FINTRONICS HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Formerly known as Start Technology Company Limited)

2005 INTERIM REPORT

CONTENTS

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2005 Continued operations $'000	Discontinued operation $'000	Total $'000	Six months ended 30 June 2004 Continued operations $'000 (Restated)	Discontinued operation $'000 (Restated)	Total $'000 (Restated)
Turnover	3	70,628	87,105	157,733	49,196	102,610	151,806
Cost of sales		(55,329)	(76,763)	(132,092)	(38,068)	(83,502)	(121,570)
Gross profit		15,299	10,342	25,641	11,128	19,108	30,236
Other revenue		3,112	41	3,153	2,811	12	2,823
Other net income		-	-	-	25	–	25
Impairment losses on trade and other receivables		(20,200)	-	(20,200)	–	–	–
Selling and distribution expenses		(4,679)	(1,111)	(5,790)	(2,149)	(1,090)	(3,239)
Administrative expenses		(19,271)	(2,529)	(21,800)	(15,938)	(1,280)	(17,218)
(Loss)/profit from operations	3	(25,739)	6,743	(18,996)	(4,123)	16,750	12,627
Impairment losses on non-current assets	4	-	(22,235)	(22,235)	–	–	–
Impairment loss on interest in an associate		(1,500)	-	(1,500)	–	–	–
Finance costs		(1,085)	(618)	(1,703)	(720)	(141)	(861)
Share of profits less losses of associates		(3,780)	-	(3,780)	(817)	–	(817)
(Loss)/profit before taxation	5	(32,104)	(16,110)	(48,214)	(5,660)	16,609	10,949
Income tax credit/(expense)	6	396	2,221	2,617	(537)	(1,348)	(1,885)
(Loss)/profit after taxation		(31,708)	(13,889)	(45,597)	(6,197)	15,261	9,064
Attributable to:							
Equity holders of the parent		(31,137)	(9,111)	(40,248)	(6,491)	11,574	5,083
Minority interests		(571)	(4,778)	(5,349)	294	3,687	3,981
(Loss)/profit after taxation		(31,708)	(13,889)	(45,597)	(6,197)	15,261	9,064
(Loss)/earnings per share	8						
Basic (cents)		(5.89)	(1.72)	(7.61)	(1.36)	2.43	1.07
Diluted (cents)		N/A	N/A	N/A	N/A	N/A	N/A

The notes on pages 8 to 24 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 30 June 2005
(Expressed in Hong Kong dollars)

	Note	At 30 June 2005 $'000	At 31 December 2004 $'000 (Restated)
Non-current assets			
Property, plant and equipment			
– Investment properties		**6,300**	6,300
– Other property, plant and equipment		**18,245**	70,838
	4	**24,545**	77,138
Construction in progress	4	**–**	11,330
Interest in leasehold land held for own use under an operating lease		**–**	2,348
Intangible assets		**831**	1,157
Interest in associates	9	**57,535**	15,715
Investment funds	10	**90,483**	33,486
Pledged deposits		**17,516**	17,516
Deferred tax assets		**876**	137
		191,786	158,827
Current assets			
Inventories	4	**2,702**	27,714
Trade and other receivables	4, 11	**122,862**	170,901
Deposits with bank		**79,128**	126,228
Cash and cash equivalents	4, 12	**6,971**	74,391
Assets classified as held for sale	4	**145,206**	–
		356,869	399,234
Current liabilities			
Trade and other payables	4, 13	**69,930**	112,569
Loans and overdraft	4, 14	**60,089**	67,791
Tax payable		**750**	1,439
Liabilities classified as held for sale	4	**93,464**	–
		224,233	181,799
Net current assets		**132,636**	217,435

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)

At 30 June 2005
(Expressed in Hong Kong dollars)

	Note	At 30 June 2005 $'000	At 31 December 2004 $'000 (Restated)
Total assets less current liabilities		**324,422**	376,262
Non current liabilities			
Deferred tax liabilities		**3,536**	3,427
NET ASSETS		**320,886**	372,835
CAPITAL AND RESERVES			
Share capital	*15*	**52,864**	52,864
Reserves	*15*	**248,712**	287,160
Total equity attributable to equity holders of the parent		**301,576**	340,024
Minority interests	*15*	**19,310**	32,811
TOTAL EQUITY		**320,886**	372,835

The notes on pages 8 to 24 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2005 $'000	Six months ended 30 June 2004 $'000 (Restated)
Total equity at 1 January:			
Attributable to equity holders of the parent (as previously reported at 31 December)	15	**340,024**	299,552
Minority interests (as previously presented separately from liabilities and equity at 31 December)	15	**32,811**	19,723
	15	**372,835**	319,275
Net loss for the period recognised directly in equity:			
Exchange differences on translation of the financial statements of subsidiaries outside Hong Kong	15	**–**	(25)
Net loss not recognised in the income statement		**–**	(25)
Net (loss)/profit for the period:			
Attributable to equity holders of the parent (as previously reported for six months ended 30 June 2004)	15	**(40,248)**	5,083
Attributable to minority interests (as previously presented separately in the income statement for six months ended 30 June 2004)	15	**(5,349)**	3,981
Total recognised income and expense for the period (2004: as restated)		**(45,597)**	9,064
Dividend paid to minority interests	15	**(1,813)**	(723)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2005	2004
	Note	***$'000***	*$'000*
			(restated)
Movements in shareholders' equity arising from capital transactions with equity holders of the parent:			
Placing of news shares	*15*	**–**	29,946
Placing of warrants	*15*	**1,800**	–
		1,800	29,946
Movements in shareholders' equity arising from capital transactions with minority interests:			
Acquisition of interests in subsidiaries from a minority shareholder	*15*	**(7,850)**	–
Capital contributions from minority interests	*15*	**1,511**	–
		(6,339)	–
Total equity at 30 June		**320,886**	357,537

The notes on pages 8 to 24 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2005 $'000	Six months ended 30 June 2004 $'000
Net cash generated from/(used in) operating activities		2,580	(49,069)
Net cash used in investing activities		(82,851)	(6,431)
Net cash generated from financing activities		17,156	59,075
Net (decrease)/increase in cash and cash equivalents		(63,115)	3,575
Effect of foreign exchange rates changes		–	(25)
Cash and cash equivalents at 1 January	12	54,390	48,466
Cash and cash equivalents included in assets classified as held for sale	4	(3,787)	–
Cash and cash equivalents at 30 June	12	(12,512)	52,016

The notes on pages 8 to 24 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issuance on 28 September 2005.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2004 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2005 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2004 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700, Engagements to review interim financial reports, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 25.

