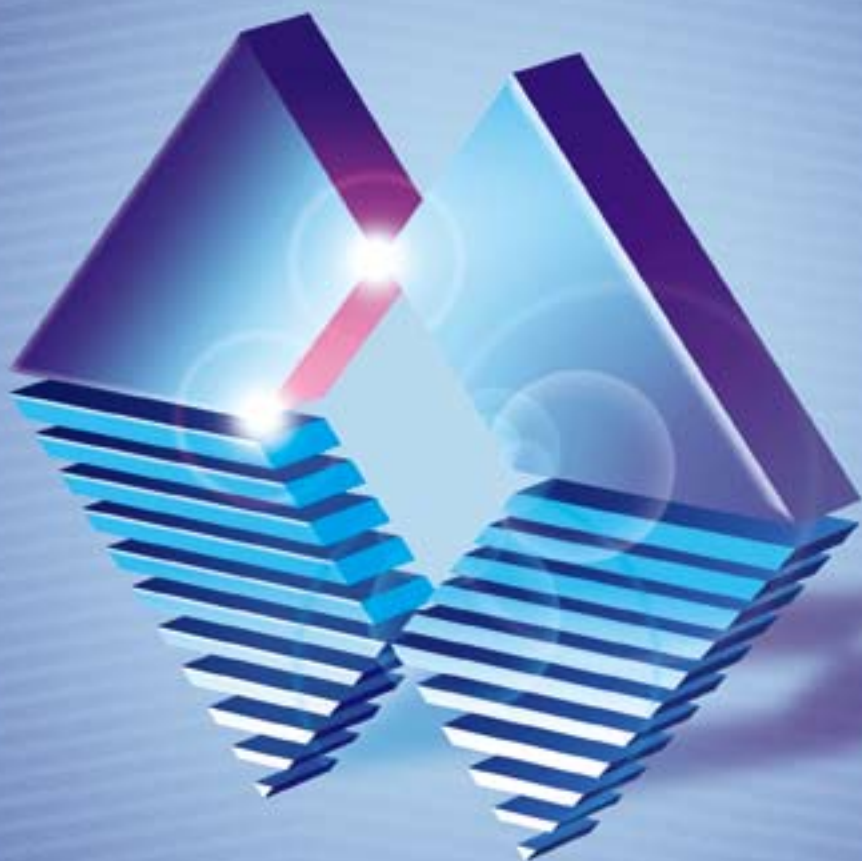




建美集團有限公司  
MAE HOLDINGS LIMITED

Stock Code: 851



2006/07  
Interim Report

The Board of Directors (the "Board") of MAE Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 October 2006 together with the comparative figures for the corresponding period in 2005 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 31 October*

	Notes	Unaudited	
		2006 HK\$'000	2005 HK\$'000
<b>TURNOVER</b>	4	<b>14,071</b>	19,399
Cost of sales		<b>(21,542)</b>	(27,479)
Gross loss		<b>(7,471)</b>	(8,080)
Other operating income		<b>26</b>	114
Selling and distribution expenses		<b>(2,148)</b>	(1,849)
Administrative and operating expenses		<b>(11,952)</b>	(12,095)
<b>LOSS FROM OPERATIONS</b>	5	<b>(21,545)</b>	(21,910)
Finance costs		<b>(862)</b>	(925)
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>(22,407)</b>	(22,835)
<b>LOSS PER SHARE</b>	7		
Basic		<b>(HK\$0.40)</b>	(HK\$ 0.54)

## CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 31 October 2006 HK\$'000	Audited 30 April 2006 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>7,306</b>	8,968
Deferred costs	8	<b>305</b>	410
		<b>7,611</b>	9,378
<b>Current assets</b>			
Inventories		<b>15,087</b>	16,387
Trade receivables	9	<b>4,461</b>	5,333
Prepayments, deposits and other receivables		<b>4,224</b>	6,038
Bank balances and cash		<b>357</b>	1,158
		<b>24,129</b>	28,916
<b>Current liabilities</b>			
Trade payables	10	<b>5,416</b>	7,056
Accrued charges and other payables		<b>12,861</b>	12,010
Bills payable — secured		—	570
Obligations under finance leases — due within one year		<b>332</b>	461
Borrowings	11	<b>7,578</b>	150
		<b>(26,187)</b>	(20,247)
<b>Net current (liabilities)/assets</b>		<b>(2,058)</b>	8,669
<b>Total assets less current liabilities</b>		<b>5,553</b>	18,047
<b>Non-current liabilities</b>			
Obligations under finance leases		<b>206</b>	302
Borrowings	11	<b>22,250</b>	12,000
Convertible bonds	12	<b>3,497</b>	3,776
		<b>(25,953)</b>	(16,078)
<b>NET (LIABILITIES)/ASSETS</b>		<b>(20,400)</b>	1,969
<b>EQUITY</b>			
Share capital	13	<b>5,678</b>	5,558
Reserves		<b>(26,078)</b>	(3,589)
<b>TOTAL EQUITY</b>		<b>(20,400)</b>	1,969

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 May 2005	44,838	177,844	477		758		(232,908)	(8,991)
Capital reduction	(42,596)	42,596						
Rights issue	2,242	20,178	—		—		—	22,420
Expenses incurred in connection with the issue of share		(2,039)						(2,039)
Elimination of accumulated losses of parent		(238,519)					238,519	—
Net loss for the period							(22,835)	(22,835)
At 31 October 2005	4,484	60	477	—	758	—	(17,224)	(11,445)
At 1 May 2006	5,558	2,530	477	37,338	758	(339)	(44,353)	1,969
Conversion of convertible bonds into shares	120	276		(358)				38
Net loss for the period							(22,407)	(22,407)
At 31 October 2006	5,678	2,806	477	36,980	758	(339)	(66,760)	(20,400)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For six months ended 31 October

	Note	Unaudited	
		2006 HK\$'000	2005 HK\$'000
Net cash outflow from operating activities		<b>(17,279)</b>	(21,396)
Net cash outflow from investing activities		<b>(360)</b>	(1,677)
Net cash inflow from financing activities		<b>13,866</b>	27,257
(Decrease) / increase in cash and cash equivalents		<b>(3,773)</b>	4,184
Cash and cash equivalents at 1 May		<b>1,158</b>	1,427
Cash and cash equivalents at 31 October		<b>(2,615)</b>	5,611
Analysis of balance of cash and cash equivalents:—			
Cash and bank balances		<b>357</b>	5,611
Bank overdrafts	11	<b>(2,972)</b>	—
		<b>(2,615)</b>	5,611

Notes:

## 1. Basis Of Preparation

The unaudited condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

## 2. Principal Accounting Policies

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the financial statements for the year ended 30 April 2006.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

## 3. Potential Impact Arising On New Accounting Standards Not Yet Effective

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures <sup>1</sup>
HKFRS 7	Financial instruments: Disclosures <sup>1</sup>
HK(IFRIC)-INT 8	Scope of HKFRS 2 <sup>2</sup>
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives <sup>3</sup>
HK(IFRIC)-INT 10	Interim financial reporting and impairment <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 May 2006

<sup>3</sup> Effective for annual periods beginning on or after 1 June 2006

<sup>4</sup> Effective for annual periods beginning on or after 1 November 2006

#### 4. Segment Information

##### *Business segments*

For the six months ended 31 October

	Electrical products		Adaptors and transformers		Others		Total	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Segment turnover								
Sales to external customers	<b>3,788</b>	10,745	<b>6,922</b>	5,199	<b>3,361</b>	3,455	<b>14,071</b>	19,399
Segment results	<b>(2,445)</b>	(4,966)	<b>(2,831)</b>	(4,301)	<b>(3,953)</b>	(4,009)	<b>(9,229)</b>	(13,276)
Unallocated corporate income							<b>26</b>	114
Unallocated corporate expenses							<b>(12,342)</b>	(8,748)
Loss from operations							<b>(21,545)</b>	(21,910)
Finance costs							<b>(862)</b>	(925)
Loss for the period							<b>(22,407)</b>	(22,835)

