	Unaudited Six months ended 31st March, 2003					
	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Exchange difference reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1st October, 2002	457,804	2,450	160	101	312,512	773,027
Exchange differences arising on translation of subsidiaries	—	—	—	234	—	234
Loss for the Period	—	—	—	—	(52,766)	(52,766)
At 31st March, 2003	457,804	2,450	160	335	259,746	720,495

13 Contingent liabilities

There had been no material change in contingent liabilities of the Group since 30th September, 2003.

14 Commitments

(a) Operating lease commitments

As at 31st March, 2004, the Group had future aggregate minimum lease payments under non-cancellable operating lease as follows:

	Unaudited 31st March, 2004 HK$'000	Audited 30th September, 2003 HK$'000
Not later than one year	11,382	14,538
Later than one year and not later than five years	8,892	1,948
	20,274	16,486

(b) Other commitments

Save as disclosed above, the Group has no other commitment as at 31st March, 2004.

15 Charges on group assets

As at 31st March, 2004, approximately HK$28 million (30th September, 2003: HK$4 million) of trade receivables of a subsidiary of the Group had been pledged for banking facilities granted to certain subsidiaries of the Group.

16 Comparative figures

Certain comparative figures have been reclassified to conform with current Period's presentation.

BUSINESS REVIEW AND OUTLOOK

During the six months ended 31st March, 2004, the Group recorded a turnover of approximately HK$892 million (2003: HK$1,643 million) and incurred a net loss of approximately HK$79 million (2003: HK$53 million). During this Period, the Group's overall gross margin dropped to approximately 2% from that of 5% at 31st March, 2003 (including the effect of stock provision of approximately HK$45 million). These declining results, despite the gradual recovery of the general economy, were mainly attributable to the intensifying competition in the mobile handsets market across the Greater China region.

The growing presence of second-tier mobile handsets manufacturers across the Greater China region continued to affect the mobile handsets market during the past six months. Major international brands, endeavour to combat the deteriorating market shares brought about by their new rivals, have sped up their pace in launching new models across the region. In March 2004, there were approximately 306 different models of mobile handsets being sold in the Hong Kong market alone, representing an increase of more than 50% from March 2003 (source: GfK report, March 2004). Similar situation prevailed in the Taiwan market. These over-supply situations had caused competitions in the mobile handsets industry to become more intense than ever in these regions. Due to these keen competitions, coupled with the Group's reduction of its trading activities in the Mainland China market since early 2003, the Group's turnover volume for the Period had dropped by approximately 47% as compared to the same six-month period of the preceding year.

The simultaneous and excessive releases of new models by both the market leaders and the new players had also significantly shortened the product lives of these new models, driving their prices to drop more rapidly than usual. This had substantially reduced the Group's opportunities to maximise the margins otherwise attainable from these new models, causing the Group's overall gross margin to drop to approximately 2% for the six months ended 31st March, 2004.

During the Period, our main supplier introduced several new innovative mobile handsets models across our core regions. These new models had received good market response. However, due to unstable shipment schedules, there had been some supply delays in certain new models. The unexpected shortages of these goods during their initial launching periods, at which buyers' sentiments were often at the highest, had significantly affected the Group's performance. These delays, coinciding with the market's peak buying seasons at times, had imposed considerable pressures on the Group's pricing strategies. Such constraint had significantly undermined the Group's competitiveness in a business environment where prices dropped rapidly, contributing directly to its falling results for the Period.

The untimely deliveries of new models, followed by the low buying season during the first quarter of 2004, had also created a temporary burden on the Group's inventory as at 31st March, 2004. The majority of this temporary stock build-up was subsequently cleared during April and May 2004.

Faced with the challenges to combat the above price/margin and inventory threats, the Group had been working closely with its suppliers to address the shipment scheduling issue. It will also continue to collaborate closely with its network of business partners to formulate effective marketing and promotion strategies in light of the rapidly changing environment. The Group will continue to undertake these measures to uphold its commitment to deliver better performance for the coming year.

Financial Review

	31st March, 2004	30th September, 2003
Current ratio	**3.47**	4.03
Liquid ratio	**2.60**	3.42
Gearing ratio*	**3.6%**	0.4%

* Gearing ratio = Total borrowings over total assets

Despite the intensifying competition, the Group's financial position continued to remain sound.

As at 31st March, 2004, the Group's total cash on hand was approximately HK$85 million (30th September, 2003: HK$192 million). The drop in cash was primarily due to a temporary build-up of the Group's inventory during early 2004. This increase in inventory, coupled with the corresponding reduction in cash, had caused the Group's liquid ratio to drop to 2.60 as at 31st March, 2004 (30th September, 2003: 3.42).

