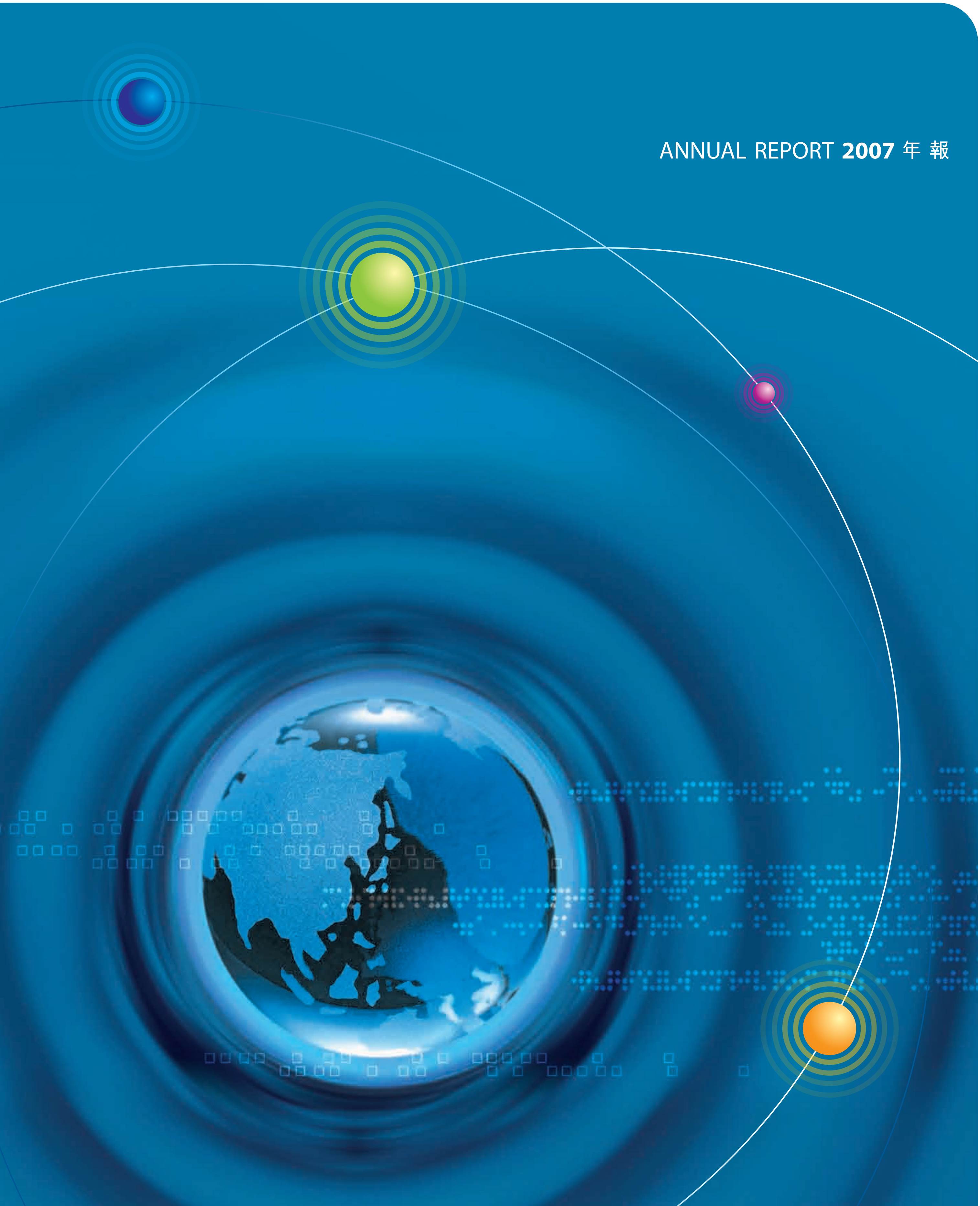
GLOBAL TECH (HOLDINGS) LIMITED
耀科國際(控股)有限公司
Stock Code 股份代號: 143

ANNUAL REPORT **2007** 年報



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Corporate Profile

Global Tech (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") act as facilitators between name-brand vendors, retailers and customers to bring visibility to and create higher added value in the supply chain serving the dynamic mobile telecommunications sector. The Group provides tried-and-tested one-stop branding, marketing distribution and after-sales service solutions enabling end-users to enjoy the latest in mobile technologies, functionalities, entertainment and ultimately, lifestyle, delivered through seamless integration between telecommunications companies, device makers and content, application and service providers.

Technology changes and communication rapidly evolves. With innovative thinking and sound management, the Group is constantly reshaping its business model in a rapidly shifting industry landscape, while delivering world-class mobile products and services of exceptional value to our customers.

CHAIRMAN'S STATEMENT

Dear Shareholders,

Ongoing uncertainty in its key operational aspects continued to plague the mobile communications industry during the reporting year. Despite continued migration from the second-generation ("2G") to the third-generation ("3G") mode of communication, operators have struggled to grow overall average revenue per user ("ARPU"). While Japan and South Korea have had enjoyed some success with non-voice services, industry analysts have warned that, in the race to offer new services and capabilities, innovation has not always translated into strong revenue growth. The market therefore continues to be dogged by heavy handset purchase subsidies undercutting the margins of network operators, and more frequent product launches resulting in shorter product life cycles and steeper price drops, as well as even greater marketing spending to compete for customer attention. Industry participants have to find ways of maintaining business viability in the face of declining tariffs and a merely nominal increase in the number of subscribers.

This statement presents the core elements of the financial results for 2007, with a fuller account of the Group's views on the business environment and challenges in the telecommunications industry being provided in the Management Discussion and Analysis chapter that follows. During the year ended 30 September 2007, Group turnover increased 34% to HK$1,368 million, reflecting contributions from both 2G and 3G handset sales, as well as revenue from financial assets investments. By comparison, turnover in 2006 was HK$1,018 million. Cautious cost control and efficiency disciplines continued to mitigate surging selling and marketing costs, resulting in a slight decline in overall gross profit margin from 3.8% for the previous year to 3.7% for the current period. Increased sales, coupled with efficiencies derived from the Group's investments in supply-chain and cash flow management, also led to a further reduction in the loss from operations to HK$48 million, down from the HK$63 million posted for the previous year.

The period under review was one of wider market uncertainty for the mobile industry. The transition from 2G to 3G is taking much longer than expected. Mobile operators in tech-savvy Japan and South Korea have continued to lead the world in the development of innovative mobile services and technology, have built unrivalled track records in introducing new handset capabilities and services, and are currently the only markets to have achieved mainstream adoption of services delivered by 3G networks. In most other markets, data ARPU is still dominated by basic text messaging services. Recent data has revealed an increasing number of 3G mobile subscribers returning to 2G, even in the two advanced mobile markets, as well as a further drop in APRU.

Industry watchers attribute this trend to the lack of truly compelling services offered by 3G. Value-added services are now the new focus of competition and a potentially profitable revenue source. Growth in 3G handset sales is expected to remain modest until the full commercial application of 3G or 3.5G services is achieved, which in turn hinges upon the wide availability of rich portfolios of services, including mobile Internet access, entertainment, ringtones and music, games, mobile TV and video, community portals and mobile transactions. The Group will continue to plan in advance of demand and make the necessary investments in order to exploit further 3G opportunities as they arise.

At the same time, demand for 2G or 2.5G phones remains solid. Handset sales in this segment continued to perform well and to generate a considerable part of the Group's revenue. This validates the Group's two-pronged development strategy whereby efforts were directed towards both 2G and 3G handsets, allowing the Group to enjoy steady revenue streams from the mature 2G segment, and to stay alert to opportunities presented by 3G.

It should be noted however that, during the 3G evolution, handset makers have developed valuable intellectual property in the 3G space and continue to push the envelope in areas such as display and battery technology. The bullish forecast from research firm, International Data Corp ("IDC"), of 142.6 million 3G users in the Asia Pacific region in 2009, implies an average annual growth of 69% over the period. This anticipated pick up in momentum was based on the fact that one key hurdle – the lack of handset choice – has been overcome as smaller and lighter models with better specifications are introduced.

In addition, the Group will leverage its major supplier's plan to transform its handsets from functional gadget into a lifestyle product, and build fashion ingredients into its promotional efforts in line with this marketing direction.

Other popular activities such as social networking, email and search should also translate well to mobile and, in the lead up to the Beijing Olympics, mobile television ("TV") service is regarded as the next growth engine for the mobile communications industry. As technology continues to evolve, no doubt we can look forward to even more innovative products in years to come with fourth-generation ("4G") communications on the horizon.

In a world of rapid change, innovations are turning into commodities faster than ever, and supply-chaining itself is now a source of competitive advantage and profit. The Group views the rapid developments in mobile technologies as opportunities for business development, as it leverages its knowledge and expertise to bring visibility into the handset supply chain. To this end, the Group will continue to sharpen its focus as an industry collaborator and front-line marketer.