##### *Geographical segments*

For the six months ended 31 October

	Turnover by geographical market	
	2006 HK\$'000	2005 HK\$'000
Japan	<b>3,367</b>	11,765
North America	<b>4,228</b>	826
PRC, including Hong Kong	<b>4,437</b>	4,220
Europe and others	<b>2,039</b>	2,588
	<b>14,071</b>	19,399

## 5. Loss from Operations

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

	<b>Unaudited Six months ended 31 October</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Amortisation of deferred costs	<b>105</b>	281
Depreciation of property, plant and equipment		
Owned	<b>1,864</b>	2,326
Under finance leases obligations	<b>159</b>	122

## 6. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements since the Company's Hong Kong subsidiaries have no assessable profit for the current and the last periods.

No PRC tax provision has been made as the PRC subsidiary incurred a tax loss for current and the last periods.

## 7. Loss Per Share

### (a) Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to ordinary equity shareholders of the company of HK\$22,407,000 (2005: HK\$22,835,000) and the weighted average of 55,727,567 ordinary shares (2005: 42,122,231 ordinary shares after adjusting for the capitalization issue in 2005) in issue during the period, calculated as follows:

	<b>Unaudited Six months ended 31 October</b>	
	<b>2006</b>	2005
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 May	<b>55,578,985</b>	4,483,840,000
Effect of capital reduction	—	(4,259,648,000)
Effect of rights issue	—	197,030,307
Effect of share consolidation	—	(379,100,076)
Effect of conversion rights attached to convertible bonds exercised (note 12)	<b>148,582</b>	—
Weighted average number of ordinary shares at 31 October	<b>55,727,567</b>	42,122,231



## 7. Loss Per Share (continued)

### (a) Basic loss per share (continued)

The weighted average number of ordinary shares for the purpose of calculating basis loss per share for the six months ended 31 October 2006 and 2005 has been retrospectively adjusted for the effect of the share consolidation completed during the period.

### (b) Diluted loss per share

No diluted loss per share is presented as the exercise of the company's outstanding share options and convertible rights associated with convertible bonds for the periods ended 31 October 2006 and 2005 would result in a decrease in loss per share.

## 8. Movements In Property, Plant And Equipment And Deferred Costs

	Property, plant and equipment HK\$'000	Deferred Costs HK\$'000
<b>Cost</b>		
At 1 May 2006	116,558	11,846
Additions	361	—
At 31 October 2006	116,919	11,846
<b>Depreciation and Amortization</b>		
At 1 May 2006	107,590	11,436
Provided for the period	2,023	105
At 31 October 2006	109,613	11,541
<b>Net book values</b>		
At 31 October 2006	7,306	305
At 30 April 2006	8,968	410

## 9. Trade Receivables

The aging analysis of the trade receivable is stated as follows:

	Unaudited 31 October 2006 HK\$'000	Audited 30 April 2006 HK\$'000
Within 90 days	1,987	2,578
Between 91 and 180 days	347	354
Over 180 days	2,127	2,401
	4,461	5,333

**10. Trade Payables**

The aging analysis of the trade payables is stated as follow:

	<b>Unaudited 31 October 2006 HK\$'000</b>	Audited 30 April 2006 HK\$'000
Within 90 days	<b>2,354</b>	3,834
Between 91 and 180 days	<b>717</b>	549
Over 180 days	<b>2,345</b>	2,673
	<b>5,416</b>	7,056

