



2007

INTERIM REPORT 中期報告



GLOBAL TECH (HOLDINGS) LIMITED
耀科國際（控股）有限公司
(STOCK CODE 股份代號：143)

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The Board of Directors (the "Board") of Global Tech (Holdings) Limited (the "Company") announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 March 2007 (the "Period"). The condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement of the Group for the Period, and condensed consolidated balance sheet of the Group as at 31 March 2007, along with selected explanatory notes, are set out as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		For the six months ended	
		31 March	
		2007	2006
	Note	HK\$'000	HK\$'000
Turnover	3	677,281	382,072
Cost of sales		(652,571)	(366,246)
Gross profit		24,710	15,826
Other revenue		2,367	3,056
Other income		3,414	–
Investment income, net	4	20,953	–
Selling and distribution expenses		(9,526)	(8,134)
Administrative expenses		(44,319)	(34,465)
Other operating expenses		(34)	(2,221)
Loss from operations	5	(2,435)	(25,938)
Finance costs	6	(972)	(9)
Loss before taxation		(3,407)	(25,947)
Taxation	7	165	(154)
Loss for the Period attributable to equity holders of the Company		(3,242)	(26,101)
Dividends	8	–	–
Loss per share for loss attributable to equity holders of the Company			
Basic	9	(HK\$0.001)	(HK\$0.005)
Diluted	9	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31 March 2007 HK\$'000 (unaudited)	As at 30 September 2006 HK\$'000 (audited)
Non-current assets			
Investment property		12,000	12,000
Property, plant and equipment		3,706	3,701
Intangible assets	10	24,583	–
Available-for-sale financial assets	11	38,151	79,275
		78,440	94,976
Current assets			
Inventories		36,203	38,274
Trade receivables	12	157,095	182,431
Prepayments, deposits and other receivables		32,822	51,476
Financial assets at fair value through profit or loss		3,187	–
Pledged time deposits		106,628	37,174
Cash and bank balances		59,080	115,194
		395,015	424,549
Current liabilities			
Trade payables	13	73,313	70,040
Accrued charges and other payables		31,141	26,418
Tax payables		52,571	52,885
Bank borrowings – secured	14	–	54,101
Obligation under finance lease – due within one year	15	43	40
		157,068	203,484
Net current assets		237,947	221,065
Total assets less current liabilities		316,387	316,041
Non-current liabilities			
Obligation under finance lease – due after one year	15	20	42
Deferred tax liabilities		534	534
		554	576
Net assets		315,833	315,465
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	16	51,659	51,659
Reserves		264,174	263,806
Total equity		315,833	315,465

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve	Capital redemption reserve	Investment property revaluation reserve (Note)	Available-for-sale financial assets revaluation reserve	Exchange difference reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unaudited for the six months ended 31 March 2007									
As at 1 October 2006	51,659	457,804	2,450	160	2,521	2,221	4,576	(205,926)	315,465
Exchange differences	-	-	-	-	-	-	(319)	-	(319)
Revaluation of available-for-sale financial assets	-	-	-	-	-	24,410	-	-	24,410
Transfer to profit or loss for the Period	-	-	-	-	-	(20,481)	-	-	(20,481)
Loss for the Period	-	-	-	-	-	-	-	(3,242)	(3,242)
As at 31 March 2007	51,659	457,804	2,450	160	2,521	6,150	4,257	(209,168)	315,833
Unaudited for the six months ended 31 March 2006									
As at 1 October 2005	51,659	457,804	2,450	160	-	-	5,040	(110,644)	406,469
Exchange differences	-	-	-	-	-	-	(582)	-	(582)
Revaluation of available-for-sale financial assets	-	-	-	-	-	2,034	-	-	2,034
Loss for the period	-	-	-	-	-	-	-	(26,101)	(26,101)
As at 31 March 2006	51,659	457,804	2,450	160	-	2,034	4,458	(136,745)	381,820

Note:

The balance of investment property revaluation reserve of the Group represented the revaluation reserve arising from the transfer of leasehold land and buildings to investment property and such amount will not be recognised in the income statement until disposal of such investment property.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	For the six months ended	
	31 March	
	2007	2006
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	25,485	(47,992)
Net cash generated from/(used in) investing activities	42,299	(42,317)
Net cash used in financing activities	(80,952)	(17)
Net decrease in cash and cash equivalents for the period	(13,168)	(90,326)
Cash and cash equivalents as at 1 October 2006 and 2005	72,572	261,827
Effect of foreign exchange rate changes	(324)	395
Cash and cash equivalents as at 31 March	59,080	171,896
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	59,080	171,896

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 March 2007

1. CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares has a primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and a secondary listing on The Singapore Exchange Securities Trading Limited. The registered office of the Company is Uglan House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands.

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in trading of telecommunication products, provision of repair services of telecommunication products, and listed securities investment and trading.

The directors of the Company (the "Directors") regard Optimum Pace International Limited, a company incorporated in the British Virgin Islands as being the ultimate holding company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The measurement basis used in the preparation of these unaudited condensed consolidated financial statements is historical cost convention, as modified for the revaluation of certain available-for-sale financial assets, financial assets at fair value through profit or loss and investment property which are carried at fair value.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2006. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2006 with addition for the following amendments and interpretations which are relevant to the Group's operation and are adopted for the first time by the Group for the Period:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS – Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives

These amendments and interpretations had no material effect on the Group's accounting policies.

The Group has not early adopted the following new standards, amendments and interpretations that have been issued but are not yet effective:

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment ³
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ⁴
HK(IFRIC) – Int 12	Service Concession Arrangements ⁵

¹ Effective for financial period commencing on or after 1 January 2007

² Effective for financial period commencing on or after 1 January 2009

³ Effective for financial period commencing on or after 1 November 2006

⁴ Effective for financial period commencing on or after 1 March 2007

⁵ Effective for financial period commencing on or after 1 January 2008

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The Group is in the process of making an assessment of the impact of these new standards, amendments and interpretations upon initial application. So far, it has concluded that the adoption of the HKAS 1 (Amendment) and HKFRS 7 may result in new or amended disclosures, these new standards, amendments and interpretations should have no significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

Primary reporting format – business segments

During the period ended 31 March 2007, the Group was mainly engaged in (i) trading of telecommunication products; (ii) provision of repair services of telecommunication products; and (iii) listed securities investment and trading.

Segment information about these businesses for the six months ended 31 March 2007 and 2006 is as follows:

	Trading of tele- communication products HK\$'000	Provision of repair services of tele- communication products HK\$'000	Listed securities investment and trading HK\$'000	Total HK\$'000
Unaudited for the six months ended 31 March 2007				
TURNOVER	<u>675,057</u>	<u>2,224</u>	–	<u>677,281</u>
SEGMENT RESULTS	<u>(22,297)</u>	<u>(1,054)</u>	<u>20,916</u>	<u>(2,435)</u>
Finance costs				<u>(972)</u>
Loss before taxation				<u>(3,407)</u>
Taxation				<u>165</u>
Loss attributable to equity holders of the Company				<u>(3,242)</u>

3. SEGMENT INFORMATION (CONTINUED)

Primary reporting format – business segments (continued)

	Trading of tele- communication products HK\$'000	Provision of repair services of tele- communication products HK\$'000	Listed securities investment and trading HK\$'000	Total HK\$'000
Unaudited for the six months ended 31 March 2006 (Restated)				
TURNOVER	377,910	4,162	–	382,072
SEGMENT RESULTS	(26,369)	(114)	545	(25,938)
Finance costs				(9)
Loss before taxation				(25,947)
Taxation				(154)
Loss attributable to equity holders of the Company				(26,101)

4. INVESTMENT INCOME, NET

	Unaudited For the six months ended 31 March	
	2007	2006
	HK\$'000	HK\$'000
Fair value changes on financial assets at fair value through profit or loss	37	–
Realised gain on available-for-sale financial assets	20,916	–
	20,953	–