While the Group is encouraged by the improving trend of the past year, and as it continues to explore businesses opportunities arising from new mobile technologies that can give the Group a keener edge and better profit margins, it will nevertheless remain alert to industry developments which bring with them increased risks and uncertainties. The Group will stay updated on current industry events and ideas, and continue to strengthen its network of partnerships in order to take forward its business development plans in the years ahead.

SY Ethan, Timothy
Chairman

Hong Kong, 10 January 2008


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Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

Financial Highlights

For the year ended 30 September 2007, the Group recorded a turnover of approximately HK$1,368 million (2006: HK$1,018 million), representing an increase of approximately 34% over the previous year. This was mainly attributable to the increase in the sales of telecommunications products and the proceeds from sales of financial assets. The Group's loss from operations for the year was reduced to approximately HK$48 million from approximately HK$63 million last year. The improvement was mainly attributable to effective cash flow management, and good performance from investment in financial assets. With the settlement of the taxation issue in the previous year, the Group recorded a reduced loss attributable to equity holders of the Company of approximately HK$49 million compared with the loss of approximately HK$95 million last year.

The Group's trading of telecommunications products with total sales during the year under review of approximately HK$1,306 million (2006: HK$1,012 million) represented an increase of 29% over the previous year. In 2007, the handset industry witnessed a continued polarisation of the low-end and high-end segments. On the one hand, the handset replacement market has been boosted by the introduction of premium models such as multimedia and music phones, feature-packed camera phones, and handsets with high-speed Internet access and higher levels of sophistication. On the other hand, rapid penetration by medium priced mobile phones with all-round features to the less sophisticated users has supported explosive growth in the low-end entry-level handset market. Increase in Group's turnover was boosted by a strategy of further broadening the product assortment and was also supported by effective promotional campaigns mounted in collaboration with vendors and network operators.

The increase in the turnover of the trading of telecommunications products was, however, offset by the increase in the promotion and distribution expenses in the face of considerable market complexity and keen competition. As a result, the trading of telecommunications products recorded a loss of approximately HK$47 million, a reduction compared with a loss of approximately HK$61 million last year. The loss from such trading segment was slightly offset by the profit of approximately HK$34 million recorded from the investment in financial assets by applying the Group's surplus fund.

MANAGEMENT DISCUSSION AND ANALYSIS

The Hong Kong Market

Hong Kong has one of the most sophisticated and successful telecommunications markets in the world. Competition between public mobile services is also vigorous. As at April 2007, some 14 digital networks were operating in the 800/900 Megahertz ("MHz") bands, 1700-1900 MHz bands and UMTS bands. By September 2007, the number of mobile service subscribers has soared to 9.9 million, representing one of the highest penetration rates in the world. According to the latest statistics for December 2007, the number of third-generation ("3G") subscribers in Hong Kong totalled 1.7 million, an increase of 33% year on year.

In addition to basic voice services, data services such as short messaging, mobile Internet, download, multimedia, video call, and mobile TV services are also available. With 3G networks being upgraded with high-speed downlink packet access ("HSDPA" or "3.5G") technology and HSDPA-enabled services being introduced by service providers, 3G service customers can now enjoy mobile data services at higher speeds of up to 3.6 Mbps.

The continued evolution of the telecommunications industry has also spurred the Office of the Telecommunications Authority ("OFTA") to make available additional spectrum for the provision of code division multiple access ("CDMA") 2000 and broadband wireless access services.

Amid this array of market and technological developments, distinctions between fixed and mobile networks and services are increasingly blurred. Hong Kong, along with the other regions of the world, is entering an era of convergence. The Hong Kong SAR Government has proposed the introduction of a Unified Carrier Licence to pave the way for fixed-mobile convergence in the telecommunications sector. The new licensing regime is expected to ensure that the local regulatory environment remains conducive to innovative technologies and services in Hong Kong.

At the same time, with the growing dissatisfaction of cable subscribers, we witness Wi-Fi evolving and coming of age all over the world. The Hong Kong SAR Government has pledged to develop Hong Kong as a Wi-Fi city, supported by public Wi-Fi hotspots at government venues and expanding private Wi-Fi coverage across the SAR. The broadband-starved may also get a wireless alternative for last-mile access, namely worldwide interoperability for microwave access ("WiMax"), which complements Wi-Fi and supplies broadband wireless connectivity to fixed and mobile users. To keep up with the latest WiMax developments, the SAR Government also plans to issue licences for services which are expected to be launched in 2009.

These many technological developments have spurred the further growth of the local mobile handset market. With a population of mature mobile consumers and supporting infrastructure and services, Hong Kong has always been the world's best platform for the launch of fashionable and advanced handset models. Top handset brands continue to choose Hong Kong to launch new models in Asia, highlighting the importance of our home market.

The SAR also acts as a showcase for the world's most sophisticated products to visitors from all over the world, in particular mainland China. Cumulative arrivals for the first 11 months of 2007 stood at 25.4 million, up 11.1% year on year. This solid gain was in part contributed by mainland China visitors, which totalled close to 14.0 million from January to November 2007, 13.3% ahead of the same period last year. The growing visitor arrival figures support Hong Kong's position as a preferred destination for Chinese consumers shopping for high-end electronic products. Apart from local retailers' ability to offer merchandise on the cutting edge of market trends at very competitive as well as transparent pricing, Hong Kong's name as the shoppers' paradise is also a result of its efforts to uphold a reputation for authenticity and quality.

The mobile handset industry benefits directly from continuing strong tourist arrivals. To cater to the individual demands of both local consumers and visitors, the Group continues with its two-pronged strategy of placing balanced emphasis on marketing second-generation ("2G") and 3G handsets. During the year the Group experienced moderate growth in 2.5G handset sales, with this segment still dominating the overall handset market. Meanwhile, the 3G mobile telecommunications market made some progress but 3G handset sales during the year continued to be driven mainly by promotional efforts bundled with heavy purchase subsidies offered by network operators. The Group recorded healthy growth in 3G handset sales during the year.

Design innovations and joint promotional efforts have helped transform handsets from a technology gadget to a fashion and lifestyle accessory, spurring further replacement demand. The Group will continue to pursue business opportunities emerging on the design front for consumers who are rapidly embracing the products as fashion statements.

Liquidity, Financial and Working Capital Resources

As at 30 September 2007, the Group's total non-current assets were reduced to approximately HK$65 million (2006: HK$95 million) due to the sales of available-for-sale financial assets during the year. This was slightly offset by the addition of intangible assets.

Due to a change in overall production strategy implemented by a major supplier during the year, there was a transitional delay in the production schedule which in turn caused delays in the release of certain new models until the end of the year. As a result, inventories increased to approximately HK$100 million as at 30 September 2007 (2006: HK$39 million).

As at 30 September 2007, the Group's net trade receivables slightly decreased from approximately HK$183 million last year to approximately HK$152 million in the current year as a result of an improved monitoring process as well as a higher-quality customer portfolio.

The Group has continued to take measures to optimize its cash-management. As at 30 September 2007, the value of the Group's investment portfolio was approximately HK$3 million (2006: Nil).

The Group's cash reserves as at the year end stood at approximately HK$157 million (2006: HK$152 million), of which approximately HK$75 million (2006: HK$37 million) was pledged for banking facilities. The current ratio was 1.80 (2006: 2.09) while the liquid ratio was approximately 1.39 (2006: 1.90).

As at 30 September 2007, the total borrowings of the Group, which mainly comprised of bank borrowings, amounted to approximately HK$63 million (2006: HK$54 million). The bank borrowings were secured by fixed deposits of approximately HK$75 million (2006: HK$37 million) and investment property with carrying amount of approximately HK$12 million (2006: Nil). The gearing ratio, which is expressed as a percentage of total borrowings over total assets, was 12.2% (2006 : 10.4%).

As in previous years, the Group will continue to adopt a conservative cash-management policy.

Currencies

The Group conducts its core business transactions mainly in Hong Kong and United States dollars. The majority of the Group's cash and bank balances are also denominated in these two currencies. Hence, the Hong Kong dollar peg to the US dollar provides a natural hedge against short-term currency fluctuations under normal trading circumstances.

Prospects and Strategic Outlook

Korean-made handsets in chic designs remained at the top of the shopping list for Mainland tourists who regard Hong Kong as their favourite travel destination. Among all other major cities in the Greater China Region, Hong Kong remains the natural and instant choice for Mainland consumers seeking trendy designs with the most up-to-date functions, and authentic handsets.

The design-driven handsets being introduced to the Hong Kong market continued to appeal to local fashion-conscious consumers who call for mobile devices that make a personal statement.

Despite the unflagging popularity of Korean handset brands, the Group will still face multiple challenges and difficulties in the coming years. Fierce price competition and shorter product cycles continued to cripple the handset suppliers' profits and burdened marketers with increasing promotion expenditure.

Competition comes not only from conventional handset brands but also from substantial newcomers, such as the iPhone from Apple and the Blackberry from Research in Motion. At the same time, all-in-one smartphones featuring larger screen displays and keyboards are setting the next trend. Suppliers have no choice but to follow the wave of non-stop technology innovation and allocate extra resources to research and development.

