1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 30 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests has been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting years are prepared and presented.

Financial instruments

In the current year, the Group has applied HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement. HKAS 32 requires retrospective application and HKAS 39, which is effective for accounting periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measure financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of Statement of Standard Accounting Practice 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. The application of HKAS 39 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective as at 31 December 2005. The directors of the Company anticipate that the application of these HKFRSs will have no material impact on the consolidated financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures[2]
HKAS 21 (Amendment)	Net investment in a Foreign Operation[2]
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions[2]
HKAS 39 (Amendment)	The Fair Value Option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts[2]
HKFRS 6	Exploration for and Evaluation of Mineral Resources[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC) – INT 4	Determining whether an Arrangement Contains a Lease[2]
HK(IFRIC) – INT 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds[2]
HK(IFRIC) – INT 6	Liabilities arising from Participating in a Specific Market, Waste Electrical and Electronic Equipment[3]
HK (IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]

[1] Effective for annual periods beginning on or after 1 January 2007.

[2] Effective for annual periods beginning on or after 1 January 2006.

[3] Effective for annual periods beginning on or after 1 December 2005.

[4] Effective for annual periods beginning on or after 1 March 2006.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisitions")

A discount on acquisition arising on an acquisition of a subsidiary for which an agreement date is on or after 1 January 2005 represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in profit or loss.

Revenue recognition

Sales of goods are recognised when the goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as expense immediately.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised as income immediately.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or whether shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as expense in the year in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and impairment losses.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as expense in the year in which it is incurred.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired. (see the accounting policy in respect of impairment above).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the terms of the relevant leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the consolidated financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the year in which they arise, except for exchange differences arising on monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme are charged as expenses as they fall due.

The subsidiaries in the People's Republic of China (the "PRC") participate in the central pension scheme (the "CPS") operated by the PRC government for all of their staff. The subsidiaries are required to contribute a certain percentage of their covered payroll to the CPS to fund the benefits. The only obligation of the Group will respect to the CPS is to pay the ongoing required contributions under the CPS. Payments to the CPS are charged as expenses as they fall due in accordance with the rules of the CPS.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earning.

Share options granted to suppliers/consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received. The fair values of the goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustments has been made to equity (share option reserve).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and bills receivables, prepayments, deposits and other receivables) are carried at amortised cost using the effective interest method, less any identified impairment losses. Impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities including trade and other payables, bank borrowings and obligations under finance leases are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 3, management has made the following judgments that have significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Useful lives and impairment assessment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation expense recorded. Property, plant and equipment are evaluated for possible impairment on a specific asset basic or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated income statement.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Allowances for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Allowances for inventories

The management of the Group reviews an aging analysis at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management estimates the net realisable value for such finished goods and work-in-progress based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete items.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and bills receivables, other receivables, trade and bills payables, other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain subsidiaries of the Company have foreign currency sales and purchases, and certain trade receivables and trade payables of the Group are denominated in Renminbi, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Price risk

The Group is subject to risk from increases in the price of major raw materials which are used in the production of inventories. To minimise this risk, the Group entered into contracts with suppliers in advance and made prepayments to suppliers to secure future supplies.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Interest rate risk

The Group's fair value interest rate risk relates primarily to the Group's bank borrowings and obligations under finance leases (See Notes 19 and 20 of these borrowings). The Group's exposure to interest rate risk is minimal as the Group's entire bank borrowings are at fixed interest rate and the Group does not have any long-term financial assets and liabilities.

6. TURNOVER

Turnover represents the net amounts received and receivable for computer peripherals sold and trading of watches and accessories by the Group to outside customers, less returns and discounts.

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

	2005 **HK$'000**	2004 HK$'000
Sales of computer peripherals	**53,627**	82,840
Trading of watches and accessories	**4,496**	–
Others	**3,097**	–
	61,220	82,840

7. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into two operating divisions - production and sale of computer peripherals and trading of watches and accessories. These divisions are the basis on which the Group reports its primary segment information.