5. LOSS FROM OPERATIONS

	Unaudited	
	For the six months ended	
	31 March	
	2007	2006
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging/(crediting):		
Cost of trading inventories sold	631,721	344,621
Employee benefit expenses (including directors' emoluments)	24,506	19,531
Retirement benefit costs (including directors' retirement benefit costs)	804	866
Depreciation		
– owned assets	981	1,061
– leased assets	18	18
Amortisation of leasehold land	–	130
Amortisation of intangible assets	417	–
Auditors' remuneration	327	712
Net exchange loss/(gain)	390	(2,160)
Gain on disposal of financial assets at fair value through profit or loss	–	(863)
Loss on disposal of property, plant and equipment	34	–
Impairment loss recognised in property, plant and equipment	–	343
Provision for impairment loss on trade receivables	–	2,950
(Reversal of)/provision for impairment loss on inventories	(3,903)	11,694
Operating lease rental in respect of rental premises	8,194	4,896

6. FINANCE COSTS

	Unaudited	
	For the six months ended	
	31 March	
	2007	2006
	HK\$'000	HK\$'000
Interest element of finance leases	5	8
Interest expenses on bank borrowings wholly repayable within five years	967	1
	972	9

7. TAXATION

	Unaudited	
	For the six months ended	
	31 March	
	2007	2006
	HK\$'000	HK\$'000
Current tax:		
Hong Kong profits tax (Note (i))	(165)	154
Overseas taxation (Note (ii))	–	–
	<u>(165)</u>	<u>154</u>
Deferred tax:		
Current period	–	–
	<u>(165)</u>	<u>154</u>

Note:

- (i) No provision for Hong Kong profits tax has been made for the Company and its subsidiaries as they either have no assessable profits or have available tax loss brought forward from prior years to offset against the Period's estimated assessable profits.
- (ii) No overseas taxation has been provided for the Period.

8. DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 31 March 2007 (2006: Nil).

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to equity holders of the Company of approximately HK\$3,242,000 (2006: HK\$26,101,000) and on 5,165,973,933 (2006: 5,165,973,933) shares in issue during the Period.

The diluted loss per share for the six months ended 31 March 2007 and 2006 are not presented as the exercise prices of the share options were higher than the average market price of the Company's shares for the respective periods.

10. INTANGIBLE ASSETS

	HK\$'000
Carrying amount	
As at 1 October 2006 (audited)	–
Additions	25,000
Less: Amortisation	(417)
As at 31 March 2007 (unaudited)	<u>24,583</u>

Intangible assets represent acquisition cost of a customer list. The amounts are stated at cost less any accumulated amortisation and any impairment loss. Amortisation is provided on a straight-line basis over the estimated useful life.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 March 2007 HK\$'000 (unaudited)	As at 30 September 2006 HK\$'000 (audited)
Unlisted club debentures, at cost	12,301	12,301
Equity securities, listed in Hong Kong, at fair value	25,850	66,974
	<u>38,151</u>	<u>79,275</u>

12. TRADE RECEIVABLES

As at 31 March 2007, the aging analysis of the trade receivables is as follows:

	As at 31 March 2007 HK\$'000 (unaudited)	As at 30 September 2006 HK\$'000 (audited)
Current	183,297	287,478
One to three months overdue	93,475	14,727
More than three months but less than twelve months overdue	307	924
Over twelve months overdue	1,129	415
Less: Provision for impairment loss on trade receivables	(121,113)	(121,113)
	157,095	182,431

13. TRADE PAYABLES

As at 31 March 2007, the aging analysis of the trade payables is as follows:

	As at 31 March 2007 HK\$'000 (unaudited)	As at 30 September 2006 HK\$'000 (audited)
Trade payables due: Within 30 days	73,313	70,040

14. BANK BORROWINGS – SECURED

	As at 31 March 2007 HK\$'000 (unaudited)	As at 30 September 2006 HK\$'000 (audited)
Bank overdrafts	–	42,622
Trust receipt	–	11,479
	–	54,101

15. OBLIGATION UNDER FINANCE LEASE

	As at 31 March 2007 HK\$'000 (unaudited)	As at 30 September 2006 HK\$'000 (audited)
The maturity of obligation under finance lease is as follows:		
Within one year	49	49
More than one year, but not exceeding two years	20	44
Less: Future finance charges	(6)	(11)
	63	82
Less: Amount due within one year shown under current liabilities	(43)	(40)
Amount due after one year	20	42