The Group will continue to strengthen its relationships with local network operators to ensure that the release of new models is seamlessly incorporated with the promotion schedules of all business partners.

Employee information

As at 30 September 2007, the Group employed a work force of 98 (2006: 79). Staff costs, including salaries and bonuses, were approximately HK$54 million (2006: HK$44 million).

The Group adheres to a competitive remuneration policy to ensure it can 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.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Adapting and adhering to recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board of Directors (the "Board") believes that good corporate governance is one of the areas that leads to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

Throughout the year ended 30 September 2007, the Company has complied with the code provisions ("Code Provisions") set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for certain deviations specified with considered reasons as explained below.

THE BOARD OF DIRECTORS

Composition and Responsibilities

The Board currently comprises eight directors, of which four are Executive Directors, one is a Non-executive Director, and three are Independent Non-executive Directors.

The Board members are:

Executive Directors:
Mr. SY Ethan, Timothy *(Chairman)*
Mr. CHEUNG Wing Yin, Vigny Wiley
Mr. SUNG Yee Keung, Ricky
Mr. WAN Kwok Cheong

Non-executive Director:
Mr. KO Wai Lun, Warren

Independent Non-executive Directors:
Mr. Andrew David ROSS
Mr. Geoffrey William FAWCETT
Mr. Charles Robert LAWSON

The biographical details of each Director are set out in the section "Human Capital" on pages 20 and 21.

While the Board is primarily overseeing and managing the Company's affairs, the Chairman of the Board provides leadership to the Board in carrying out its duties. The Executive Directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The Non-executive Directors (including Independent Non-executive Directors) contribute valuable views and proposals for the Board's deliberation and decisions.

The positions of Chairman of the Board and Chief Executive Officer ("CEO") of the Company are both currently carried on by Mr. SY Ethan, Timothy. Although 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 Board considers that the structure currently operated by the Company 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.

Board Meetings

The Board members meet regularly, normally four times each year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. During the year ended 30 September 2007, four regular Board meetings were held and the attendance records of individual Directors are set out below:

	Number of Meetings Attended/Held
Executive Directors:	
Mr. SY Ethan, Timothy	4/4
Mr. CHEUNG Wing Yin, Vigny Wiley	3/4
Mr. SUNG Yee Keung, Ricky	2/4
Mr. WAN Kwok Cheong	4/4
Mr. PANG Leung Ming (resigned on 12 March 2007)	2/2
Non-executive Director:	
Mr. KO Wai Lun, Warren	3/4
Independent Non-executive Directors:	
Mr. Andrew David ROSS	4/4
Mr. Geoffrey William FAWCETT	4/4
Mr. Charles Robert LAWSON	4/4

Appropriate notices are given to all Directors in advance for attending regular and other Board meetings. Meeting agendas and other relevant information are normally provided to the Directors in advance of Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

Both draft and final version of the minutes are sent to all Directors for their comments and records. Minutes of Board meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

Appointment, Re-election and Removal

All Non-executive Directors have entered into service contracts with the Company for a specific term of two years.

Code Provision A.4.2 provides that every director should be subject to retirement by rotation at least once every three years. According to Article 116 of the articles of association, 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.

The Board is collectively responsible for appointing new Directors either to fill casual vacancies or as additional Board members and removing any Director. Candidates to be appointed are those experienced, high calibre individuals with sufficient skill and knowledge required for the positions. All candidates must be able to meet the standards as set forth in rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an Independent Non-executive Director should also meet the independence criteria set out in rule 3.13 of the Listing Rules. During the year ended 30 September 2007, there was no change in the composition of the Board other than the resignation of Mr. PANG Leung Ming.

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 of conduct 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 year under review.

Confirmation of Independence

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Emolument Policy

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of Executive Directors are determined based on the skill, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration of the Company's performance and prevailing market conditions. The remuneration policy of Non-executive Directors (including Independent Non-executive Directors) is to ensure that the Non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. The emoluments of Non-executive Directors are determined with reference to their experience, duties and knowledge.

Remuneration Committee

The Board established the Remuneration Committee in July 2006 with written terms of reference in compliance with the Code Provisions. The Committee comprises three Independent Non-executive Directors, namely Messrs. Geoffrey William FAWCETT, Andrew David ROSS and Charles Robert LAWSON, one Non-executive Director, namely Mr. KO Wai Lun, Warren and one Executive Director, namely Mr. SY Ethan, Timothy, and is chaired by Mr. Geoffrey William FAWCETT.

The Remuneration Committee is responsible for, inter alia, making recommendations to the Board on the Company's emolument policy of Directors and on the establishment of a formal and transparent procedure for developing such policy. The written terms of reference of the Remuneration Committee are available on the Company's website.

During the year ended 30 September 2007, the Remuneration Committee held two meetings during which the duties, roles and performance of the Executive Directors were reviewed. The Committee also made recommendation to the Board on the remuneration to the Directors.

The attendance records of individual Committee members at Remuneration Committee meetings held during the year are set out below:

	Number of Meetings Attended/Held
Mr. Geoffrey William FAWCETT *(Chairman)*	2/2
Mr. Andrew David ROSS	2/2
Mr. Charles Robert LAWSON	2/2
Mr. KO Wai Lun, Warren	1/2
Mr. SY Ethan, Timothy	2/2

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group. The financial statements set out on pages 36 to 93 were prepared on a going concern basis. Financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

During the year, the Company engaged Messrs. HLB Hodgson Impey Cheng ("HLB") as the external auditors. Apart from providing audit services, HLB also reviewed the interim results of the Group. The fees in respect of audit and non-audit services provided by HLB for the year ended 30 September 2007 amounted to HK$1,370,000 and HK$254,850 respectively.

The reporting responsibilities of HLB are set out in the Independent Auditors' Report on pages 34 and 35.

Internal Controls

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness.

During the year, the Company has conducted reviews on the effectiveness of the internal control system as required by the Code Provisions. The Audit Committee has also reviewed with members of the management the scope, progress and results of the internal control review plan.

In addition, a leading independent professional audit firm was appointed to conduct a review of the system of internal control of certain business cycles and to provide recommendations on areas of improvement. The report was reviewed by the Audit Committee during the year. Key recommendations have been implemented together with further improvements recommended by the Board to further enhance internal control policies, procedures and practices.

Audit Committee

The existing Audit Committee of the Company was established in December 2004, with written terms of reference in compliance with the Code Provisions adopted in August 2005 (which were further reviewed by the Board in July 2006). The Audit Committee reports to the Board and has held regular meetings since its establishment to review and make recommendations to improve the Group's financial reporting process and internal controls. The Committee currently comprises three Independent Non-executive Directors, namely Messrs. Andrew David ROSS, Geoffrey William FAWCETT and Charles Robert LAWSON and one Non-executive Director, namely Mr. KO Wai Lun, Warren, and is chaired by Mr. Andrew David ROSS.

The revised written terms of reference of the Audit Committee are available on the Company's website.

During the year, 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. The Audit Committee also met with the external auditors and reviewed the annual and interim reports of the Company.

The Audit Committee members met three times during the year, and the attendance records of individual Committee members are set out below:

	Number of Meetings Attended/Held
Mr. Andrew David ROSS *(Chairman)*	3/3
Mr. Geoffrey William FAWCETT	3/3
Mr. Charles Robert LAWSON	3/3
Mr. KO Wai Lun, Warren	2/3