7. SEGMENT INFORMATION (Continued)

Business segments (Continued)

Principal activities are as follows:

(a) Production and sale of computer peripherals; and

(b) Trading of watches and accessories to customers in Hong Kong.

Segment information about these businesses is presented below:

For the year ended 31 December

	Production and sale of computer peripherals		Trading of watches and accessories		Others		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
TURNOVER								
External sales	**53,627**	82,840	**4,496**	–	**3,097**	–	**61,220**	82,840
RESULT								
Segment results	**(39,523)**	(18,263)	**327**	–	**11**	–	**(39,185)**	(18,263)
Unallocated corporate income							**627**	223
Unallocated corporate expenses							**(3,721)**	(569)
Finance costs							**(262)**	(198)
Loss before taxation							**(42,541)**	(18,807)
Taxation							**(1,718)**	406
Loss for the year							**(44,259)**	(18,401)
OTHER INFORMATION								
Depreciation of property, plant and equipment	**8,469**	8,324	**93**	–	**–**	–	**8,562**	8,324
Amortisation of intangible assets	**720**	706	**–**	–	**–**	–	**720**	706
Allowance for bad and doubtful debts	**7,903**	2,988	**–**	–	**–**	–	**7,903**	2,988
Allowance for inventories	**4,810**	2,705	**–**	–	**–**	–	**4,810**	2,705
Loss on disposal of property, plant and equipment	**6,560**	–	**–**	–	**–**	–	**6,560**	–
Capital expenditure	**5,014**	3,571	**465**	–	**–**	–	**5,479**	3,571

7. SEGMENT INFORMATION (Continued)

Business segments (Continued)

	Production and sale of computer peripherals		Trading of watches and accessories		Others		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Balance sheet at 31 December								
ASSETS								
Segment assets	**106,076**	126,656	**15,270**	–	**–**	–	**121,346**	126,656
Unallocated segment assets							**156**	5,451
Consolidated total assets							**121,502**	132,107
LIABILITIES								
Segment liabilities	**24,327**	21,828	**3,982**	–	**–**	–	**28,309**	21,828
Unallocated segment liabilities							**14,634**	16,359
Consolidated total liabilities							**42,943**	38,187

Geographical segments

The Group's operations are located in the PRC and Hong Kong. The Group's trading of watches and accessories division is located in Hong Kong. Production and sale of computer peripherals is carried out in the PRC.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2005	2004
	HK$'000	HK$'000
Europe	**5,812**	16,994
Asia Pacific	**22,071**	19,340
North America	**33,337**	45,742
South Africa	**–**	764
	61,220	82,840

7. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical areas in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2005 HK$'000	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
The PRC	**95,132**	123,799	**3,594**	3,571
Hong Kong	**19,386**	1,140	**1,885**	–
Taiwan	**6,984**	7,168	**–**	–
	121,502	132,107	**5,479**	3,571

8. FINANCE COSTS

	2005 HK$'000	2004 HK$'000
Interest on:		
– Bank borrowings wholly repayable within five years	**248**	198
– Finance leases	**14**	–
	262	198

9. LOSS BEFORE TAXATION

	2005 HK$'000	2004 HK$'000
Loss before taxation has been arrived at after charging:		
Amortisation of intangible assets included in administrative expenses	**720**	706
Auditors' remuneration	**338**	400
Allowance for inventories	**4,810**	2,705
Cost of inventories recognised as expense	**31,293**	51,392
Depreciation of property, plant and equipment	**8,562**	8,324
Loss on disposal of property, plant and equipment	**6,560**	–
Loss on disposal of investments held for trading	**200**	–
Minimum lease payments under operating leases: factory premises, plant and staff quarters	**4,669**	3,390
Research and development costs	**159**	125
Staff costs excluding directors' emoluments (Note 10(a)):		
– Salaries, wages and other benefits	**7,851**	8,630
– Retirement benefits scheme contributions	**785**	473
Total staff costs	**8,636**	9,103
and after crediting:		
Interest income	**9**	4
Release of negative goodwill included in other income	**48**	–
Gain on disposal of property, plant and equipment	**–**	415