16. SHARE CAPITAL

	Authorised ordinary shares of HK\$0.01 each No. of shares '000	HK\$'000
As at 1 October 2006 (audited) and 31 March 2007 (unaudited)	20,000,000	200,000
	Issued and fully paid ordinary shares of HK\$0.01 each No. of shares '000	HK\$'000
As at 1 October 2006 (audited) and 31 March 2007 (unaudited)	5,165,974	51,659

17. MATERIAL RELATED PARTY TRANSACTIONS

Compensation for key management personnel, including amount paid to the Company's directors and certain of the highest paid employees is as follows:

	Unaudited	
	For the six months ended	
	31 March	
	2007	2006
	HK\$'000	HK\$'000
Salaries and other short-term benefits	11,085	13,219
Contributions to retirement fund	488	521
	11,573	13,740

18. PLEDGE OF ASSETS

As at 31 March 2007, time deposits of HK\$107 million have been pledged to secure general banking facilities granted to the Group, and are therefore classified as current assets. The pledged time deposits are denominated in United States Dollars and Hong Kong Dollars. The pledged time deposits carry fixed interest rates of approximately 3.7% to 5.15%.

As at 30 September 2006, time deposits of HK\$37 million and available-for-sale financial assets of HK\$67 million had been pledged to secure general banking facilities granted to the Group.

19. OPERATING LEASE COMMITMENTS

As at 31 March 2007, the Group had commitments for total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at	As at
	31 March	30 September
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within one year	14,206	15,816
In the second to fifth years, inclusive	4,222	10,572
	18,428	26,388

20. CONTINGENT LIABILITIES

There had been no material change in contingent liabilities for the Group since 30 September 2006.

BUSINESS REVIEW AND OUTLOOK

Business Review

For the six months ended 31 March 2007 the Group recorded a turnover of approximately HK\$677 million, representing an increase of 77% over the corresponding period last year. This increase was mainly attributable to the wider range of popular new models launched as well as the effectiveness of the promotion campaigns during the Period. Gross profit increased by HK\$9 million to approximately HK\$25 million (2006: HK\$16 million) during the current period despite a slight decrease in margin to 3.65% from 4.14% during the same period in 2006 due to keen competition and increased expenditure on promotions. Net loss for the six months ended 31 March 2007 was reduced to approximately HK\$3 million compared with the net loss of HK\$26 million in the corresponding period of 2006 as a result of growth in sales and effective cash flow management.

Outlook for Hong Kong

With the improvement in the local economy, Hong Kong is maintaining its position on the cutting-edge of the latest mobile telecommunications technologies and applications. The market benefits considerably from the constantly increasing number of well-heeled visitors from the Mainland seeking the latest designs and functions in high-end electronic products and who are prepared to try out new technologies. These sophisticated consumers are encouraged by Hong Kong retailers' practices of offering the very latest products at very competitive pricing.

At the same time manufacturers and network operators continue to test new models in the market in order to deliver the value-added features and services that consumers demand. In this regard, the future of 3G systems now looks more promising, with more 3G-enabled handset brands crowding in to satisfy the burgeoning market. At the same time, with the market for 2G handsets not shrinking as much as anticipated, the Group will maintain its two-pronged strategy of placing a balanced emphasis on marketing 2G and 3G handsets, as well as leveraging its main supplier's image of sleek design and premium price.

Mobile handsets again enjoyed spectacular growth over the year. According to recent research reports, about 990 million handsets were sold globally in 2006, a 21 percent increase over the year before, and analysts predict global handset sales of about 1.2 billion units in 2007. The world's top mobile phone makers predicted that substantial sales growth will still be driven by Greater China. We anticipate many consumers from the Mainland will buy their handsets in Hong Kong or Macau in order to take advantage of keen prices and the latest products, thus providing a steady growth in sales volume for the Group.