**11. Borrowings**

	<b>The Group</b>			
	<b>Interest-bearing</b>		<b>Non interest-bearing</b>	
	<b>Unaudited 31 October 2006 HK\$'000</b>	Audited 30 April 2006 HK\$'000	<b>Unaudited 31 October 2006 HK\$'000</b>	Audited 30 April 2006 HK\$'000
Unsecured				
Bank Overdraft	<b>2,972</b>			
Trust receipts loans	<b>3,841</b>			
Packing loans	<b>615</b>			
Other loans	<b>22,250</b>	12,000	<b>150</b>	150
	<b>29,678</b>	12,000	<b>150</b>	150
The analysis of the above balances is as follows:				
Borrowings				
Within 1 year or on demand	<b>7,428</b>	—	<b>150</b>	150
After 1 year but within 2 years	<b>22,250</b>	12,000	<b>—</b>	—
	<b>29,678</b>	12,000	<b>150</b>	150
Current portion of borrowings	<b>(7,428)</b>	—	<b>(150)</b>	(150)
	<b>22,250</b>	12,000	<b>—</b>	—

The interest rate on unsecured other loans from a substantial shareholder is charged on the outstanding balance at 8% to 11% (2005: 10% to 12%) per annum.

## 12. Convertible Bonds

The Bonds recognized in the balance sheets are calculated as follows:

	HK\$'000
Principal amount of convertible bonds issued on 3 March 2006	44,838
Equity component	(40,542)
Liability component on initial recognition on 3 March 2006	4,296
Conversion of the bonds into the Company's new ordinary shares during the year ended 30 April 2006	(340)
Accrued interest capitalised during the year ended 30 April 2006	(180)
Liability component at 30 April 2006	3,776
Conversion of the bonds into the Company's new ordinary shares during the period	(38)
Accrued interest capitalised during the period	(241)
Liability component at 31 October 2006	3,497

For the period from 1 May 2006 up to 31 October 2006, the Bonds with an aggregate principal amount of HK\$396,700 were converted into the Company's new 1,202,118 ordinary shares.

Interest expenses on the Bonds is calculated using the effective interest method by applying the effective interest rate of 19.32% per annum to the liability component.

## 13. Share Capital

	No of ordinary shares		Amount	
Authorized:			HK\$'000	
Ordinary shares of HK\$ 0.1 each				
At 1 May 2006 and 31 October 2006	2,000,000,000		200,000	

	No of ordinary shares		Amount	
	2006	2005	2006 HK\$'000	2005 HK\$'000
Issued and fully paid:				
At 1 May	55,578,985	4,483,840,000	5,558	44,838
Capital reduction on 17 May 2005			—	(42,596)
Share consolidation on 17 May 2005	—	(4,259,648,000)		—
Rights issue on 14 June 2005	—	224,192,000	—	2,242
Convertible bonds conversion during the period from May to October 2006 (note 12)	1,202,118		120	
At 31 October	56,781,103	448,384,000	5,678	4,484

## 14. Contingent Liabilities

As at 31 October 2006, the company provided guarantees amounting to approximately HK\$21,323,000 (2005: Nil) to banks in respect of the banking facilities and finance lease arrangements granted to subsidiaries.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial results

During the period ended 31 October 2006, due to the loss of orders from certain customers, the turnover for the period was HK\$14,071,000 (2005: HK\$19,399,000) which represented a decrease of 27% as compared with last period. In addition, the deferment of materials supply due to the continuous tense supply of essential materials such as copper and silicon steel; and the decrease in production capacity due to the shortage of workers have caused tremendous pressure on turnover.

Price reduction under keen competition within rivals and narrowed margin under continuously drastic increase of essential raw materials led to the gross loss for the period at HK\$7,471,000 (2005: HK\$8,080,000) and the net loss for the period was escalated to HK\$22,407,000 (2005: HK\$22,835,000). The basic loss per share was HK\$0.40 (2005: HK\$0.54).

### Interim dividend

The Board does not recommend the payment of any dividend (2005: Nil).

### Conversion of Convertible bonds

During the period ended 31 October 2006, the Bonds with an aggregate principal amount of HK\$396,700 were converted into the Company's new 1,202,118 ordinary shares.

### Business review

The turnover for electrical products recorded HK\$3,788,000 and represented a decrease of 64% in comparison with last period. This resulted from the loss of orders from certain major customers.

The turnover for adaptors and transformers recorded HK\$6,922,000 and represented a increase of 33% in comparison with last period.

The other products consisted of manufacture and sale of plastics, moulding and electronic assembly services.