10. EMOLUMENTS FOR DIRECTORS AND EMPLOYEES

(a) Directors' emoluments

Directors' remuneration for the year is as follows:

The emolument paid or payable to each of the 12 (2004: 7) directors were as follows:–

		Other emoluments		
Name	**Fees**	**Salaries, allowance and benefits in kind**	**Retirement benefits scheme contributions**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:				
Wang Chia Chiu	–	1,564	–	1,564
Chen Ho Fa	–	926	–	926
Wu Chi Lok*	–	400	8	408
Wong Chong Fai, William*	–	400	8	408
Yeung Tsz Keung, Jackey*	–	33	2	35
Chen Fang Yu**	–	251	–	251
	–	3,574	18	3,592
Independent non-executive directors:				
Chan But Leung*	46	–	2	48
Shun Po Cheung*	53	–	3	56
Lui Nam Kit*	35	–	2	37
Chen Chin Ming**	38	–	–	38
Lui Cho Tak**	45	–	–	45
Hirosuke Yogo**	62	–	–	62
	279	–	7	286
Total for 2005	279	3,574	25	3,878

* appointed during the year

** resigned during the year

10. EMOLUMENTS FOR DIRECTORS AND EMPLOYEES

(a) Directors' emoluments (Continued)

Name	Fees	Other emoluments: Salaries, allowance and benefits in kind	Other emoluments: Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:				
Wang Chia Chiu	–	692	–	692
Chen Ho Fa	–	351	–	351
Chen Fang Yu	–	201	–	201
Wang Chia Chun**	–	218	–	218
	–	1,462	–	1,462
Independent non-executive directors:				
Chen Chin Ming	–	–	–	–
Lui Cho Tak	90	–	–	90
Hirosuke Yogo*	15	–	–	15
	105	–	–	105
Total for 2004	105	1,462	–	1,567

There was no arrangement under which directors waived or agreed to waive any emoluments in the years ended 31 December 2005 and 2004.

* appointed during the year

** resigned during the year

(b) Employees' emoluments

Details of the five highest paid individuals included four directors (2004: four directors), whose emoluments are set out above. The emoluments of the remaining one (2004: one) highest paid individuals were as follows:

	2005	2004
	HK$'000	HK$'000
Salaries, allowance and benefits in kind	**275**	216
Retirement benefits scheme contributions	**12**	11
	287	227

10. EMOLUMENTS FOR DIRECTORS AND EMPLOYEES (Continued)

(b) Employees' emoluments (Continued)

Their emoluments were within the following bands:

	No. of employees	
	2005	2004
Nil to HK$1,000,000	**1**	1

No other remuneration paid to other members of key management during the year.

11. TAXATION

	2005 **HK$'000**	2004 HK$'000
Deferred taxation (Note 21)	**1,718**	(406)

No Hong Kong Profits Tax is provided as the Group did not have estimated assessable profits for both years.

The taxation for the years can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2005 **HK$'000**	2004 HK$'000
Loss before taxation	**(42,541)**	(18,807)
Tax at the domestic income tax rate of 17.5% (2004: 17.5%)	**(7,445)**	(3,291)
Tax effect of expenses that not deductible in determining taxable profit	**11,109**	301
Tax effect of income not taxable for tax purpose	**(8,789)**	–
Effect of different tax rate of subsidiaries operating in other jurisdictions	**570**	–
Tax effect of deferred tax assets not recognised	**6,273**	2,584
Tax charge for the year	**1,718**	(406)

12. DIVIDENDS

No dividend was paid or proposed during 2005 and 2004, nor has any dividend been proposed since the balance sheet date.