Industry experts advise that network providers will prefer to use the 2.5GHz spectrum for the deployment of WiMax services in Hong Kong despite it being assigned as an extension spectrum for existing 3G services by the International Telecommunications Union. WiMax services can be deployed on 2.3 GHz, 2.5 GHz and 3.5 GHz spectrums, as well as on 3G systems. Hong Kong operators and the regulatory body are expected to assign the 2.3 GHz and 2.5 GHz spectrums later in 2007. The Hong Kong government meanwhile has announced its determination to invest HK\$200 million in developing wireless fidelity (wi-fi) spots to provide free Internet access. This may boost the replacement market as handsets with wi-fi access built-in will be in greater demand, providing further opportunities for the Group and its main supplier. The Group will explore further business opportunities associated with these technologies by ensuring that new, competitively priced models are introduced in pace with market needs and preferences.

Financial Review

As at 31 March 2007, the Group's net assets were maintained at approximately HK\$316 million (30 September 2006: HK\$316 million). The decrease in non-current assets was mainly attributable to the disposal of certain available-for-sale financial assets and was slightly offset by an addition in intangible assets with the purchase of a customer list.

The Group has taken measures to optimise its cash management activities by investing in listed securities, a business forming part of the Group's principal activities. The activities recorded recognised net gain of approximately HK\$21 million in the current period. As at 31 March 2007, the value of the Group's portfolio of listed securities was approximately HK\$29 million.

The Group's overall inventory level was maintained at approximately HK\$36 million as at 31 March 2007 (30 September 2006: HK\$39 million). A reversal of impairment loss of approximately HK\$4 million was made in the income statement.

The Group has continued to maintain a sound financial and liquidity position with current ratio of 2.51 (30 September 2006: 2.09) and liquid ratio of 2.28 (30 September 2006: 1.90) as at 31 March 2007. The Group's cash reserves stood at approximately HK\$166 million as at 31 March 2007 (30 September 2006: HK\$152 million), of which approximately HK\$107 million (30 September 2006: HK\$37 million) was pledged for general banking facilities.

As at 31 March 2007, the Group had no outstanding bank borrowings although banking facilities secured by fixed deposits of approximately HK\$107 million (30 September 2006: HK\$104 million, in fixed deposits and listed securities) were in place to provide flexibility for the Group's cash management activities. As a result, the gearing ratio which is expressed as a percentage of bank and other borrowings over total equity, was reduced to approximately 0.02% (30 September 2006: 17%) during the current period. The Group will continue to adopt a conservative cash management policy.

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

Prospects

The leadership enjoyed by the Group's main supplier in terms of technology, hardware and applications in mobile technology will continue to enhance the Group's business in Hong Kong and Macau, particularly as a window on the China market.

The Group believes that the combined efforts of itself and its supplier will contribute to maintaining Hong Kong's position as a key market in the Greater China region for advanced mobile telecommunications products, making it highly attractive to tourists from the Mainland.

Meanwhile, in view of prevailing fierce price competition, shortened product cycles and unceasing technology innovation, the Group will continue to strengthen all aspects of its services as well as its relationships with major local network operators in order to enhance its image and further promote its business. The move to purchase customer list during the period will provide the Group with additional opportunities to expand its direct distribution network systems, deepen market penetration, and reinforce the quality of its customer portfolio.

Employee Information

As at 31 March 2007, the Group employed a workforce of 96 (2006: 87). Staff costs, including salaries and bonuses, for the Period were approximately HK\$25 million (2006: HK\$20 million).

The Group has competitive remuneration policy to ensure it will motivate and retain existing employees as well as attract potential employees.

The remuneration packages mainly include salary payments, group medical insurance plan and discretionary bonuses awarded on a performance basis. The Group provides pension schemes for employees as part of their staff benefits.

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

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

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2007, the following Directors and chief executive of the Company had the following interests in long positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"):

(a) Ordinary shares

Name of Director	Number of shares held as at 31 March 2007	Approximate percentage of shareholding	Capacity in which interests are held
Mr. CHEUNG Wing Yin, Vigny Wiley	10,000,000	0.19%	Beneficial owner
Mr. SUNG Yee Keung, Ricky	72,913,303*	1.41%	Beneficial owner
Mr. WAN Kwok Cheong	11,000,000	0.21%	Beneficial owner

* These shares include 250,000 shares which were jointly owned by Ms. SUNG Mei Ling, the sister of Mr. SUNG Yee Keung, Ricky.