DELEGATION BY THE BOARD

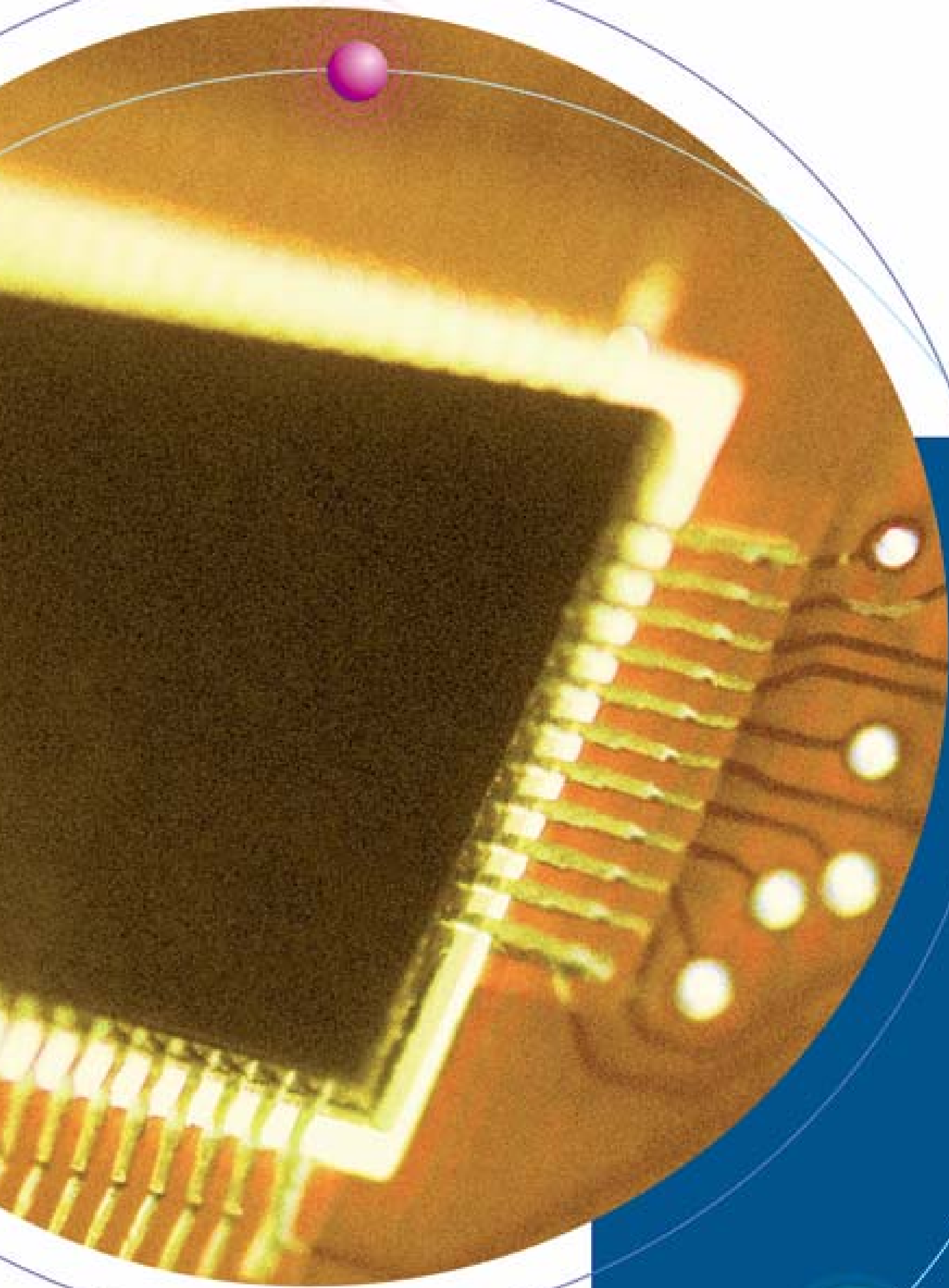
While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various Board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these Board committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association).

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the Executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, Board membership, delegation of authority and corporate governance.

COMMUNICATION WITH SHAREHOLDERS

In order to provide more relevant information to our shareholders, the Company has also published on its website, the composition of the Board committees as well as their respective written terms of reference.

Specific enquiries from shareholders can be sent in writing to the Company at our head office in Hong Kong or by email or through the Company's Investor Relations Adviser.



Human Capital

The continuous vigorous rebound in Hong Kong's economy has been inevitably followed by surging labour costs. Frontline sales, sales-and-support staff, and IT personnel are among the top five jobs in high demand. To ensure that all staff are appropriately rewarded, the Group constantly revisits its salary and commissions matrix to stay abreast of market trends as well as to monitor the performance of individual staff. Management also regularly reviews its human resources policies, as well as staff remuneration, professional development and succession plans.

The Group maintains its position of making human capital the top corporate priority because it believes that its competitive advantage relies on its team of high-calibre staff who are capable of reacting to the ever-changing business environment as well as responding to the latest developments in technology and applications. Training programmes continue to be a key practice enabling staff to remain up to date with the latest technology developments. At the same time, a clear hierarchy is implemented to demonstrate a structured career path within the Group as well as keeping the staff motivated.

To operate efficiently and effectively in the complex and ever-changing environment of the telecommunications market, there is the need for experience, continuity, and know-how and skills to ensure the ongoing reliability of our service to customers. To this end, we wish to thank and congratulate our colleagues for their continuing dedication to quality.

HUMAN CAPITAL

EXECUTIVE DIRECTORS

Mr. SY Ethan, Timothy, aged 34, is the Chairman and Chief Executive Officer of the Company. He joined the Group in 1997 and is responsible for the Group's corporate strategies.

Mr. CHEUNG Wing Yin, Vigny Wiley, aged 46, is an Executive Director of the Company. He joined the Group in 1998. He is responsible for the Group's strategic procurement management and heads up the Macau Office and MIS Department. Mr. Cheung holds a Bachelor of Science Degree from the University of Toronto, Canada. He has over 15 years of experience in sales and marketing of engineering products.

Mr. SUNG Yee Keung, Ricky, aged 42, is an Executive Director of the Company. He joined the Group in 1993 and is responsible for the Group's strategic planning. Mr. Sung has over 15 years of experience in the customer telecommunications industry and over 18 years of trading experience in the People's Republic of China.

Mr. WAN Kwok Cheong, aged 49, is an Executive Director of the Company. He joined the Group in 2000 and is responsible for the customer relationship and business development of the Group. Prior to joining the Group, he was an elected Director for the Real Estate Board of Great Vancouver in Canada and had served on the Board's business practices and administration. He has over 20 years of experience in the sales and marketing industry.

NON-EXECUTIVE DIRECTOR

Mr. KO Wai Lun, Warren, aged 40, is a Non-executive Director of the Company since 2003. Educated in England and Canada, Mr. Ko obtained his Bachelor of Science Degree from Simon Fraser University in Canada and Bachelor of Laws Degree in England. He was a partner of Richards Butler, an international law firm, between 2001 and 2005. He is currently a partner at the law firm, Robertsons and specialises in corporate finance work including initial public offerings, mergers and acquisitions and restructuring. He is qualified to practise law in both England and Wales and Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Andrew David ROSS, aged 54, is an Independent Non-executive Director of the Company since 2004. He is a partner of Baker Tilly Hong Kong Limited, Certified Public Accountants and the finance director of Windy City International Limited. Mr. Ross holds a Bachelor of Arts Degree in Accountancy and Law and is a member of both the Institute of Chartered Accountants of Scotland and the Hong Kong Institute of Certified Public Accountants. Mr. Ross has over 30 years of experience in auditing, business accounting, taxation and business valuations and has been involved in due diligence investigations, preparation of pre-listing documents and giving expert opinions on a number of auditing and accounting issues.

Mr. Geoffrey William FAWCETT, aged 50, is an Independent Non-executive Director of the Company since 2004. Graduated from John Moores University of Liverpool, England, Mr. Fawcett has over 30 years of experience in the maritime transportation industry, particularly in successfully formulating plans and strategies for Fortune 200 level maritime transportation companies, the fastest growing US State Port Authority and a variety of other large international organisations.

Mr. Charles Robert LAWSON, aged 58, is an Independent Non-executive Director of the Company since 2005. Mr. Lawson is the senior vice president of Amerex International (H.K.) Limited. He is a fellow member of both the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Mr. Lawson has extensive experience in general and financial management. He has been exposed to a number of bank negotiations and restructuring documentation. He also has extensive knowledge of most of the areas in the Far East region.

Market Overview

With global sales of 100 million handsets a month, there are now more than 3 billion mobile phones worldwide, three times the number of personal computers ("PCs") and laptops, indicating that the mobile has become the ultimate communication device. On the Asia Pacific regional front, handset sales rose 39% in volume to reach 149 million units during the first half of 2007, with mainland China continuing to account for the major share of these sales.

The mobile revolution, as expected since the introduction of 3G telecommunications, has progressed at a faster pace in the Asia Pacific region than many other markets. IDC predicts that 3G mobile services will take off in Asia Pacific over the next five years, with a total 142.6 million 3G users in the region by 2009, and with Japan, South Korea, Hong Kong, Australia and Singapore having the highest 3G penetration rates. Overall, however, while the broadband revolution of the past 18 months has transformed Internet usage on PCs, the mobile transition to the Internet still lags behind.

To enable users to enjoy the Internet on a mobile phone, enjoyment is the operative word. Poor user experience has hitherto been a problem deterring users. Another deterrent has been cost. A number of industry developments in the past year have helped accelerate customer acceptance of 3G phones. On the connectivity front, handsets with quad-band network support and PC-compatibility were released, coinciding with the development of 3.5G with greater connection speeds. These were bundled with boosted storage and new applications to compress information memory, maintaining more of the quality of the online content. More transparent, flat-rate pricing systems have also been adopted by an increasing number of phone networks in order to lure customers. These are all positive moves driving 3G acceptance.

MARKET OVERVIEW

As predicated by players in the mobile phone market, the transition to 3G experienced a relatively faster pace in the year under review, and continued to provide impetus for growth in the demand for new handsets. Major brands launched more compact and stylish 3G phones featuring more sophisticated and user-friendly technologies.

Closer to our home market, mobile phone sales in mainland China are forecast by CCID Consulting to reach 150 million units in 2007, up about 23% year on year. The consulting firm also predicted that mobile sales would be further driven by the forthcoming launch of the 3G mobile networks, and would exceed 200 million units in 2009. Growth will also be helped by the expansion by the country's mobile networks of mobile coverage in the less-saturated rural villages.