### Prospects

With a disappointing result for the period ended 31 October 2006, the Management has proactively started to re-structure and re-engineer the Group to cope with coming development and challenge.

The demand for manufacture of Pro-audio and music instrument increases consistently and continuously with the economic recovery, the management has grasped the opportunity and increased resource to explore the market. The Group has successfully entered into contract with two major customers in the field and received positive feedback for high quality of the products.

In view of economic growth in the PRC, the Group will continue to develop the PRC market.

The Group will continue to exercise stringent cost control and prudent financial policies in order to meet the challenges which face the Group. The management has confident to capture the growth opportunities available in the market.

### **Liquidity and financial resources**

The Group financed its operation with internally generated cash flow, medium term loan facility from a major shareholder and banking facilities. As at 31 October 2006, the Group had current assets of approximately HK\$24,129,000 (2005: HK\$28,916,000) and current liabilities of approximately HK\$26,187,000 (2005: HK\$20,247,000). The Group's current ratio (currents assets over current liabilities) was improved to 92% (2005: 62%) and the gearing ratio (total interest-bearing borrowings over shareholders' funds) was 8.76 times for April 2006. The Group's transactions are mainly denominated in Hong Kong dollars and United States dollars. As Hong Kong dollars is pegged to United State dollars, the Group's exposure to exchange rate fluctuations is minimal.

### **Employees and remuneration policies**

As at 31 October 2006, the Group employed approximately 500 employees and workers in both Hong Kong and Mainland China. Remuneration policies are reviewed regularly and maintained at competitive level with the market. In addition to basic salary, discretionary bonuses, mandatory provident fund, medical insurance scheme and share options may also be granted to eligible employees which are at the discretion of the Board and are based on the performance of the individual employee as well as the Group.

### **Contingent liabilities**

As at 31 October 2006, the Company provided guarantees amounting to approximately HK\$21,323,000 (2005: NIL) to banks in respect of the banking facilities and finance lease arrangements granted to subsidiaries.

## Directors' Interests in Securities

At 31 October 2006, the directors who had interests or short positions 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), as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Name of director	Capacity	Number of issued shares	Total percentage of shareholding	Share options granted but not exercised
Mr. Lo Wai Shing Felix	Held by controlled corporation (Note)	4,177,500(L)	7.36%	—
Mr. Lau Kevin	Beneficial owner	—	—	102,400

Note: The 4,177,500 shares are held by HK Sky Entertainment Holdings Limited (which is the person other than substantial shareholder holding 7.36% interest in the Company), a company wholly-owned by Mr. Lo Wai Shing, Felix.

The Letter "L" denotes the director's interests in the shares.

Save as disclosed above, at 31 October 2006, none of the directors, chief executives, nor their associates, had any interests in any securities of the Company or any of its associated corporations.

## Directors' Rights to Acquire Share or Debentures

Under the share option scheme adopted by the Company on 10 November 1998 (the "Old Scheme"), the Board of Directors of the Company may grant options to the full-time employees (including executive directors) of the Company or any of its subsidiaries. On 24 September 2004, a new share option scheme (the "New Scheme") was adopted by the Company and the Old Scheme was terminated. No further options can be offered under the Old Scheme. However, all other respects of the provisions of the Old Scheme shall remain in full force and holders of all

options granted under the Old Scheme prior to such termination shall be entitled to exercise the outstanding options pursuant to the terms of the Old Scheme until the expiry of the said options.

The purpose of the New Scheme provides incentives or rewards to the participants (including but not limited to employees, directors, suppliers and customers of the Group) for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

## Share Options

Movements in options granted under the Old Scheme during the six months ended 31st October 2006 are as follows:

	Outstanding at 1.5.2006	Exercised during the period	Lapsed during the period	Outstanding at 31.10.06	Date of grant	Exercise price per share	Exercisable period
(a) An Executive Director							
Mr. Lau Kevin	102,400	—	—	102,400	24.6.2000	8.4	24.6.2000 to 9.11.2008
	<u>102,400</u>			<u>102,400</u>			
(b) Employees In aggregate	800	—	—	800	14.2.2000	16.9	14.2.2000 to 9.11.2008
	7,200	—	—	7,200	3.7.2000	8.4	3.7.2000 to 9.11.2008
	3,840	—	—	3,840	5.7.2000	8.4	5.7.2000 to 9.11.2008
	<u>11,840</u>	<u>—</u>	<u>—</u>	<u>11,840</u>			
	<u>114,240</u>	<u>—</u>	<u>—</u>	<u>114,240</u>			

Note: During the six months ended 31 October 2006, no option was granted under the New Scheme.