The financial information relating to the financial year ended 31 December 2004 that is included in the interim financial report as being previously reported information does not constitute the company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2004 are available from the company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 April 2005.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (HKFRSs, which term collectively includes HKASs and Interpretations) that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. The Board of Directors has determined the accounting policies to be adopted in the preparation of the group's annual financial statements for the year ending 31 December 2005, on the basis of HKFRSs currently in issue.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2005 may be affected by the issue of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

As disclosed in 2004 annual financial statements, with effect from 1 January 2004, the group has early adopted the following HKFRSs:

HKFRS 3	Business combinations
HKAS 36	Impairment of assets
HKAS 38	Intangible assets

The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1 January 2005 which have been reflected in this interim financial report.

(a) Employee share option scheme (HKFRS 2, Share-based payment)

In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1 January 2005, in order to comply with HKFRS 2, the group recognises the fair value of such share options as an expense in the income statement, or as an asset, if the cost qualifies for recognition as an asset under the group's accounting policies. A corresponding increase is recognised in a capital reserve within equity.

Where the employees are required to meet vesting conditions before they become entitled to the options, the group recognises the fair value of the options granted over the vesting period. Otherwise, the group recognises the fair value in the period in which the options are granted.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES (Continued)

***(a) Employee share option scheme (HKFRS 2, Share-based payment)* (Continued)**

If an employee chooses to exercise options, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised the related capital reserve is transferred directly to retained earnings.

The new accounting policy has not been applied retrospectively with comparatives restated in accordance with HKFRS 2 as the group has taken advantage of the transitional provisions set out in paragraph 53 of HKFRS 2 under which the new recognition and measurement policies have not been applied to the following grants of options:

(a) all options granted to employees on or before 7 November 2002; and

(b) all options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

Accordingly, no adjustment was made to the group's opening balance of retained earnings and capital reserves as at 1 January 2005.

Details of the employee share option scheme of the company can be found in the company's annual report for the year ended 31 December 2004 and under the section headed "Share Option Schemes" on page 34.

(b) Non-current assets held for sale and discontinued operations (HKFRS 5)

In prior years, the non-current assets (or disposal group) held for sale were neither classified nor presented as current assets and liabilities and a discontinued operation was recognised at the earlier of when:

(a) the group enters into a binding sale agreement; and

(b) the Board of Directors have approved and announced a formal disposal plan.

With effect from 1 January 2005, in order to comply with HKFRS 5, immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable HKFRSs. Then, on initial classification as held for sale, non current assets (or disposal group) are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in the income statement, even for assets measured in fair value, as are gains or losses on subsequent remeasurement.

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Non-current assets held for sale and discontinued operations (HKFRS 5) (Continued)

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned also may qualify.

The change in accounting policy does not impact on the group's prior-period financial statements. The comparative period's income statement of the group has been restated to comply with the disclosure requirements for a discontinued operation.

(c) Investment properties (HKAS 40, Investment property and HK(SIC) Interpretation 21, Income taxes – Recovery of revalued non-depreciable assets)

Changes in accounting policies relating to investment properties are as follows:

(i) Timing of recognition of movements in fair value in the income statement

In prior years movements in the fair value of the group's investment properties were recognised directly in the investment properties revaluation reserve except when, on a portfolio basis, the reserve was insufficient to cover a deficit on the portfolio, or when a deficit previously recognised in the income statement had reversed, or when an individual investment property was disposed of. In these limited circumstances movements in the fair value were recognised in the income statement.

Upon adoption of HKAS 40 as from 1 January 2005, all changes in the fair value of investment properties are recognised directly in the income statement in accordance with the fair value model in HKAS 40.

This change in accounting policies does not have significant impact on the group's results of operations and financial position as the group recorded net revaluation deficits on revaluation of the investment properties in prior years. These net revaluation deficits have already been charged to the income statements of the respective periods.

(ii) Measurement of deferred tax on movements in fair value

In prior years the group was required to apply the tax rate that would be applicable to the sale of investment properties to determine whether any amounts of deferred tax should be recognised on the revaluation of investment properties. As there would have been no tax payable on the disposal of the group's investment properties, no deferred tax was provided in prior years.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES (Continued)

***(c) Investment properties (HKAS 40, Investment property and HK(SIC) Interpretation 21, Income taxes – Recovery of revalued non-depreciable assets)* (Continued)**

(ii) Measurement of deferred tax on movements in fair value (Continued)

As from 1 January 2005, in accordance with HK(SIC) Interpretation 21, the group recognises deferred tax on movements in the value of an investment property using tax rates that are applicable to the property's use, if the group has no intention to sell it and the property would have been depreciable had the group not adopted the fair value model.

The change in accounting policy has been adopted retrospectively, but no adjustment was made to the opening balance of retained earnings as at 1 January 2005 as the effect resulted from the change in accounting policy is not significant to the group's results of operations and financial position.

(d) Leasehold land and buildings held for own use (HKAS 17, Leases)

In prior years, leasehold land and buildings held for own use were stated at revalued amounts less accumulated depreciation and accumulated impairment losses. Movements of revaluation surpluses or deficits were normally taken to the land and buildings revaluation reserve.