Mainland China has encouraged 3G development in preparation for the Beijing Olympics in 2008. While China Mobile has recently announced the purchase of 3G phones based on the country's home-grown time division-synchronous code division multiple access ("TD-SCDMA") standard, analysts expect the long-awaited 3G phone services to require more time to mature. Mass construction of TD-SCDMA networks and nationwide commercial use of 3G services are not expected until the end of 2008.

Hong Kong remains an important component of the regional mobile phone market. After years of delays, penetration of 3G in Hong Kong scored a modest breakthrough in 2007. As of September 2007, Hong Kong had a mobile subscriber penetration rate of 143.4%, with a total of 9.9 million mobile subscribers. 2.5G and 3G mobile subscribers totalled 2.5 million, of which more than 1.7 million were 3G customers.

The Group will continue to stay on the cutting edge of mobile communications trends, and will plan and implement multiple product launches across the full width of its product range according to a well planned timetable, but one which will also take into account new technology developments and new market trends.

CORPORATE INFORMATION

Executive Directors	Mr. SY Ethan, Timothy Mr. CHEUNG Wing Yin, Vigny Wiley Mr. SUNG Yee Keung, Ricky Mr. WAN Kwok Cheong
Non-executive Director	Mr. KO Wai Lun, Warren
Independent Non-executive Directors	Mr. Andrew David ROSS Mr. Geoffrey William FAWCETT Mr. Charles Robert LAWSON
Registered office	Ugland House South Church Street P.O. Box 309 George Town Grand Cayman Cayman Islands
Head office and principal place of business	16/F., ICBC Tower Citibank Plaza 3 Garden Road Central Hong Kong Tel. : 2425-8888 Fax. : 3181-9980 E-mail : info@iglobaltech.com Website : www.iglobaltech.com
Company Secretary	Ms. WONG Shuk Ching
Authorised representatives	Mr. SY Ethan, Timothy Mr. CHEUNG Wing Yin, Vigny Wiley
Hong Kong legal advisers	Dibb Lupton Alsop 41/F., Bank of China Tower 1 Garden Road Central Hong Kong Richards Butler in association with Reed Smith 20/F., Alexandra House 16-20 Chater Road Central Hong Kong

CORPORATE INFORMATION

Auditors	HLB Hodgson Impey Cheng 31/F., Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Principal banker	DBS Bank (Hong Kong) Limited G/F., The Center 99 Queen's Road Central Central Hong Kong
Principal share registrar and transfer office	Butterfield Fund Services (Cayman) Limited Butterfield House Fort Street, P.O. Box 705 George Town Grand Cayman Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Abacus Limited 26/F., Tesbury Centre 28 Queen's Road East Hong Kong
Singapore share transfer agent	Boardroom Corporate & Advisory Services Pte. Ltd. 3 Church Street #08-01 Samsung Hub Singapore 049483
Listing information	The Stock Exchange of Hong Kong Limited: 0143 Singapore Exchange Securities Trading Limited: G11
Investor relations adviser	t6.communications limited 202 Sunning Plaza 10 Hysan Avenue Causeway Bay Hong Kong Tel. : 2511-8388 Fax. : 2511-8238 E-mail : enquiry@t6pr.com

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements of the Company and the Group for the year ended 30 September 2007.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries of the Company are set out in note 21 to the financial statements.

An analysis of the Group's performance for the year ended 30 September 2007 by business and geographical segments is set out in note 8 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 September 2007 are set out in the consolidated income statement on page 36.

The Directors resolved not to make any payment of an interim dividend (2006: Nil) and do not recommend the payment of a final dividend (2006: Nil) for the year ended 30 September 2007.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 30 September 2007 are set out in the consolidated statement of changes in equity on page 40 and note 34 to the financial statements respectively.

DONATIONS

The Group make a charitable and other donations of HK$50,000 during the year ended 30 September 2007.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company during the year ended 30 September 2007 are set out in note 19 to the financial statements.

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 year ended 30 September 2007.

BANK BORROWINGS

Details of the bank borrowings of the Group and the Company as at 30 September 2007 are set out in note 30 to the financial statements.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors who held office during the year ended 30 September 2007 and up to the date of this report are as follows:

Mr. SY Ethan, Timothy
Mr. CHEUNG Wing Yin, Vigny Wiley
Mr. SUNG Yee Keung, Ricky
Mr. WAN Kwok Cheong
Mr. KO Wai Lun, Warren*
Mr. Andrew David ROSS**
Mr. Geoffrey William FAWCETT**
Mr. Charles Robert LAWSON**
Mr. PANG Leung Ming (resigned on 12 March 2007)

* *Non-executive Director*
** *Independent Non-executive Director*

In accordance with Article 116 of the Articles of Association of the Company, Messrs. WAN Kwok Cheong, Geoffrey William FAWCETT and Charles Robert LAWSON shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are set out on pages 20 and 21.

DISTRIBUTABLE RESERVES

Details of distributable reserves of the Company as at 30 September 2007 are set out in note 34 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 94.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting have a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

CONNECTED TRANSACTIONS

No transactions were entered into by the Group during the year ended 30 September 2007, which constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 37 to the financial statements, no Director had material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party at any time during the year ended 30 September 2007.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, no Director has been recorded as having interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 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 the Hong Kong) (the "SFO"):

(a) Ordinary shares

Name of Director	Number of shares held as at 30 September 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 30 September 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 on 16 March 1999, details of which are set out in note 36 to the financial statements. Upon exercise of the share options in accordance with the said share option scheme, ordinary shares of HK$0.01 each in the share capital of the Company are issuable.

Save as disclosed above, as at 30 September 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Apart from the above, at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS DISCLOSEABLE UNDER THE SFO

As at 30 September 2007, the register of substantial shareholders maintained under section 336 of the SFO shows that the following companies (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 30 September 2007.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 September 2007.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year ended 30 September 2007 attributable to the Group's major suppliers and customers are as follows:

	Percentage of the total purchases/sales accounted for
Purchases	
– the largest supplier	91.52%
– five largest suppliers combined	99.86%
Sales	
– the largest customer	52.37%
– five largest customers combined	81.50%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the five largest suppliers or customers of the Group noted above.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association although there are no restrictions against such rights under the laws of the Cayman Islands.

PENSION SCHEME

On 1 December 2000, the Group set up a Mandatory Provident Fund Scheme ("MPF Scheme") in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group and are under the control of an independent trustee.

Both the Group and its employees are required to contribute 5% of the employees' monthly salaries. The mandatory contributions required to be made respectively by the Group and an employee are each capped at HK$1,000 per month. Members are entitled to 100% of the employers' mandatory contributions as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until an employee reaches the retirement age of 65 or in accordance with the rules of the MPF Scheme.

In addition to the mandatory contributions, certain employees of the Group made voluntary contributions to the MPF Scheme and the Group also makes voluntary contributions of an amount equivalent to that contributed by those employees to the MPF Scheme. Total monthly contributions made by employees are capped at 5% of the employees' salaries. Since 1 January 2007, all employees no longer makes voluntary contributions, while the Group continues to make voluntary contributions for certain employees. Total monthly contributions made by the Group to an employee is capped at 5% of the relevant employee's salary.

PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITORS

The financial statements of the Group for the years ended 30 September 2004 to 2007 were audited by Messrs. HLB Hodgson Impey Cheng who were appointed as auditors of the Company in June 2005 in place of Messrs. Moores Rowland Mazars.

Messrs. HLB Hodgson Impey Cheng will retire at the forthcoming annual general meeting of the Company and a resolution for their re-appointment as auditors of the Company will be proposed at the said meeting.

On behalf of the Board
SY Ethan, Timothy
Chairman

Hong Kong, 10 January 2008

INDEPENDENT AUDITORS' REPORT

國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
GLOBAL TECH (HOLDINGS) LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Global Tech (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 93 which comprise the consolidated and company balance sheets as at 30 September 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 10 January 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	*7*	**1,368,239**	1,018,095
Cost of sales		**(1,317,708)**	(979,923)
Gross profit		**50,531**	38,172
Other revenue	*9*	**8,694**	5,936
Other income	*10*	**1,794**	4,516
Investment income, net	*11*	**31,206**	–
Selling and distribution expenses		**(32,121)**	(9,332)
Administrative expenses		**(107,670)**	(99,096)
Other operating expenses		**(184)**	(3,886)
Loss from operations	*12*	**(47,750)**	(63,690)
Finance costs	*13*	**(1,886)**	(66)
Loss before taxation		**(49,636)**	(63,756)
Taxation	*14*	**165**	(31,526)
Loss for the year attributable to equity holders of the Company		**(49,471)**	(95,282)
Dividends	*16*	**–**	–
Loss per share for loss attributable to equity holders of the Company	*17*		
Basic		**HK$(0.009)**	HK$(0.018)
Diluted		**N/A**	N/A