Save as disclosed above, at 31 October 2006, none of the directors, chief executives, nor their associates, had any interests in any securities of the Company or any of its associated corporations as defined under section 336 of the SFO, and none of the directors or chief executives, nor their spouses or their children under the age of 18, had any rights to subscribe for the securities of the Company or had exercised any such rights during the period.

## Substantial Shareholders

Other than as disclosed under section "Directors' interests in securities" as at 31 October 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Future Ordinance ("SFO") show that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Name of shareholder	Capacity	Number of ordinary share of the company held	Percentage of shareholding	On assumption of full conversion of convertible bonds	
				into ordinary shares	Percentage of shareholding
Mr. Lo Kit Sing, Steven (Note)	Interest of Corporation controlled by him	18,919,502(L)	33.32	112,728,775(L)	198.53
Fine Asset Ltd. (Note)	Beneficial owner	18,919,502(L)	33.32	112,728,775(L)	198.53

Note: Mr. Lo Kit Sing, Steven is the elder brother of Mr. Lo Wai Shing, Felix, an executive Director of the Company. Fine Asset Ltd. is 100% beneficially held by Mr. Lo Kit Sing, Steven and accordingly Mr. Lo Kit Sing, Steven is deemed to be interested in the above shares under SFO.

The letter "L" denotes the interests in the shares.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 October 2006.



## **Directors' Interests in Contracts of Significance**

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the period or at any time during the period.

## **Corporate Governance**

The Company is committed to ensuring high standards of corporate governance in the interest of its shareholders and devotes considerable effort to identify and formalise its best practices.

In the opinion of the Board, the Company has complied with the Code on Corporate Governance Practices ("Code Provisions") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except Code provisions A.2.1.

Code provisions A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same person. The company does not have a separate chairman and CEO and Mr. Lo Wai Shing Felix currently holds both positions. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive directors.

## **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules ("Model Code"). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed that they have fully complied with the required standard set out in the Model Code.

## **Audit Committee**

The audit committee of the Company presently comprises the three independent non-executive directors. One of the independent non-executive directors is a Certified Public Accountant in Hong Kong with substantial experience in corporate finance, auditing and financial management. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 31 October 2006 with the management.

## **Remuneration Committee**

The Company has established a remuneration committee with written terms of reference in compliance with B.1.1 as set out in Appendix 14 of the Listing Rules. The principal responsibilities of the remuneration committee include making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management by reference to corporate goals and objects resolved by the Board from time to time. The remuneration committee comprises four members namely Mr. Lo Wai Shing Felix who is executive directors of the Company, Mr. Chu Chin Fan, Mr. Yeong Yun Hong Gary and Ms. Yan Po Kwan Sheral who are independent non-executive directors.

## **Purchase, Sale or Redemption of the Company's Listed Securities**

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **Pre-emptive Rights**

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **Directors' Interest in Competing Business**

During the period, none of the directors had any interests in competing business of the Company which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## **Board of Directors**

As at the date of this Report, the Board comprises six Directors. The executive Directors are Mr. Lo Wai Shing, Felix who is also the Chairman and Managing Director of the Company, Mr. Lau Kevin and Ms. Leung Wai Kuen, Cerene. The independent non-executive Directors are Mr. Chu Chin Fan, Mr. Yeong Yun Hong, Gary and Ms. Yan Po Kwan.

On behalf of the Board

**Lo Wai Shing, Felix**

*Chairman*

Hong Kong, 18 January 2007