With the adoption of HKAS 17 as from 1 January 2005, the leasehold interest in the land held for own use is accounted for as being held under an operating lease where the fair value of the interest in any buildings situated on the leasehold land could be separately identified from the fair value of the leasehold interest in the land at the time the lease was first entered into by the group, or taken over from the previous lessee, or at the date of construction of those buildings, if later.

Such leasehold land will no longer be revalued. Instead, any pre-paid land premiums for acquiring the land leases, or other lease payments, are amortised on a straight line basis over the lease term. If the property is in the course of development or re-development, or the property is otherwise being used in the production of inventory, the amortisation charge is included as part of the costs of the property under development or other inventory. In all other cases the amortisation charge for the period is recognised in the income statement immediately.

Any buildings held for own use which are situated on such land leases continue to be presented as part of property, plant and equipment. However, as from 1 January 2005 the buildings are also stated at cost less accumulated depreciation, rather than at fair value, to be consistent with the new policy required to be adopted for the land element.

The change in accounting policy has been adopted retrospectively, but no adjustment was made to the opening balance of retained earnings as at 1 January 2005 as the effect resulted from the change in accounting policy is not significant to the group's results of operations and financial position.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(e) Minority interests (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements)

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the parent, and minority interests in the results of the group for the period are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the parent.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

3. SEGMENTAL INFORMATION

Business segments

The entity's primary format for reporting segment information is business segments. Revenue from external customers (turnover) represents the sales value of goods supplied to customers and income from the provision of software development and systems integration services.

	Continued operations				Discontinued operation					
	Software development and systems integration services		Sale of integrated circuits and computer softwares		Manufacture and sale of computer related products		Unallocated		Consolidated	
For the six months ended 30 June	**2005** **$'000**	2004 $'000	**2005** **$'000**	2004 $'000	**2005** **$'000**	2004 $'000	**2005** **$'000**	2004 $'000	**2005** **$'000**	2004 $'000
Revenue from external customers	**19,092**	12,311	**51,536**	36,885	**87,105**	102,610	**-**	–	**157,733**	151,806
Other revenue from external customers	**256**	654	**97**	121	**-**	–	**30**	150	**383**	925
Total	**19,348**	12,965	**51,633**	37,006	**87,105**	102,610	**30**	150	**158,116**	152,731
Segment result	**(12,060)**	(4,029)	**4,158**	8,622	**6,743**	16,750			**(1,159)**	21,343
Unallocated operating income and expenses									**(17,837)**	(8,716)
(Loss)/profit from operations									**(18,996)**	12,627

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

4. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

In May 2005, the group entered into an equity transfer agreement with an independent third party to dispose of the group's entire interests in a business segment engaging in the manufacture and sale of computer related products ("Computer Related Products Segment") at a consideration of approximately $31,900,000 in view of the deteriorating profit margin as a result of intensified competition. The disposal was completed in July 2005. Accordingly, the related assets and liabilities of the Computer Related Products Segment are presented as a disposal group held for sale. Immediately before classification as disposal group held for sale, based on the disposal proceeds, the carrying amount of the non-current assets within the Computer Related Products Segment was written down by approximately $22,235,000 to reflect their recoverable value. No impairment losses on the measurement of the disposal group to fair value less cost to sell have been recognised. The operating results of the Computer Related Products Segment are presented as discontinued operation.

The net cash flows attributable to the operating, investing and financing activities of the Computer Related Products Segment during the six months ended 30 June 2005 are set out below:

	Six months ended 30 June	
	2005	2004
	$'000	*$'000*
Net cash generated from/(used in) operating activities	**4,730**	(2,657)
Net cash used in investing activities	**(10,363)**	(13,248)
Net cash generated from financing activities	**5,789**	7,233

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

4. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATION (Continued)

The carrying amount of major classes of assets and liabilities classified as disposal group held for sale as at 30 June 2005 are analysed as follows:

	At 30 June 2005 $'000
Assets	
Property, plant and equipment	36,082
Construction in progress	12,265
Inventories	30,993
Trade and other receivables	57,796
Cash and cash equivalents	3,787
Others	4,283
	145,206
Liabilities	
Trade and other payables	68,319
Loans and overdraft	24,480
Others	665
	93,464

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2005 $'000	2004 $'000
Interest on bank borrowings	1,558	756
Amortisation of land lease premium	38	–
Amortisation of intangible assets	326	224
Depreciation	7,162	3,757
Interest income	(2,408)	(1,864)

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

6. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2005	2004
	$'000	*$'000*
Current tax – PRC		
Tax for the period	**464**	1,658
Over provision in respect of prior years	**–**	(310)
	464	1,348
Deferred taxation		
Origination and reversal of temporary differences	**(3,081)**	502
Share of an associate's taxation	**–**	35
	(2,617)	1,885

No provision for Hong Kong Profits Tax has been made as the group sustained a loss for taxation purposes for the periods ended 30 June 2005 and 2004.

The PRC income tax has been calculated at the prevailing income tax rates under the relevant PRC income tax rules and regulations applicable to the subsidiaries and the associates. Certain subsidiaries and associates were granted exemptions and relief from the PRC income tax by the relevant local tax bureau.

The PRC subsidiaries of the group prepared their financial statements in accordance with the PRC accounting standards and regulations (the "PRC GAAP"). Deferred taxation mainly represents the differences between the PRC GAAP and HKFRSs in respect of accounting differences in income and expense recognition.

7. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2005 (2004: $Nil).

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

8. (LOSS)/EARNINGS PER SHARE

(a) Basic

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to equity holders of the parent of $(40,248,000) (six months ended 30 June 2004: profit of $5,083,000) and the weighted average number of ordinary shares of 528,644,000 (2004: 475,457,000) in issue during the period.