All of the Group's activities are classified as continuing.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 September 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Investment property	18	**12,000**	12,000
Property, plant and equipment	19	**4,311**	3,701
Intangible assets	20	**36,341**	–
Available-for-sale financial assets	22	**12,301**	79,275
		64,953	94,976
Current assets			
Inventories	23	**100,370**	38,274
Trade receivables	24	**152,095**	182,431
Prepayments, deposits and other receivables		**33,986**	51,476
Financial assets at fair value through profit or loss	25	**3,116**	–
Pledged time deposits	26	**75,204**	37,174
Cash and bank balances	27	**81,721**	115,194
		446,492	424,549
Current liabilities			
Trade payables	28	**83,608**	70,040
Accrued charges and other payables	29	**49,891**	26,418
Tax payable		**52,535**	52,885
Bank borrowings – secured	30	**62,667**	54,101
Obligation under finance lease – due within one year	31	**42**	40
		248,743	203,484
Net current assets		**197,749**	221,065
Total assets less current liabilities		**262,702**	316,041
Non-current liabilities			
Obligation under finance lease – due after one year	31	**–**	42
Deferred tax liabilities	32	**534**	534
		534	576
Net assets		**262,168**	315,465

CONSOLIDATED BALANCE SHEET

As at 30 September 2007

	Note	2007 HK$'000	2006 HK$'000
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	*33*	**51,659**	51,659
Reserves		**210,509**	263,806
Total equity		**262,168**	315,465

The financial statements were approved and authorised for issue by the board of directors on 10 January 2008 and signed on its behalf by:

SY Ethan, Timothy
Executive Director

CHEUNG Wing Yin, Vigny Wiley
Executive Director

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET

As at 30 September 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Interests in subsidiaries	*21*	**191,093**	191,093
Available-for-sale financial assets	*22*	**10,500**	10,500
		201,593	201,593
Current assets			
Amounts due from subsidiaries	*21*	**14,852**	56,528
Prepayments, deposits and other receivables		**330**	467
Cash and bank balances	*27*	**5,362**	3,039
		20,544	60,034
Current liabilities			
Accrued charges and other payables	*29*	**5,274**	6,264
Net current assets		**15,270**	53,770
Total assets less current liabilities		**216,863**	255,363
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	*33*	**51,659**	51,659
Reserves	*34*	**165,204**	203,704
Total equity		**216,863**	255,363

The financial statements were approved and authorised for issue by the board of directors on 10 January 2008 and signed on its behalf by:

SY Ethan, Timothy
Executive Director

CHEUNG Wing Yin, Vigny Wiley
Executive Director

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2007

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Investment property revaluation reserve HK$'000 (Note)	Available-for-sale financial assets revaluation reserve HK$'000	Exchange difference reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 October 2005	51,659	457,804	2,450	160	–	–	5,040	(110,644)	406,469
Exchange differences	–	–	–	–	–	–	(464)	–	(464)
Fair value adjustment upon transfer from leasehold land and buildings to investment property	–	–	–	–	3,055	–	–	–	3,055
Deferred tax effect on fair value adjustment upon transfer from leasehold land and buildings to investment property	–	–	–	–	(534)	–	–	–	(534)
Revaluation of available-for-sale financial assets	–	–	–	–	–	2,221	–	–	2,221
Loss for the year	–	–	–	–	–	–	–	(95,282)	(95,282)
At 30 September 2006 and 1 October 2006	51,659	457,804	2,450	160	2,521	2,221	4,576	(205,926)	315,465
Exchange differences	–	–	–	–	–	–	(1,605)	–	(1,605)
Revaluation of available-for-sale financial assets	–	–	–	–	–	26,217	–	–	26,217
Transfer to profit or loss upon disposal	–	–	–	–	–	(28,438)	–	–	(28,438)
Loss for the year	–	–	–	–	–	–	–	(49,471)	(49,471)
At 30 September 2007	**51,659**	**457,804**	**2,450**	**160**	**2,521**	**–**	**2,971**	**(255,397)**	**262,168**

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.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2007

	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(49,636)**	(63,756)
Adjustments for:		
Depreciation	**2,140**	2,098
Amortisation of leasehold land	**–**	174
Amortisation of intangible assets	**2,039**	–
Realised gain on disposals of available-for-sale financial assets	**(31,165)**	–
Fair value changes on financial assets at fair value through profit or loss	**(41)**	–
Loss on disposals of financial assets at fair value through profit or loss	**–**	691
Loss on disposals of property, plant and equipment	**92**	10
Dividend income from listed investments	**(220)**	(526)
Interest income	**(5,325)**	(5,410)
Interest expenses	**1,886**	66
Operating cash flows before movements in working capital	**(80,230)**	(66,653)
(Increase)/decrease in inventories	**(62,096)**	756
Decrease/(increase) in trade receivables	**30,325**	(6,175)
Decrease in prepayments, deposits and other receivables	**17,471**	75,026
Increase in financial assets at fair value through profit or loss	**(3,075)**	–
Increase/(decrease) in trade payables	**13,574**	(3,009)
Increase/(decrease) in accrued charges and other payables	**23,503**	(3,604)
Cash used in operations	**(60,528)**	(3,659)
Interest expenses	**(1,886)**	(66)
Profits tax paid	**(185)**	(98,338)
Net cash used in operating activities	**(62,599)**	(102,063)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(2,842)**	(664)
Acquisition costs of intangible assets	**(38,380)**	–
Purchase of available-for-sale financial assets	**–**	(64,753)
Purchase of financial assets at fair value through profit or loss	**–**	(10,784)
Interest income	**5,325**	5,410
Proceeds from disposals of financial assets at fair value through profit or loss	**–**	10,093
Proceeds from disposals of available-for-sale financial assets	**95,918**	–
Dividend income from listed investments	**220**	526
Net cash generated from/(used in) investing activities	**60,241**	(60,172)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2007

	2007	2006
	HK$'000	HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease)/increase in bank borrowings – trust receipt	**(3,146)**	11,479
Increase in pledged time deposits	**(38,030)**	(37,174)
Payment of capital element of finance lease	**(40)**	(35)
Net cash used in financing activities	**(41,216)**	(25,730)
Net decrease in cash and cash equivalents	**(43,574)**	(187,965)
Cash and cash equivalents at beginning of the year	**72,572**	261,827
Effect of foreign exchange rate changes	**(1,611)**	(1,290)
Cash and cash equivalents at the end of the year	**27,387**	72,572
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**81,721**	115,194
Bank overdrafts *(Note 30)*	**(54,334)**	(42,622)
	27,387	72,572

The accompanying notes form an integral part of these financial statements.

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 9 December 1998 as an exempted company with limited liability and its shares have a primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and a secondary listing on Singapore Exchange Securities Trading Limited.

The registered office of the Company is Ugland House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands and the principal place of business of the Company is located at 16/F., ICBC Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its principal subsidiaries are set out in note 21 to the financial statements.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations, which are either effective for annual accounting periods beginning on or after 1 January 2006. A summary of the new HKFRSs adopted by the Group is set out as follows:

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

The adoption of the above new HKFRSs did not result in substantial changes to the Group's accounting policies and did not result in significant impact to the Group's results and financial position.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKAS 1 (Amendment)	Capital Disclosures [1]
HKAS 23 (Revised)	Borrowing Costs [2]
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]
HK(IFRIC) – Int 13	Customer Loyalty Programmes [6]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [5]

Note:

1 *Effective for annual periods beginning on or after 1 January 2007*
2 *Effective for annual periods beginning on or after 1 January 2009*
3 *Effective for annual periods beginning on or after 1 November 2006*
4 *Effective for annual periods beginning on or after 1 March 2007*
5 *Effective for annual periods beginning on or after 1 January 2008*
6 *Effective for annual periods beginning on or after 1 July 2008*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The directors of the Company anticipate that the application of these new and revised HKFRSs should have no significant impact on the results and financial position of the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements of the Group and of the Company are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosure provisions of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the financial statements is the 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 stated at their fair values. The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the application of the Group's accounting policies.

Certain comparative figures have been restated to conform to the current year's presentation.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 30 September each year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (Continued)

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All significant inter-company transactions, balances and unrealised gains on transactions among group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Interests in subsidiaries

Interests in subsidiaries are stated at cost less any allowance for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received or receivables.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Unallocated costs represent corporate expenses. Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment assets consist primarily of property, plant and equipment, investment properties, inventories, receivables, other assets, operating cash and mainly exclude certain available-for-sale financial assets, intangible assets and corporate assets. Segment liabilities consist primarily of operating liabilities and exclude items such as deferred tax, certain corporate provisions and borrowings.

(e) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:–

i. Revenue from the sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed;

ii. Service income is recognised when services are rendered;

iii. Proceeds from sale of financial assets are recognised on a trade date basis;

iv. Interest income is recognised, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and

v. Dividend income from investments is recognised when the Group's right to receive payment is established.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

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

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is provided to write off the cost of property, plant and equipment, using the straight-line method, over their estimated useful lives. The principal annual rates are as follows:

Computers and equipment	20 – 30%
Furniture and fixtures	20%
Leasehold improvements	20 – 100%
Motor vehicles	30%

The gain or loss arising from disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

(g) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property is carried at fair value. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the property being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment property (Continued)

Changes in fair values are recognised in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

(h) Leases

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition 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 an obligation under finance lease. Finance charges are charged directly to the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Foreign currency translation

i. *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong Dollars, which is the Company's functional and presentation currency.

ii. *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the revaluation reserve in equity.

iii. *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits

i. *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

ii. *Retirement benefit obligations*

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by an independent trustee. All contributions to the MPF scheme are charged to the income statement as incurred and reduced by contributions forfeited by those employees who leave the MPF scheme prior to vesting fully in contributions.