During the Period, the Group revised its trade finance arrangement with some banks and took out some short-term bank loans accordingly. As a result, the Group's current ratio dropped to 3.47 (30th September, 2003: 4.03), while its gearing ratio increased to 3.6% (30th September, 2003: 0.4%) as at 31st March, 2004.

As a result of the undue pressure on the Group's inventory during the first quarter of 2004, its stock level was approximately HK$215 million as at 31st March, 2004 (30th September, 2003: HK$138 million). In light of the fierce price competition, a stock provision of approximately HK$45 million was made for the Group to reflect the net realisable values, as well as to provide for its slow moving items, of its inventories remaining on hand as at 31st March, 2004.

With the Group's continuing efforts to reinforce its credit control and receivable management, its accounts receivables was approximately HK$400 million as at 31st March, 2004 (30th September, 2003: HK$419 million). As a measure of prudence and in accordance to the Group's internal policy, a provision for doubtful debts of approximately HK$45 million against the outstanding receivables as at 31st March, 2004 was made for the Group.

As at 31st March, 2004, the Group's banking facilities increased to approximately HK$300 million (30th September, 2003: HK$181 million), of which approximately HK$31 million has been utilised (30th September, 2003: HK$26 million). The facilities were secured by charges on the Group's trade receivables of approximately HK$28 million (30th September, 2003: HK$4 million) and corporate guarantees given by the Company and one (30th September, 2003: two) of its subsidiaries.

The Group conducts its core business transactions mainly in Hong Kong and US dollar currencies. Majority of its cash and bank balances are in either Hong Kong or US dollar currencies, hence the Hong Kong dollar peg presents a natural hedge against currency fluctuations under normal trading circumstances.

Future Plans and Prospects

In the past six months, the local economies across the Taiwan and Hong Kong regions have rebounded with improved market confidence and consumption sentiments. Despite this recovery, competitions in the mobile handsets industry is set to further intensify given the continual emergence of new players and the desire of top international manufacturers to seize an even larger market share across the region. The resulting price pressures will continue to present great challenges to both mobile handsets suppliers and distributors in these regions in the coming year.

The Group will continue its core business of distributing premium, high-ended products to the replacement markets. In doing so, we will work diligently and cautiously to formulate effective business strategies to combat the prevailing margin threats and regain our competitiveness. We will also continue to refine and strengthen our financing and cost control measures to maintain our healthy financial position.

Looking ahead, the Group will seek to leverage its extensive distribution network and intimate market knowledge accumulated across the region. We will continue our efforts to explore suitable business diversification and expansion opportunities that offer high business integration capacity and sustainable returns. With our prudent investment approach, the Group will endeavour to improve its profitability and bring more values to its business partners and shareholders in the future.

AUDIT COMMITTEE

The Audit Committee was established on 27th June, 2000, now comprising three Independent Non-executive Directors, namely Messrs. Ian Grant ROBINSON, Richard Nicholas TANNER and TAI Ah Lam, Michael, and one Executive Director, Mr. SY Ethan, Timothy. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The Audit Committee met on 24th June, 2004 and reviewed with the management the accounting principles and practices adopted by the Group as well as discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim results for the Period.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31st March, 2004, the following Directors were interested or deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be (a) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) entered in the register referred to in section 352 of the SFO pursuant thereto; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies, as follows:

(a) Ordinary shares of the Company

Name of Director	Personal interests	Family interests	Corporate interests	Capacity	Total	Approximate percentage of shareholding %
Mr. CHEUNG Wing Yin, Vigny Wiley	10,000,000	—	—	Beneficial owner	10,000,000	0.2
Mr. SUNG Yee Keung, Ricky	72,663,303	250,000 (note)	—	Beneficial owner	72,913,303	1.4
Mr. WAN Kwok Cheong, Francis	11,000,000	—	—	Beneficial owner	11,000,000	0.2

Note:

These shares were jointly owned by Ms. SUNG Mei Ling, the sister of Mr. SUNG Yee Keung, Ricky.

(b) Share options

The old share option scheme (the "Old Share Option Scheme"), which was approved and adopted by an ordinary resolution of the shareholders at the extraordinary general meeting held on 16th March, 1999, was terminated and replaced by a new share option scheme (the "New Share Option Scheme") at the annual general meeting held on 27th March, 2003. Notwithstanding the termination of the Old Share Option Scheme, the outstanding options previously granted under the Old Share Option Scheme shall remain valid and exercisable in accordance with the provisions of the Old Share Option Scheme. Under the New Share Option Scheme, the Directors may, at their discretion, invite employees, including Executive Directors of the Company, to take up options to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein.