(b) Diluted

The amount of diluted (loss)/earnings per share is not presented as the effects of all potential ordinary shares are anti-dilutive for the six months ended 30 June 2005 and 2004.

9. INTEREST IN SUBSIDIARIES AND ASSOCIATES

The following new subsidiary company and associate are established/acquired during the six months ended 30 June 2005:

Name of Company	Place of incorporation and operation	Group's effective interest	Paid up/ registered capital	Principal activities
山西實達科技軟件系統有限公司	PRC	51%	RMB3,000,000	Provision of software development and systems integration services
Loten Technology Co. Ltd. ("Loten Technology")	PRC	30%	RMB50,000,000	Provision of solution for the management of automatic teller machines

10. INVESTMENT FUNDS

As at 30 June 2005, purchase deposits of approximately RMB60,000,000 was paid for the proposed acquisition of the remaining 70% equity interest in Loten Technology. See also note 19.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are debtors and bills receivable (net of impairment losses) with the following ageing analysis:

	At 30 June 2005 $'000	At 31 December 2004 $'000
Current	**69,084**	100,392
1 to 3 months overdue	**5,459**	6,743
More than 3 months overdue but less than 12 months overdue	**542**	8,796
Overdue beyond 1 year	**970**	4,097
Total debtors and bills receivable, net of impairment losses	**76,055**	120,028
Retentions receivable from customers	**2,118**	3,257
Gross amount due from customers for contract work	**12,276**	12,598
Prepayments, deposits and other receivables	**29,982**	23,149
Loans receivable	**2,431**	11,869
	122,862	170,901

Credit terms granted by the group to the customers generally range from 30 days to 150 days. However, debtors with balances that are more than 6 months overdue are requested to settle all outstanding balances before any further credit is granted.

Terms of loans receivable

Interest is charged at 1.25% to 7.2% per annum. The balance is repayable on or before 30 November 2005.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

12. CASH AND CASH EQUIVALENTS

	At 30 June 2005 $'000	At 31 December 2004 $'000
Cash at bank and in hand	**6,971**	74,391
Bank overdraft	**(19,483)**	(20,001)
Cash and cash equivalents in the cash flow statement	**(12,512)**	54,390

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are creditors and bills payable with the following ageing analysis:

	At 30 June 2005 $'000	At 31 December 2004 $'000
Due within 3 months or on demand	**9,387**	46,026
Overdue 3 months to 1 year	**–**	30,618
Overdue beyond 1 year	**5**	467
Total creditors and bills payable	**9,392**	77,111
Gross amount due to customers for contract work	**3,838**	4,769
Receipt in advance	**264**	498
Other payables and accrued liabilities	**56,436**	30,191
	69,930	112,569

14. LOANS AND OVERDRAFT

As at 30 June 2005, the group had banking facilities totalling $108,622,000 (31 December 2004: $102,970,000). At 30 June 2005, the banking facilities were utilised to the extent of $89,436,000 (31 December 2004: $69,674,000).

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

15. CAPITAL AND RESERVES

	Attributable to equity holders of the parent									
	Share capital	Share premium *(Note i)*	General reserve *(Note ii)*	Translation reserve *(Note iii)*	Land and buildings revaluation reserve	Warrant reserve *(Note iv)*	Retained earnings	Total	Minority interests	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 January 2004 *(Note 2)*	44,064	195,909	11,027	1,173	–	–	47,379	299,552	19,723	319,275
Placing of new shares	8,800	21,146	–	–	–	–	–	29,946	–	29,946
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	–	–	–	(25)	–	–	–	(25)	–	(25)
Dividend paid	–	–	–	–	–	–	–	–	(723)	(723)
Profit for the period	–	–	–	–	–	–	5,083	5,083	3,981	9,064
At 30 June 2004	52,864	217,055	11,027	1,148	–	–	52,462	334,556	22,981	357,537
At 1 January 2005 *(Note 2)*	52,864	217,055	13,180	1,167	2,478	–	53,280	340,024	32,811	372,835
Transfer between reserves	–	–	110	–	–	–	(110)	–	–	–
Placing of warrants	–	–	–	–	–	1,800	–	1,800	–	1,800
Capital contributions from minority interests	–	–	–	–	–	–	–	–	1,511	1,511
Acquisition of interests in subsidiaries from a minority shareholder	–	–	–	–	–	–	–	–	(7,850)	(7,850)
Dividend paid	–	–	–	–	–	–	–	–	(1,813)	(1,813)
Loss for the period	–	–	–	–	–	–	(40,248)	(40,248)	(5,349)	(45,597)
At 30 June 2005	52,864	217,055	13,290	1,167	2,478	1,800	12,922	301,576	19,310	320,886

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

15. CAPITAL AND RESERVES (Continued)

Notes:

(i) Share premium

Under the Bermuda Companies Act 1981 (as amended), the funds in the share premium account are distributable in the form of fully paid bonus shares.

(ii) General reserve

According to the relevant rules and regulations in the PRC, the group's subsidiaries in the PRC should appropriate part of their profits after taxation to general reserve, which can be used to make good losses and to convert into paid-up capital.

(iii) Translation reserve

Translation reserve represents exchange differences arising from the translation of the financial statements of subsidiaries and associates operating outside Hong Kong.

(iv) Warrant reserve

Warrant reserve represents the proceeds received from the issue of warrants of the company. The reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants.

In January 2005, the company issued 90,000,000 non-listed warrants at an issue price of $0.02 per warrant by private placement. Each warrant entitles the holder to subscribe for one ordinary share of $0.1 each at an initial subscription price of $0.35 per share during the three-year period from the date of allocation and issue of the warrants.