The Group also undertakes mandatory pension schemes covering retirement benefits for its Taiwan employees as required by relevant legislations and regulations in Taiwan.

The Group also undertakes the state-sponsored retirement benefits scheme organised by the relevant local government authority for its employees in the PRC.

iii. *Share-based compensation*

The fair value of the employee services received in exchange for the grant of the share options and restricted share awards is recognised as an expense in the income statement.

The total amount to be expensed over the vesting period is determined with reference to the fair value of the share options and restricted share awards granted. At each balance sheet date, the Company revises its estimates of the number of share options that are expected to become exercisable and the number of restricted share awards that become vested. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity in the balance sheet will be made over the remaining vesting periods.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium accounts when the share options are exercised and when the restricted share awards are vested.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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 is the profit for the year, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases 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 difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries and associates, 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 period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any identified impairment losses *(see note 4(p))*. Amortisation for intangible assets with finite useful lives is charged to the income statement on a straight-line basis over their estimated useful lives.

The Group's intangible assets with finite useful lives are amortised from the date they are available for use and the estimated useful lives are as follows:

Customer list	10 years
Handset market data bank	3 years

Both the useful lives and the method of amortisation are reviewed annually.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents the invoiced cost of inventories. In general, costs are assigned to individual items on a weighted average basis. Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation.

(n) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. 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 the income statement.

i. Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables 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 of financial assets 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 comprise financial assets held for trading purpose and derivative financial instruments that are not designated as effective hedging instruments. 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 the income statement in the period in which they arise.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments (Continued)

i. Financial assets (Continued)

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 are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in the income statement. Any impairment losses on available-for-sale financial assets are recognised in the income statement. Impairment losses on available-for-sale financial assets will not be reversed in subsequent periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments (Continued)

i. *Financial assets (Continued)*

Available-for-sale financial assets (Continued)

For available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not be reversed in subsequent periods.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale financial assets are recognised in equity. When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments (Continued)

ii. Financial liabilities and equities

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.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss have two sub-categories, including financial liabilities 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 liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in the income statement in the period in which they arise.

Other financial liabilities

Other financial liabilities including trade and other payables and bank borrowings, are subsequently measured at amortised cost, using the effective interest method. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due in accordance with the original or modified terms of debt instrument. A financial guarantee contract issued by the Group and not designated as financial assets at fair value through profit or loss is recognised initially at its fair value less transaction costs which are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments (Continued)

iii. Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred or the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

For financial liabilities, they are removed from the Group's balance sheet when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in the income statement.

(p) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to determine whether there is any indication of impairment of assets, or whether there is any indication that an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant policy for that revalued asset.

i. Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of any asset and from its disposal at the end of its useful life. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of asset that generates cash inflows independently (i.e. a cash-generating unit).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Impairment of assets (Continued)

ii. *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates the reversal effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(q) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within bank borrowings in current liabilities on the balance sheet.

(r) Provision

A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value money is material, the amount of a provision is the present value at the balance sheet date of the expenditures expected to be required to settle the obligation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. All borrowing costs are recognised in the income statement in the period in which they are incurred.

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(u) Related parties transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control or common significant influences.

A transaction is considered to be a related party transaction where there is a transfer of resources or obligations between related parties.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and equity price risk), credit risk, liquidity risk and cash flow and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's treasury function operates as a centralised service for managing financial risks and for providing cost efficient funding to the Group.

(a) Market risk

i. Foreign exchange risk

The Group operates mainly locally and most debtors and creditors are denominated in Hong Kong Dollars and United States Dollars. Hong Kong Dollars are pegged to United States Dollars and the foreign exchange exposure between them are considered limited.

ii. Equity price risk

The Group is exposed to equity securities price risk because the Group's financial assets at fair value through profit or loss are carried at fair value at each balance sheet date. The Group manages the equity price risk exposure by maintaining a portfolio of investments with different risk profiles.

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. As at 30 September 2007, the five largest debtors accounted for approximately 84% of total trade debts, net of impairment loss. The Group has credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit on an annual basis. At each balance sheet date, the management of the Group has also reviewed the recoverable amount of each individual debt to ensure that adequate impairment losses are made where there is evidence of a reduction in the recoverability of the cash flows. The Directors are of the opinion that adequate provision has been made in the consolidated financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group manages its liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and long term.

(d) Cash flow and fair value interest-rate risk

Fair value interest-rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest-rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's cash flow interest-rate risk arises from bank borrowings. The Group's fair value interest-rate risk mainly arises from fixed-rate short-term bank deposits. The Group currently does not have an interest-rate hedging policy. However, the management monitors interest-rate exposure and will consider hedging significant interest-rate exposure should the need arises.

5.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of the other financial instruments that are not traded in an active market is determined by using valuation techniques, such as discounted cash flows.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, trade and other receivables, cash and cash equivalents, trade and other payables and current borrowings approximate to their fair values.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Allowance for impairment of trade and other receivables

The allowance for impairment of trade and other receivables are based on the ongoing evaluation of the estimated recoverability of the outstanding receivables and on management's judgement. From time to time, the Group may experience delays in collection. Where recoverability of the balances are called into doubts, resulting in an impairment of their ability to make payments, provision may be required. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectibility of trade and other receivables for which provisions are not made could affect our results of operations.

(b) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

(c) Estimate of fair value of investment property

Investment property is stated at fair value based on the valuation performed by a firm of independent qualified valuers. In determining the fair value, the valuer has based on method of valuation which involves certain estimates and assumptions. In relying on the valuation report, the management has exercised their judgements and is satisfied that the method of valuation is reflective of the current market conditions. Should there are any changes in assumptions due to change of market conditions, the fair value of the investment property will be adjusted accordingly.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Allowance for obsolete and slow-moving inventories

Inventories are stated at the lower of cost and net realisable value. Assessment of net realisable value is based primarily on the latest invoice prices and current market conditions. The Group also carries out review of inventories on a product-by-product basis at each balance sheet date and makes allowance for obsolete and slow-moving items.

(e) Estimate of impairment on intangible assets

The Group performs annual tests on whether there has been impairment of intangible assets. The recoverable amounts of the intangible assets were assessed by a firm of independent qualified valuers using appropriate technical models which may involve the use of estimates and assumptions. If the carrying values exceeded the recoverable amounts of the intangible assets, impairment loss would be recognised in the income statement.

7. TURNOVER

The principal activities of the Group are (i) trading of telecommunications products; (ii) provision of repair services of telecommunications products; and (iii) investment in financial assets.

Turnover represents the sales value of goods supplied to customers, income from repair services rendered and proceeds from sales of financial assets. An analysis of the Group's revenue recognised in turnover during the year is as follows:

	2007	2006
	HK$'000	HK$'000
Sales of goods	**1,306,391**	1,011,939
Provision of repair services	**4,125**	6,156
Investment in financial assets	**57,723**	–
	1,368,239	1,018,095

8. SEGMENT INFORMATION

The Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

8. SEGMENT INFORMATION (CONTINUED)

Business segments

During the year ended 30 September 2007, the Group was principally engaged in (i) trading of telecommunications products; (ii) provision of repair services of telecommunications products; and (iii) investment in financial assets.

Segment information about these businesses for the year ended 30 September 2007 and 2006 is as follows:

	Trading of telecommunications products 2007 HK$'000	Provision of repair services of telecommunications products 2007 HK$'000	Investment in financial assets 2007 HK$'000	Consolidated 2007 HK$'000
Turnover	1,306,391	4,125	57,723	1,368,239
Segment results	(47,374)	(4,384)	33,672	(18,086)
Unallocated expenses				(29,664)
Finance costs				(1,886)
Loss before taxation				(49,636)
Taxation				165
Loss for the year attributable to equity holders of the Company				(49,471)
Segment assets	443,216	3,959	38,747	485,922
Available-for-sale financial assets				12,301
Unallocated corporate assets				13,222
Consolidated total assets				511,445
Segment liabilities	179,865	980	–	180,845
Unallocated corporate liabilities				68,432
Consolidated total liabilities				249,277
Capital expenditure	27,432	294	–	
Depreciation and amortisation	3,411	373	–	

8. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Trading of telecommunications products 2006 HK$'000	Provision of repair services of telecommunications products 2006 HK$'000	Investment in financial assets 2006 HK$'000	Consolidated 2006 HK$'000
Turnover	1,011,939	6,156	–	1,018,095
Segment results	(61,312)	(1,687)	(691)	(63,690)
Finance costs				(66)
Loss before taxation				(63,756)
Taxation				(31,526)
Loss for the year attributable to equity holders of the Company				(95,282)
Segment assets	431,167	7,740	66,974	505,881
Available-for-sale financial assets				12,301
Unallocated corporate assets				1,343
Consolidated total assets				519,525
Segment liabilities	147,748	927	–	148,675
Unallocated corporate liabilities				55,385
Consolidated total liabilities				204,060
Capital expenditure	654	10	–	
Depreciation and amortisation	1,953	319	–	

8. SEGMENT INFORMATION (CONTINUED)

Geographical segments

During the year ended 30 September 2007 and 2006, more than 99% of the Group's turnover, total assets and capital expenditure were derived from and located in Hong Kong and Macau. Therefore, no geographical segment for the respective years is presented.