(b) Share options

Name of Director	Date of grant	Number of options held as at 1 October 2006 and 31 March 2007	Exercise price per share HK\$	Exercise period	Capacity in which interests are held
Mr. SY Ethan, Timothy	26 April 1999	100,000,000	0.150	25 May 1999 to 24 May 2009	Beneficial owner

The above share options are unlisted physically settled options granted pursuant to a share option scheme adopted by the Company on 16 March 1999 (the "Old Scheme"), details of which are set out in the section below under the heading "Share Option Schemes". Upon exercise of the share options in accordance with the Old Scheme, ordinary shares of HK\$0.01 each in the share capital of the Company are issuable.

Save as disclosed above, as at 31 March 2007, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or were required to be 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").

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS DISCLOSEABLE UNDER THE SFO

As at 31 March 2007, the register of substantial shareholders maintained under section 336 of the SFO shows that the following company (not being Directors or chief executive of the Company) had long positions of 5% or more in the shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity	Number of shares	Approximate percentage of shareholding
Optimum Pace International Limited	Beneficial owner	2,942,608,695	56.96%

Save as disclosed above, no other person was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the shares or underlying shares of the Company as at 31 March 2007.

SHARE OPTION SCHEMES

On 16 March 1999, the Company adopted the Old Scheme pursuant to which employees, including executive directors of the Group, were given opportunity to obtain equity holdings in the Company. The Old Scheme was subsequently terminated at the annual general meeting of the Company held on 27 March 2003 whereby a new share option scheme (the "New Scheme") which complies with the new requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") was adopted. Any share options which were granted under the Old Scheme prior to such termination shall continue to be valid and exercisable in accordance with the terms of the Old Scheme.

Details of the share options outstanding during the Period which were granted under the Old Scheme are as follows:

Grantees	Date of grant	Exercise price per share HK\$	Exercise period	Number of options outstanding as at 1 October 2006 and 31 March 2007
Executive Director, Mr. SY Ethan, Timothy	26 April 1999	0.150	25 May 1999 to 24 May 2009	100,000,000
Employees	15 November 2000	0.715	15 November 2000 to 14 November 2010	500,000

No share option had been granted, exercised, cancelled or lapsed under the Old Scheme during the Period.

No share option had been granted under the New Scheme since its adoption.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

Throughout the period of the six months ended 31 March 2007, the Company has complied with the code provisions (“Code Provisions”) set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except for the following deviations:–

1. Code Provision A.2.1

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The positions of Chairman of the Board and Chief Executive Officer (“CEO”) of the Company are both currently carried on by the same person. The Board considers that this structure does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and there is a balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors). Given the composition of the Board, the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

2. Code Provision A.4.2

Code Provision A.4.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to Article 116 of the articles of association of the Company, all Directors (except the CEO) shall retire by rotation at the annual general meeting of the Company at least once every three years. In the opinion of the Board, stability and continuation are key factors to the successful implementation of business plans. The Board believes that it is beneficial to the Group that there is continuity in the role of the CEO and, therefore, the Board is of the view that the CEO should be exempt from this arrangement at the present time.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Specific enquiry has been made to all Directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 March 2007.

Audit Committee Review

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the unaudited consolidated interim results of the Group for the Period.

On behalf of the Board
SY Ethan, Timothy
Chairman

Hong Kong, 31 May 2007

As at the date of this Interim Report, the Board comprises 8 directors, of which 4 are executive directors, namely Mr. SY Ethan, Timothy, Mr. CHEUNG Wing Yin, Vigny Wiley, Mr. SUNG Yee Keung, Ricky and Mr. WAN Kwok Cheong, 1 is a non-executive director, namely Mr. KO Wai Lun, Warren and 3 are independent non-executive directors, namely Mr. Andrew David ROSS, Mr. Geoffrey William FAWCETT and Mr. Charles Robert LAWSON.