At 30 June 2005, total options under share option schemes of the company to subscribe for 26,881,000 (31 December 2004: 26,881,000) shares remained outstanding. Details of the employee share option schemes of the company can be found in the company's annual report for the year ended 31 December 2004 and under the section headed "Share Option Schemes" on page 34.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

16. COMMITMENTS

(a) *Commitments under operating leases*

At 30 June 2005, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2005 $'000	At 31 December 2004 $'000
Within 1 year	**1,203**	2,078
After 1 year but within 5 years	**198**	422
	1,401	2,500

(b) *Capital commitments*

Capital commitments outstanding at 30 June 2005 not provided for in the interim financial report were as follows:

	At 30 June 2005 $'000	At 31 December 2004 $'000
Authorised and contracted for	**5,652**	13,440

17. CONTINGENT LIABILITIES

Certain buildings held for own use of the group with an aggregate carrying value of $8,600,000 (31 December 2004: $8,600,000) were pledged and corporate guarantee of the company was given as security for banking facilities amounting to $15,000,000 (31 December 2004: $15,000,000) granted to a subsidiary of a former related company in return for a fee. As at 30 June 2005, the amount of the facilities utilised was $7,429,000 (31 December 2004: $788,000).

As at 30 June 2005, the group had contingent liabilities in connection with performance bonds of approximately $2,808,000 (31 December 2004: $Nil) issued to secure the settlement of certain payables of a group's customer to an individual third party.

18. MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2005, the group made short term advances to an associate in the amount of $17,101,000. These advances are unsecured, interest free and repayable on demand. As at 30 June 2005, full provision of impairment loss was made on the outstanding balance of the advances totalling $14,735,000.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

For the six months ended 30 June 2005
(Expressed in Hong Kong dollars)

19. POST BALANCE SHEET EVENTS

On 27 September 2005, the group entered into a memorandum of understanding with the other shareholders of Loten Technology (the "Vendors") to acquire the remaining 70% equity interest in Loten Technology at a price to be negotiated and agreed between the group and the Vendors but not less than RMB110,000,000.

20. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 DECEMBER 2005

Up to the date of issue of this interim financial report, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 December 2005:

	Effective for accounting periods beginning on or after
HKFRS 6, Exploration for and evaluation of mineral resources	1 January 2006
HK(IFRIC) 4, Determining whether an arrangement contains a lease	1 January 2006
HK (IFRIC) 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds	1 January 2006
Amendments to HKAS 19, Employee benefits – Actuarial Gains and Losses, Group Plan and Disclosures	1 January 2006

The above amendments, new standards and interpretations were not applied in this interim financial report because the directors expect that the group will not early apply them when preparing the group's annual financial statements for the year ending 31 December 2005.

The group is in the process of making an assessment of the impact of these amendments, new standards and new interpretations in the period of initial application and has so far concluded that the adoption of them is unlikely to have a significant impact on the group's results of operations and financial position.

INDEPENDENT REVIEW REPORT

KPMG

TO THE BOARD OF DIRECTORS OF
FINTRONICS HOLDINGS COMPANY LIMITED
(formerly known as "Start Technology Company Limited")
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have been instructed by the company to review the interim financial report set out on pages 2 to 24.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2005.

KPMG
Certified Public Accountants

Hong Kong, 28 September 2005

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, FinTronics Holdings Company Limited ("FinTronics", the "Company", formerly known as Start Technology Company Limited) and its subsidiaries (the "Group") redeployed their business development strategies. In March 2005, the Group announced the acquisition of 30% interests in Loten Technology Co., Ltd. ("Loten"), refocusing the Group's core business from the sale of integrated circuits and computer softwares, and the manufacture and sale of computer related products to finance e-payment service, and expressly positioned finance e-payment service business as its core development direction for the coming 5 years. In order to focus its resources on the development of finance e-payment service which has a significant market scale, higher gross profit, better cash flows and substantial growth potentials, the Group announced the disposal of its business with lower gross profit margin, the manufacture and sale of computer related products business, in the period. In addition, in order to highlight this strategic business transformation and our new business focus, the Group adopted "FinTronics Holdings Company Limited" as its new English name in place of its former English name of "Start Technology Company Limited" in the period. The Group believes that this strategic business transformation will be beneficial to the Group's long term development.

The software development and systems integration services, and the sale of integrated circuits and computer softwares businesses recorded satisfactory turnover during the period under review. Despite the drop in sales from the manufacture and sale of computer related products business due to intensified market competition, the Group's overall turnover remained steady, with turnover amounting to HK$157,733,000, an increase of 3.9% compared with the corresponding period last year. During the period, the manufacture and sale of computer related products and the sale of integrated circuits and computer softwares businesses faced increasingly fierce market competition, which placed gross profit margin under pressure, resulting in a fall in the Group's overall gross profit margin to 16.3% from 19.9% of the corresponding period last year. During the period, the Group recognised impairment losses on certain non-current assets amounting to HK$22,235,000 because of the disposal of the manufacture and sale of computer related products business. The Group also recognised impairment losses of HK$20,200,000 on trade and other receivables after considering their recoverability. As one of the Group's associates, SJTU Sunway Software Industry Limited ("SJTU Sunway"), was still in its business transformation investment period, the Group recognised a share of loss of HK$3,710,000 during the

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

period. As a result of the above, the Group recorded a loss after taxation of HK$45,597,000 (2004: profit after taxation of HK$9,064,000). Nevertheless, the Group is confident that this strategic business transformation will improve the Group's business development, and as such, the Group considers that the current results only reflect the transitional period of such business transformation.

FINANCE E-PAYMENT BUSINESS

In March 2005, the Group announced the acquisition of 30% interests in Loten at a cash consideration of RMB50,000,000, which was completed in May this year. Pursuant to the sale and purchase agreement, Loten's profit for the 24 months from the first day of the second month after the completion date, shall not be less than RMB50,000,000, or Loten's original shareholders shall pay the prescribed shortfall or transfer their proportionate interests in Loten to the Group. In addition, the Group shall have a right of first refusal to purchase the remaining 70% interests in Loten.