13. LOSS PER SHARE

The calculation of basic loss per share for the year is based on the loss for the year attributable to equity holders of the parent of approximately HK$44,172,000 (2004: HK$18,401,000), and the weighted average of 575,914,247 (2004: 482,759,563) ordinary shares in issue during the year.

No diluted loss per share has been presented as there were no potential ordinary shares in issue in both years.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Plant and machinery HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2004	6,276	72,866	6,037	1,255	86,434
Additions	–	40	–	–	40
Disposals	–	(1,633)	–	–	(1,633)
Exchange adjustments	188	96	109	14	407
At 31 December 2004 and 1 January 2005	6,464	71,369	6,146	1,269	85,248
Additions	–	46	3,538	1,895	5,479
Acquired on acquisition of a subsidiary	–	6	–	–	6
Disposals/write off	–	(29,594)	(6,806)	(442)	(36,842)
Reclassified as held for sale	(1,450)	–	–	–	(1,450)
Exchange adjustments	(5)	95	13	(2)	101
At 31 December 2005	5,009	41,922	2,891	2,720	52,542
DEPRECIATION					
At 1 January 2004	479	39,340	4,390	1,109	45,318
Charged for the year	156	7,263	875	30	8,324
Eliminated on disposals	–	(1,133)	–	–	(1,133)
Exchange adjustments	17	56	88	2	163
At 31 December 2004 and 1 January 2005	652	45,526	5,353	1,141	52,672
Charged for the year	147	6,069	1,696	650	8,562
Eliminated on disposals/write off	–	(23,285)	(6,535)	(2)	(29,822)
Reclassified as held for sale	(369)	–	–	–	(369)
Exchange adjustments	(14)	530	(12)	4	508
At 31 December 2005	416	28,840	502	1,793	31,551
NET BOOK VALUES					
At 31 December 2005	4,593	13,082	2,389	927	20,991
At 31 December 2004	5,812	25,843	793	128	32,576

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Freehold land	Nil
Land and buildings	Over the shorter of the term of the lease, or 30 years
Plant and machinery	5 to 10 years
Leasehold improvements	Over the shorter of the term of the lease, or 5 years
Motor vehicles	5 years

The net book value of motor vehicles include an amount of HK$772,000 (2004 : Nil) in respect of assets held under finance leases.

The carrying amounts of the properties shown above comprises:

	2005 **HK$'000**	2004 HK$'000
Medium-term leases in Hong Kong	**–**	1,130
Freehold outside Hong Kong	**4,593**	4,682
	4,593	5,812

The Group has pledged land and buildings having a net book value of approximately HK$4,593,000 (2004: HK$4,682,000) to secure general banking facilities granted to the Group.

15. INTANGIBLE ASSETS

	Development costs HK$'000
COST	
At 1 January 2004	–
Additions	3,531
At 31 December 2004	3,531
Exchange adjustment	69
At 31 December 2005	3,600
AMORTISATION	
At 1 January 2004	–
Charge for the year	706
At 31 December 2004	706
Charge for the year	720
Exchange adjustment	14
At 31 December 2005	1,440
CARRYING VALUES	
At 31 December 2005	2,160
At 31 December 2004	2,825

Development costs are internally generated and is amortised on a straight-line basis over five years.

16. INVENTORIES

	2005 HK$'000	2004 HK$'000
Raw materials	**24,031**	16,757
Work in progress	**10,713**	17,242
Finished goods	**9,235**	8,066
	43,979	42,065

Included in the inventories are raw material of HK$2,634,000 (2004: HK$2,671,000) carried at net realisable value.

17. TRADE AND OTHER RECEIVABLES

	2005 **HK$'000**	2004 HK$'000
Trade receivables	**30,401**	40,599
Other receivables	**12,234**	6,873
Deposit paid	**6,000**	–
	48,635	47,472

The Group allows an average credit period of 30 days to 180 days given to its trade customers.