Under the Old Share Option Scheme, certain Directors of the Company were granted options to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein, details of share options outstanding as at 31st March, 2004 were as follows:

Name of Director	Date of grant	Exercise price HK$	Number of share options outstanding as at 31st March, 2004	Exercisable period
Mr. SY Ethan, Timothy	26th April, 1999	0.150	100,000,000	25th May, 1999 to 24th May, 2009

The financial impact of the share options granted under the Old Share Option Scheme is not recorded in the Group's accounts until such time as the options are exercised. Upon the exercise of the options, the resulting shares in the Company issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of shares is recorded by the Company in the share premium account. Options which lapsed prior to their exercisable date are reduced from the outstanding options.

(c) Warrants of the Company

Details of the warrants held by certain Directors of the Company as at 31st March, 2004 were as follows:

Name of Director	Date of grant	Exercise price HK$	Number of warrants outstanding as at 31st March, 2004	Exercisable period
Mr. CHEUNG Wing Yin, Vigny Wiley	27th August, 2001	0.680	1,111,111	27th August, 2001 to 26th August, 2004
Mr. SUNG Yee Keung, Ricky	27th August, 2001	0.680	8,924,444	27th August, 2001 to 26th August, 2004
Mr. WAN Kwok Cheong, Francis	27th August, 2001	0.680	1,222,222	27th August, 2001 to 26th August, 2004

Except as disclosed above, as at 31st March, 2004, the Company did not grant any right to subscribe for shares of the Company and its associated corporations (within the meaning of the SFO) to any Directors or Chief Executives of the Company or to their spouses or children under 18 years of age.

Apart from the above, at no time during the Period was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors or Chief Executives of the Company or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, none of the Directors or their associates were, as at 31st March, 2004, interested or deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) entered in the register referred to in section 352 of the SFO pursuant thereto; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies.

EMPLOYEE INFORMATION

As at 31st March, 2004, the Group employed a workforce of 135 (30th September, 2003: 134). Total employee remuneration of the Group, including that of Executive Directors, was approximately HK$29 million (2003: HK$37 million).

Under the Old Share Option Scheme, the Directors of the Company might, at their discretion, invite employees, including the Executive Directors of the Company, to take up options to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated therein.

Details of share options outstanding as at 31st March, 2004 which were granted under the Old Share Option Scheme were as follows:

Date of grant	Exercise price HK$	Number of share options outstanding as at 1st October, 2003	Number of share options exercised/ cancelled during the Period	Number of share options outstanding as at 31st March, 2004	Exercisable period
15th November, 2000	0.715	1,800,000	—	1,800,000	15th November, 2000 to 14th November, 2010

The financial impact of the share options granted under the Old Share Option Scheme is not recorded in the Group's accounts until such time as the options are exercised. Upon the exercise of the options, the resulting shares in the Company issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of shares is recorded by the Company in the share premium account. Options which lapsed prior to their exercisable date are reduced from the outstanding options.

SUBSTANTIAL SHAREHOLDERS

The Register of Substantial Shareholders maintained under section 336 of the SFO showed that as at 31st March, 2004, the Company had been notified of the following interests of the substantial shareholders (not being a Director or Chief Executive of the Company) in the following long positions in the shares and underlying shares of the Company:

Name of shareholder	Capacity	Number of ordinary shares	Approximate percentage of shareholding %
Optimum Pace International Limited	Beneficial owner	2,942,608,695 *(note)*	57
LGT Trust Management Limited	Interest of controlled corporation	2,942,608,695 *(note)*	57

Note:

These shares are registered in the name of Optimum Pace International Limited, the entire issued share capital of which is held by LGT Trust Management Limited as trustee of The Optimum Pace Trust, a discretionary trust.

Save as disclosed above, no other person was recorded in the register required to be kept under section 336 to the SFO as having an interest or short position in the shares and underlying shares of the Company as at 31st March, 2004.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a party, in which any Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

DISAGREEMENT OF AUDIT COMMITTEE

With respect to the treatment of one of the trade receivables arising in the ordinary course of business of the Group, in the amount of approximately HK$240 million from an independent third party, the Audit Committee disagreed with the adequacy of the provision made thereon. The Executive Directors are of the view that adequate provision has been made in accordance with the Group's accounting policy.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the Period, except that the Independent Non-executive Directors are not appointed for specific terms, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association of the Company. In the opinion of the Directors, this meets the same objective as the Code of Best Practice.

By Order of the Board
SY Ethan, Timothy
Chairman

Hong Kong, 24th June, 2004