Following the announcement of the acquisition of 30% interests in Loten, the Group actively prepared itself to enter into the finance e-payment service market in the PRC. Leveraging on the Group's leading position in the software development and systems integration services business, together with Loten's operational experience and expertise in the finance e-payment services business, the development of finance e-payment business was encouraging during the period. The Group successfully entered into cooperation agreements with over 20 commercial banks in various cities nationwide.

SOFTWARE DEVELOPMENT AND SYSTEMS INTEGRATION SERVICES

During the period, the Group continued to develop social security projects mainly focusing on the development of major projects, including 福建金保 project and 福建省機關事業社保project, while at the same time continued to expand its market share based on its existing well-established markets, and enhanced the technology supports to its subsidiaries in various provinces such as Anhui, Inner Mongolia and Shanxi. Through strategies of enhancing daily management and customer satisfaction, the Group successfully secured various software development and systems integration contracts, which brought stable long-term customers and ongoing contracts to the Group, as well as established a new stream of revenue to the Group. Since these software development contracts generate better gross profit, gross profit margins of such business increased substantially to 32.7% (2004: 21.3%) when compared with the corresponding period last year. Turnover was HK$19,092,000 during the period, representing 12.1% of total turnover.

The improved popularity of the hospital information management system and the robust developments in inspection information management system indicate promising prospects for the Group's medical business. Contracts from software development, system upgrades and maintenance services have significantly increased. Moreover, public security immigration and exit control software business are also making good progress.

SALE OF INTEGRATED CIRCUITS AND COMPUTER SOFTWARES

Riding on the Group's extensive experience in software design and strong market demand, sales of integrated circuits and computer softwares recorded substantial increase in the period. Turnover amounted to HK$51,536,000, representing approximately 32.6% of total turnover of the Group. However, due to the intense market competition, gross profit margin for this segment was placed under pressure, and decreased to 17.5% from 23.1% of the corresponding period last year.

MANUFACTURE AND SALE OF COMPUTER RELATED PRODUCTS

Sales from the manufacture and sale of computer related products business for the period was HK$87,105,000, representing 55.3% of total turnover and a decrease of 15.1% compared with the corresponding period last year. The gross profit margin of this segment was squeezed under the exceptionally fierce competition in plastic injection processing market and fell to approximately 11.9% from approximately 18.6% of the corresponding period last year. During the period, the Group decided to strategically transform to develop finance e-payment services business and the directors of the Group decided to dispose of this business segment at a consideration of RMB33,800,000 in May 2005.

SJTU SUNWAY

SJTU Sunway, an associate of the Group, continued its strategic transformation during the period under review and actively sought for new business development opportunities to strengthen its business development. During the period, SJTU Sunway strategically acquired two companies so as to develop its information localisation business. The Group is confident that such acquisitions will benefit the long-term development of SJTU Sunway's core businesses.

PROSPECTS

2005 has marked a milestone for the Group in its entry to the e-payment services market in the PRC. The Group has been closely monitoring the highly potential finance e-payment services market, and has been actively exploring development opportunities and partners in the industry, in particular the emerging service sector. Following its announcement to acquire 30% interests in Loten, the Group is well-prepared to proactively enter into the finance e-payment services market.

Following the implementation of “Regulations for the Allocation of Revenue from Cross-branch Bank Card Transactions by Members of China Unionpay” (中國銀聯入網機構銀行卡跨行交易收益分配辦法) approved by the People’s Bank of China in March 2004, the PRC has formally established an inter-bank finance e-payment withdrawal and payment system. In light of the 2008 Beijing Olympic Games and the 2010 Shanghai World Expo, the finance e-payment services business in the PRC will experience a rapid development stage and the new strategic business transformation is well set to capture the enormous business opportunities.

The Group has established long-term cooperation relationships with the headquarters and branches of China Unionpay, while jointly developed the automatic teller machine (“ATM”) operation business with various commercial banks and institutions in the PRC. The Group have profound operational experience, well-established business models and know-how in the finance e-payment services business. The Group will strive to establish ATMs in major cities nationwide. Moreover, apart from the handling charges of inter-bank withdrawal, the Group will actively develop other value-added services based on its ATM business, such as electronic lottery ticket transaction, advertising, utilities payment, value-added card etc., so as to diversify the finance e-payment service.

For the software development and systems integration services business, the Group will adopt active marketing strategies in the second half of the year to ensure the progress of 福建省金保project and 廈門社保 IC card project, and to accelerate the implementation of 機關社保三險合一 and one-card project in Nan Ping and Fuzhou. Following the commencement of 福建省金保 project with a total budget over RMB300,000,000, the Group’s social security business will enjoy tremendous business opportunities. Furthermore, the operational environment of the healthcare and public security immigration and exit safety control software businesses will also provide room for satisfactory growth. It is estimated that the public security immigration and exit safety control software will achieve breakthrough on contracts for software development with high gross profit in regions such as Beijing, in second half of the year, and the turnover will increase.

The Group will continue to reorganise other existing businesses by means of strategic resources allocation. The Group will concentrate its resources on its finance e-payment business development in the future.

Looking forward, the Group is highly confident towards the finance e-payment services market in the PRC, and will devote more resources to develop this new business. The Group believes that this new business will generate substantial growth momentum in the future. The Group will make use of its competitive edges and the extensive experience of Loten in finance e-payment business, so as to grasp the market niche and accelerate business growth. The Group is moving towards its target of becoming a leading finance e-payment services provider in the PRC, while at the same time generate better rewards for its shareholders.

MATERIAL INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

In March 2005, the Group acquired 30% interests in Loten at a consideration of RMB50 million. Loten is a solution provider in relation to the management of ATM for financial institutions in the PRC. With reference to the announcement dated 27 September 2005, the Group has entered into a Memorandum of Understanding ("MOU") to further acquire the remaining 70% interests in Loten, and is conditional upon the fulfillment of certain conditions. The information regarding this transaction will be published in due course in conformity with the Listing Rules.