An aged analysis of the trade receivable as at the balance sheet date, based on invoice date, and net of impairment losses is as follows:

	2005 **HK$'000**	2004 HK$'000
Current to 90 days	**18,688**	24,916
91 to 180 days	**1,722**	11,270
181 to 365 days	**9,991**	1,413
Over 1 year	**–**	3,000
	30,401	40,599

The fair values of the Group's trade and other receivables at 31 December 2005 approximate to the corresponding carrying amounts.

18. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade and other payables at the balance sheet date, based on payment due date:

	2005 **HK$'000**	2004 HK$'000
Current to 30 days	**10,190**	9,780
31 to 90 days	**7,034**	2,769
91 to 180 days	**2,124**	2,160
181 to 365 days	**635**	191
Over 1 year	**165**	–
	20,148	14,900
Other payables	**7,627**	9,887
	27,775	24,787

The fair values of the Group's trade and other payables at 31 December 2005 approximate to the corresponding carrying amounts.

19. OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease its motor vehicles under finance leases. The lease terms are 4 years. Interest rates underlying the obligations under finance leases are fixed at 4.2% per annum. No arrangements have been entered into for contingent rental payments.

	Minimum lease payments		Present value of minimum lease payments	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable under finance leases:				
Within one year	**279**	–	**239**	–
In more than one year but not more than two years	**279**	–	**239**	–
In more than two years but not more than three years	**221**	–	**190**	–
In more than three years but not more than four years	**123**	–	**105**	–
	902	–	**773**	–
Less: Future finance charge	**(129)**	–	**N/A**	N/A
Present value of lease obligations	**773**	–	**773**	–
Less: Amount due for settlement within one year (shown under current liabilities)			**(239)**	–
Amount due for settlement after one year			**534**	–

The Group's obligations under finance leases are secured by the lessor's charge over the leased asset.

The fair value of the Group's finance lease obligations, determined based on the present value of the estimated future cash flows discounted using the prevailing market rate at the balance sheet date approximates to its carrying amount.

The finance lease obligations are denominated in the functional currency of the Group.

20. BANK BORROWINGS

	2005 **HK$'000**	2004 HK$'000
Secured bank borrowings repayable within one year	**3,898**	2,959

The balance is fixed-rate borrowing which carry interest at 4% (2004: 4% per annum).

During the year, the Group obtained new loan in the amount of approximately HK$1,063,000. The loans drawn during the year bears interest at market rates.

The bank borrowings were secured by land and buildings of the Group as disclosed in note 14 to the consolidated financial statements and personal guarantees issued by a director.

The directors consider that the carrying amount of bank borrowings approximates their fair value.

21. DEFERRED TAXATION

The movement in deferred tax assets during the year is as follows:

	Accumulated impairment for inventories HK$'000
At 1 January 2004	1,312
Credited to the income statement for the year (Note 11)	406
At 31 December 2004 and 1 January 2005	1,718
Charged to the income statement for the year (Note 11)	(1,718)
At 31 December 2005	–

At the balance sheet date, the Group has unused tax losses of HK$38,419,000 (2004: HK$31,974,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of the above tax losses due to the unpredictability of future profits streams. The unrecognised tax losses will expire in five year's time.

At the balance sheet date, the Group also has deductible temporary differences of HK$68,587,000 (2004 : HK$67,604,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probably that taxable profits will be available against which the deductible temporary differences can be utilised.

22. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale represent the property, plant and equipment to be disposed in 2006. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and accordingly, no impairment loss has been recognised.

23. SHARE CAPITAL

	2005		2004	
	Number of shares	Amount HK$'000	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each				
Authorised:				
At beginning and end of year	4,000,000,000	400,000	4,000,000,000	400,000
Issued and fully paid:				
At beginning of year	495,000,000	49,500	415,000,000	41,500
Issue of shares	198,000,000	19,800	80,000,000	8,000
Exercise of share options	41,500,000	4,150	–	–
At end of year	734,500,000	73,450	495,000,000	49,500

(a) On 24 May 2005, arrangements were made for a private placement to independent private investors of 99,000,000 shares of HK$0.1 each in the Company held by Mr. Wang Chia Chin, the Chairman of the Company, at a price of HK$0.1 per share representing a discount of approximately 2% to the closing market price of the Company's shares on 23 May 2005.