In March 2005, the Group has established 山西實達科技軟件系統有限公司 ("山西實達") in which the Group holds 51% equity interest and contributed RMB1,530,000 as registered capital. 山西實達 is principally engaged in the provision of software development and systems integration services.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2005, the Group had cash and bank balances of HK$107,402,000 (31 December 2004: HK$218,135,000) of which HK$17,516,000 (31 December 2004: HK$17,516,000) were pledged to banks for facilities granted to the Group and HK$3,787,000 were included in assets classified as held for sale. About 82.7% and 12.1% of these liquid funds were denominated in Renminbi and US dollars respectively and the remainder in HK dollars.

Bank loans and overdraft of the Group as at 30 June 2005 amounted to HK$83,069,000 (31 December 2004: HK$66,541,000) of which HK$24,480,000 were included in liabilities classified as held for sale, and were all repayable within one year. As at 30 June 2005, the total asset value of the Group was HK$548,655,000 (31 December 2004: HK$558,061,000) whereas the total liabilities was HK$227,769,000 (31 December 2004: HK$185,226,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was 41.5% (31 December 2004: 33.2%).

Of the total borrowings as at 30 June 2005, about 12.5% denominated in Renminbi and the remainder in HK dollars, and 12.5% was at fixed interest rates.

As at 30 June 2005, the Group had available aggregate banking facilities of HK$108,622,000 (31 December 2004: HK$102,970,000) of which HK$19,186,000 (31 December 2004: HK$33,296,000) has not been utilised.

Assets charged as security for banking facilities included bank deposits totalling HK$17,516,000 (31 December 2004: HK$17,516,000) and investment properties of the Group valued at HK$6,300,000 (31 December 2004: HK$6,300,000) as at 30 June 2005.

The Group had a net cash (being the total cash and bank balances net of total bank borrowings) to total equity of 7.6% (31 December 2004: 40.7%) as at 30 June 2005. With net cash of HK$24,333,000 (31 December 2004: HK$151,594,000) as at 30 June 2005, the Group's liquidity position remains strong and the directors of the Company ("Directors") believe that the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

CONTINGENT LIABILITIES

As at 30 June 2005, certain buildings held for own use of the Group with an aggregate carrying value of HK$8,600,000 (31 December 2004: HK$8,600,000) were pledged and corporate guarantee of the Company was given as security for banking facilities amounting to HK$15,000,000 (31 December 2004: HK$15,000,000) granted to a subsidiary of a former related company. As at 30 June 2005, the amount of the facilities utilised was HK$7,429,000 (31 December 2004: HK$788,000).

As at 30 June 2005, the Group had contingent liabilities in connection with performance bonds of approximately HK$2,808,000 (31 December 2004: HK$Nil) issued to secure the settlement of certain payables of a Group's customer to an individual third party.

EXCHANGE RISK

As the Group's operations are principally in the PRC and all assets and liabilities are denominated either in Renminbi, HK dollars or US dollars, the Directors believe that the operations of the Group are not subject to significant exchange risk.

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As at 30 June 2005, the Group had approximately of 1,314 (31 December 2004: 1,426) employees and of which approximately of 150 (31 December 2004: 149) were technicians. Employees' costs (including directors' emoluments) amounted to HK$13,089,000 (2004: HK$11,820,000) for the period. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis.

The Directors believe that experienced staff, in particular its technicians, are the most valuable assets of the Group. Training programs are provided to technicians, especially new recruits, to ensure their technical proficiency.

The Company operates a share option scheme (the "Scheme") whereby the board of Directors (the "Board") may at their absolute discretion, grant options to employees and Executive Directors of the Company and any of its subsidiaries to subscribe for shares in the Company. The subscription price, exercisable period and the maximum number of options to be granted are determined in accordance with the prescribed terms of the Scheme.

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2005, the interests and short positions of the Directors and chief executive of the Company in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be 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 (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Name of company	Capacity	Number and class of securities *(note 1)*
Mr. Sze Wai, Marco	The Company	Interest of a controlled corporation *(note 2)*	132,434,953 ordinary shares (L)
	The Company	Beneficial interest	3,500,000 ordinary shares (L) *(note 3)*
Mr. Chu Chi Shing	The Company	Beneficial interest	2,500,000 ordinary shares (L) *(note 3)*
Mr. Gu Peijian	The Company	Beneficial interest	540,000 ordinary shares (L)
Mr. Song Jing Sheng	The Company	Beneficial interest	24,900,000 ordinary shares (L) *(note 4)*

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES (CONTINUED)

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Notes:

1. The letter "L" represents the Director's interests in the shares and underlying shares of the Company.

2. These shares were held by Leading Value Industrial Limited which is wholly-owned by Mr. Sze Wai, Marco.

3. These shares were the respective number of shares which would be allotted and issued upon exercise in full of the options granted to each of Mr. Sze Wai, Marco, Mr. Chu Chi Shing under the share option schemes of the Company. The exercise period and the exercise price of these options are set out in the section headed "Share Option Scheme" below.

4. Included in these shares are 18,900,000 shares and 6,000,000 shares to be allotted and issued pursuant to the exercise of the subscription rights attaching to the unlisted warrants issued to Mr. Song Jing Sheng.

Save as disclosed above, as at 30 June 2005, none of the Directors or chief executive of the Company had any interest and short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

Prior to 23 May 2002, the Company operated an option scheme whereby the Board of Directors could, at their absolute discretion, grant options to employees and executive directors of the Company and any of its subsidiaries to subscribe for shares in the Company (the "Old Scheme"). On 23 May 2002, the Old Scheme was terminated and a new share option scheme (the "New Scheme") was adopted, whereby the Board of Directors may, at their absolute discretion, grant options to any eligible employees, non-executive directors, any suppliers and customers of the Company or any of its subsidiaries or any invested entity to subscribe for shares in the Company.

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES (CONTINUED)

SHARE OPTION SCHEMES (Continued)

For options granted before 1 September 2001, the exercise price of options was the higher of the nominal value of the shares and 80% of the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of offer of the options. For options to be granted after 1 September 2001, the exercise price of the options will be the highest of the nominal value of the shares, the closing price of the shares on the Stock Exchange on the date of offer of the options and the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer of the options.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other operative share option schemes of the Group may not in aggregate exceed 44,064,400, being 10% of the shares in issue of the Company as at 23 May 2002, the date of adoption of the New Scheme.

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

(CONTINUED)

SHARE OPTION SCHEMES (Continued)

At 30 June 2005, the Directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share is HK$0.275 at the balance sheet date) granted at nominal consideration of HK$1.00 for each lot of share options granted under the share option scheme operated by the Company, each option gives the holder the right to subscribe for one share. As at 30 June 2005, all options granted were vested:

	Date granted	Period during which options exercisable	Exercise price *(HK$)*	Number of options outstanding at 1.1.2005 and 30.6.05	Closing price per share immediately before the date of grant *(HK$)*
Old Scheme					
Directors					
Mr CHU Chi Shing	06.07.1999	02.10.1999-05.07.2009	1.08	2,100,000	1.99
	17.01.2000	02.01.2001-16.01.2010	1.32	200,000	2.70
	04.06.2001	01.10.2001-03.06.2011	0.58	200,000	0.86
Mr SZE Wai, Marco	04.06.2001	01.10.2001-03.06.2011	0.58	3,500,000	0.86
Former Directors					
Mr YE Long	06.07.1999	02.10.1999-05.07.2009	1.08	3,000,000	1.99
Mr CHIU Chi Shun, Clarence	04.06.2001	01.10.2001-03.06.2011	0.58	3,500,000	0.86
Employees	06.07.1999	02.10.1999-05.07.2009	1.08	2,881,000	1.99
	30.12.1999	02.01.2001-29.12.2009	1.13	100,000	1.67
	17.01.2000	02.01.2001-16.01.2010	1.32	650,000	2.70
	21.01.2000	02.01.2001-20.01.2010	1.44	560,000	2.25
	07.03.2000	02.01.2001-06.03-2010	2.06	40,000	4.025
	10.08.2000	02.01.2001-09.08.2010	1.14	300,000	1.39
	04.06.2001	01.10.2001-03.06.2011	0.58	8,850,000	0.86
				13,381,000	
New Scheme					
Former Director					
Mr YE Long	28.05.2002	28.05.2002-27.05.2012	0.67	1,000,000	0.66

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES (CONTINUED)

SHARE OPTION SCHEMES (Continued)

The Company has taken advantage of the transitional provisions set out in paragraph 53 of HKFRS 2 and the share options are not recognised in the financial report until they are exercised. No share option was granted and exercised during the period ended 30 June 2005. The weighted average value per option granted in 2002 estimated at the date of grant using the Black-Scholes pricing model was HK$0.67. The weighted average assumptions used are as follows:

	2002
Risk-free interest rate	3.97%
Expected life (in years)	10
Volatility	0.08
Expected dividend per share	–

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. Because the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

Apart from the foregoing, at no time during the period was the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Company's Directors or chief executive or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, or any other body corporate.

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES (CONTINUED)

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

As at 30 June 2005, the following persons and entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Number of ordinary shares *(note 1)*	Capacity	Approximate percentage of interest
Leading Value Industrial Limited	132,434,953(L) *(note 2)*	Beneficial owner	25.05
Fujian Start Computer Group Group Company Limited	46,602,000(L)	Interest of a controlled corporation *(note 3)*	8.82
Interstar Holdings Limited	46,602,000(L)	Beneficial owner	8.82

Notes:

1. The letter "L" represents the entity's interests in the shares.

2. Mr. Sze Wai, Marco's interest in Leading Value Industrial Limited is also disclosed in the section headed "Directors' and Chief Executive's interest and short positions in shares, underlying shares and debentures".

3. These shares are registered in the name of Interstar Holdings Limited which is a wholly owned subsidiary of Fujian Start Computer Group Company Limited.

Save as disclosed above, as at 30 June 2005, no person or entity other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

(CONTINUED)

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

During the six months ended 30 June 2005, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

In accordance with the Corporate Governance Practices set out in Appendix 14 of the Listing Rules, the Board established an audit committee comprising the three Independent Non-executive Directors of the Company. The audit committee is delegated with the responsibility of reviewing the Company's financial reporting and internal control systems. The audit committee has reviewed the Group's interim financial report for the six months ended 30 June 2005 and is of the opinion that such interim financial report complies with the applicable accounting standards, the Listing Rules and the requirements of applicable laws, codes and regulations and that adequate disclosure pursuant thereto have been made.

The Company has complied with the Code Provisions in effect during the six months ended 30 June 2005, except for the deviation as below:

- Code Provision A.4.1 stipulates the Non-executive directors be appointed for a specific term, and subject to re-election. The Company will consider implementing changes to comply with the Code Provision.

- Code Provision B.1.1 stipulates a Remuneration Committee should be established with the majority of Independent Non-executive directors. The Company has been looking for suitable candidates but no persons was identified and appointed yet and the directors expect to comply with such Provision in a few months' time.

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES (CONTINUED)

MODEL CODE OF SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted its code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code. Following a specific inquiry, each of the Directors confirmed that he has complied with the code of conduct for transactions in the Company's securities during the period.

As at the date of this report, the directors of the Company are as follows:

Executive directors: Sze Wai, Marco, Chu Chi Shing, Song Jing Sheng and Gu Peijian.

Independent non-executive directors: Wong Po Yan, Mao Zhenhua, Chong Yiu Kan, Sherman.

By order of the Board
Sze Wai, Marco
Chairman

Hong Kong, 28 September 2005