Pursuant to a subscription agreement on the same date, Mr. Wang Chia Chin subscribed for 99,000,000 new shares of HK$0.1 each in the Company at a price of HK$0.1 per share. The proceeds were used to provide additional working capital for the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 24 June 2004 and rank pari passu with other shares in issue in all respects.

(b) On 27 October 2005, arrangements were made for a private placement to independent private investors of 58,000,000 shares of HK$0.1 each in the Company held by Mr. Wang Chia Chin (16,000,000 shares), the Chairman of the Company, Mr. Wong Chong Fai, William (4,000,000 shares) and Mr. Wu Chi Lok (34,000,000 shares), both are executive directors of the Company and Mr. Chan Chun Shing, Felix (4,000,000 shares), a shareholder of the Company, at a price of HK$0.1 per share representing a discount of approximately 3.85% to the closing market price of the Company's shares on 26 October 2005.

In addition, pursuant to a new shares placing agreement on the same date, arrangements were made for a private placement to independent private investors of 41,000,000 new shares of HK$0.1 each in the Company at a price of HK$0.1 per share representing a discount of approximately 3.85% to the closing market price of the Company's shares on 26 October 2005.

Pursuant to a subscription agreement on the same date, Mr. Wang Chia Chin, Mr. Wong Chong Fai, William, Mr. Wu Chi Lok and Mr. Chan Chun Shing, Felix subscribed for 16,000,000, 4,000,000, 34,000,000 and 4,000,000 new shares, respectively, of HK$0.1 each in the Company at a price of HK$0.1 per share. The proceeds were used to provide additional working capital for the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 27 May 2005 and rank pari passu with other shares in issue in all respects.

24. ACQUISITION OF A SUBSIDIARY

In November 2005, the Group acquired 50.01% of the issued share capital of TechnoStore Limited for consideration of HK$2 million. This acquisition has been accounted for using the purchase method. The amount of negative goodwill arising as a result of the acquisition was HK$48,000.

Acquisition of a subsidiary

	Fair value HK$'000
Net assets acquired:	
Property, plant and equipment, net	6
Cash and cash equivalents	10
Trade and other receivables	253
Inventories	3,680
Tax recoverable	165
Trade and other payables	(19)
Minority interests	(2,047)
	2,048
Negative goodwill	(48)
	2,000
Satisfied by:	
Cash	2,000

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	2005 **HK$'000**	2004 HK$'000
Cash consideration	**(2,000)**	–
Cash and bank balances acquired	**10**	–
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	**(1,990)**	–

Technostore Limited contributed HK$821,000 turnover and HK$175,000 to the Group's loss before taxation for the year between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2005, total group turnover for the year would have been HK$65,693,000 and loss for the year would have been HK$43,443,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2005, nor is it intended to be a projection of future results.

25. MAJOR NON-CASH TRANSACTION

During the year, the Group entered into finance lease arrangements in respect of assets with total capital values at the inception of the leases of HK$858,000.

26. CAPITAL COMMITMENT

	2005 **HK$'000**	2004 HK$'000
Capital expenditure in respect of the acquisition of intangible assets contracted for but not provided in the consolidated financial statements	**8,000**	–

27. OPERATING LEASE COMMITMENT

The Group leases certain of its factory premises and staff quarters under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to six years.

At the balance sheet date, the Group had future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2005 **HK$'000**	2004 HK$'000
Within one year	**4,309**	2,738
In the second to fifth year, inclusive	**10,460**	3,879
More than five years	**7,508**	–
	22,277	6,617

28. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme:

The Company's share option scheme (the Scheme), became effective on 17 January 2002 for the primary purpose of providing incentives to directors and eligible employees or persons and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million, within one year, must be approved in advance by the Company's shareholders.

28. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Options granted must be taken up within twelve months of the date of grant, upon payment of HK$1 per option. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The following table discloses movements of the Company's share options held by directors and employees and others eligible persons during the year:

	Outstanding at 1/1/2004, 31/12/2004 and 1/1/2005	Granted during year	Exercised during year	Outstanding at 31/12/2005
Directors	–	8,300,000	(8,300,000)	–
Employee	–	4,150,000	(4,150,000)	–
Eligible persons	–	29,050,000	(29,050,000)	–
	–	41,500,000	(41,500,000)	–

During the year ended 31 December 2005, options were granted on 4 July 2005. The estimated fair value of the options granted is HK$826,000.

These fair values were calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	Share option granted on 4 July 2005
Weighted average share price	HK$0.101
Exercise price	HK$0.1
Expected volatility	78.17%
Expected life	1.5 years
Risk-free rate	3.178%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expense of HK$826,000 for the year ended 31 December 2005 in relation to share options granted by the Company.

29. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries which operates in the PRC are required to participate in the CPS operated by the local municipal governments. These PRC subsidiaries are required to contribute 8% to 10% of its payroll costs to the CPS. The contributions are charged to the income statement as they become payable in accordance with the rules of the CPS.

The total cost charged to consolidated income statement of approximately HK$810,000 (2004: HK$473,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

30. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2005, are as follows:

Name of company	Place of incorporation/ operations	Particulars of issued and paid up capital	Proportion of equity interest held		Principal activities
			Direct	Indirect	
Pablo Enterprises Ltd.	British Virgin Islands	10,000 shares of US$1 each	100%	–	Investment holding
Sky Hawk Computer (Shenzhen) Company	PRC	Registered capital of US$5,650,000	–	100%	Manufacturing of computer peripherals
San Hawk Technic Co., Ltd.	Taiwan	Registered capital of NT$10,000,000	–	100%	Trading of computer peripherals
Eagle Lord Development Limited ("Eagle Lord")	Hong Kong	10,000 non-voting deferred shares of HK$1 each and 2 ordinary shares of HK$1 each#	–	100%	Trading of computer peripherals
Eagle Lord Trading International (Shenzhen) Limited	PRC	Registered capital of HK$2,000,000	–	100%	Trading of computer peripherals

30. PRINCIPAL SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ operations	Particulars of issued and paid up capital	Proportion of equity interest held Direct	Indirect	Principal activities
Glory Trading Limited	Samoa	10,000 ordinary shares of US$1 each	–	100%	Trading of computer peripherals
Sky Hawk Computer Group Limited	British Virgin Islands	1 ordinary share of US$1 each	–	100%	Investment holding
Happy Hour Limited	British Virgin Islands	1 ordinary share of US$1 each	100%	–	Investment holding
TechnoStore Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	50.01%	Trading of watches and accessories
Mascot Industries Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Trading of watches

In accordance with the Articles of Association of Eagle Lord, a shareholder of non-voting deferred shares is not entitled to any dividend or any participation in the profits or assets of Eagle Lord and is also not entitled to vote at any general meeting.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities subsisting at the end of the year or at any time during the year.

31. POST BALANCE SHEET EVENT

On 20 December 2005, arrangements were made for a placement of 250,000,000 new shares of HK$0.1 each in the Company, among which, as to 60,000,000 to Mr. Wu Chi Lok; as to 60,000,000 to Mr. Yeung Tsz Keung, Jackey, both executive directors of the Company and as to 130,000,000 to not less than six independent places. The placing price of HK$0.11 per share represented a discount of approximately 19.71% to the closing market price of the Company's shares on 19 December 2005. The placing was completed on 2 February 2006. On completion, the total number of issued shares is 984,500,000.