9. OTHER REVENUE

	2007	2006
	HK$'000	HK$'000
Interest income	**5,325**	5,410
Compensation of legal and professional fees	**3,149**	–
Dividend income from listed investments	**220**	526
	8,694	5,936

10. OTHER INCOME

	2007	2006
	HK$'000	HK$'000
Realised exchange gain	**12**	–
Unrealised exchange gain	**1,550**	513
Sundry income	**232**	4,003
	1,794	4,516

11. INVESTMENT INCOME, NET

	2007 HK$'000	2006 HK$'000
Fair value changes on financial assets at fair value through profit or loss	**41**	–
Realised gain on disposals of available-for-sale financial assets	**31,165**	–
	31,206	–

12. LOSS FROM OPERATIONS

Expenses included in cost of sales, selling and distribution expenses, administrative expenses and other operating expenses are analysed as follows:–

	2007 HK$'000	2006 HK$'000
Cost of financial assets investments (included in cost of sales)	**53,001**	–
Cost of trading inventories sold	**1,194,441**	942,556
Employee benefit expenses *(Note 35)*	**52,458**	42,157
Retirement benefit costs *(Note 35)*	**1,875**	1,849
Depreciation		
– owned assets	**2,105**	2,063
– leased assets	**35**	35
Amortisation of leasehold land	**–**	174
Amortisation of intangible assets	**2,039**	–
Auditors' remuneration		
– current year	**1,679**	1,706
– over-provision in prior years	**–**	(399)
Realised exchange loss	**–**	246
Loss on disposals of financial assets at fair value through profit or loss	**–**	691
Loss on disposals of property, plant and equipment	**92**	10
Allowance for impairment of trade receivables	**92**	2,939
Allowance for obsolete and slow-moving inventories	**1,713**	5,064
Operating lease rental in respect of rental premises	**16,344**	10,422

13. FINANCE COSTS

	2007 HK$'000	2006 HK$'000
Interest element of finance leases	**9**	14
Interest expenses on secured bank borrowings wholly repayable within five years	**1,877**	52
	1,886	66

14. TAXATION

	2007 HK$'000	2006 HK$'000
Current tax:		
Hong Kong profits tax:		
Current year	**–**	36
(Over-provision)/under-provision in prior years	**(165)**	115,326
Overseas taxation:		
Over-provision in prior years	**–**	(83,496)
	(165)	31,866
Deferred tax:		
Reversal of unrealised loss	**–**	(340)
Taxation attributable to the Company and its subsidiaries	**(165)**	31,526

Note:

No provision for Hong Kong profits tax and overseas income tax have 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 current year's estimated assessable profits.

14. TAXATION (CONTINUED)

The tax (credit)/charge for the year is reconciled to the loss before taxation per the consolidated income statement as follows:

	2007		2006	
	HK$'000	**%**	HK$'000	%
Loss before taxation	**(49,636)**		(63,756)	
Tax at statutory tax rate	**(8,686)**	**(17.5)**	(11,157)	(17.5)
Tax effect of expenses that are not deductible in determining taxable profit	**4,161**	**8.4**	7,761	12.2
Tax effect of income that is not taxable in determining taxable profit	**(578)**	**(1.2)**	(3,626)	(5.7)
Unrecognised tax losses	**9,320**	**18.8**	28,310	44.4
Unrecognised deductible temporary differences	**(915)**	**(1.9)**	(20,512)	(32.2)
Utilisation of previously unrecognised tax losses	**(3,327)**	**(6.7)**	(765)	(1.2)
Others	**25**	**0.1**	25	–
Reversal of unrealised loss	**–**	**–**	(340)	(0.5)
Under-provision in prior years	**–**	**–**	115,326	180.9
Over-provision in prior years	**(165)**	**(0.3)**	(83,496)	(131.0)
Tax (credit)/charge and effective tax rate for the year	**(165)**	**(0.3)**	31,526	49.4

Note:

Tax payable in the consolidated balance sheet represents overseas tax provisions in prior years.

15. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The Group's consolidated loss attributable to equity holders is approximately HK$49,471,000 (2006: HK$95,282,000) of which net loss of approximately HK$38,466,000 (2006: HK$125,357,000) is dealt with in the financial statements of the Company.

16. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 30 September 2007 (2006: Nil).

17. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share is based on the loss attributable to equity holders of the Company of HK$49,471,000 (2006: HK$95,282,000) and on 5,165,973,933 (2006: 5,165,973,933) shares in issue during the year.

No diluted loss per share for the year ended 30 September 2007 has been presented as the share options outstanding during the year had an anti-dilutive effect on the basic loss per share for the year.

No diluted loss per share for the year ended 30 September 2006 has been presented as the exercise price of the Company's options was higher than the average market price of the shares for the year.

18. INVESTMENT PROPERTY

	Group	
	2007	2006
	HK$'000	HK$'000
At 1 October 2006/2005	**12,000**	–
Transfer from leasehold land	**–**	8,166
Transfer from property, plant and equipment	**–**	779
Fair value gain	**–**	3,055
At 30 September	**12,000**	12,000

The fair value of the Group's investment property as at 30 September 2007 was arrived at on the basis of a valuation carried out on 30 September 2007 by Asset Appraisal Ltd ("AAL"), a firm of independent qualified valuers. AAL has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to HKIS Valuation Standards on properties, was arrived by the reference to market evidence of transaction prices for similar properties.

During the year ended 30 September 2006, the Group transferred leasehold land and buildings located in Hong Kong to investment property. The leasehold land and buildings were revalued at its fair value at the date of transfer and the fair value adjustment amounting to HK$3,055,000 was credited to equity as investment property revaluation reserve.

As at 30 September 2007, the investment property of carrying amount of HK$12,000,000 (2006: Nil) was pledged to a bank to secure banking facilities granted to the Group.

The investment property is situated in Hong Kong under medium-term lease.

19. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computers and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:						
At 1 October 2005	940	6,633	1,725	5,249	1,820	16,367
Exchange difference	–	–	–	1	–	1
Additions	–	229	163	272	–	664
Transfer to investment property	(940)	–	–	–	–	(940)
Disposals	–	(37)	(7)	(1,217)	–	(1,261)
At 30 September 2006 and 1 October 2006	–	6,825	1,881	4,305	1,820	14,831
Exchange difference	–	1	–	3	–	4
Additions	–	581	131	2,130	–	2,842
Disposals	–	(191)	(275)	(626)	–	(1,092)
At 30 September 2007	**–**	**7,216**	**1,737**	**5,812**	**1,820**	**16,585**

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computers and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Accumulated depreciation:						
At 1 October 2005	147	2,940	1,457	4,078	1,820	10,442
Exchange difference	–	–	–	2	–	2
Charge for the year	14	1,348	117	619	–	2,098
Transfer to investment property	(161)	–	–	–	–	(161)
Written back on disposal	–	(37)	(7)	(1,207)	–	(1,251)
At 30 September 2006 and 1 October 2006	–	4,251	1,567	3,492	1,820	11,130
Exchange difference	–	1	–	3	–	4
Charge for the year	–	1,360	138	642	–	2,140
Written back on disposal	–	(145)	(236)	(619)	–	(1,000)
At 30 September 2007	**–**	**5,467**	**1,469**	**3,518**	**1,820**	**12,274**
Net book value:						
At 30 September 2007	**–**	**1,749**	**268**	**2,294**	**–**	**4,311**
At 30 September 2006	–	2,574	314	813	–	3,701

Note:

i. During the year ended 30 September 2006, the Group transferred leasehold land and buildings located in Hong Kong to investment property. The leasehold land and buildings were revalued at its fair value at the date of transfer and the fair value adjustment amounting to HK$3,055,000 was credited to equity as investment property revaluation reserve.

ii. As at 30 September 2007, the net book value of computers and equipment included an amount of approximately HK$32,000 (2006: HK$67,000) which was an asset held under finance lease.

20. INTANGIBLE ASSETS

Group

	Customer list	Handset market data bank	Total
	HK$'000	HK$'000	HK$'000
Cost:			
At 1 October 2006	–	–	–
Additions	25,000	13,380	38,380
At 30 September 2007	**25,000**	**13,380**	**38,380**
Accumulated amortisation:			
At 1 October 2006	–	–	–
Provided for the year	1,667	372	2,039
At 30 September 2007	**1,667**	**372**	**2,039**
Carrying amount:			
At 30 September 2007	**23,333**	**13,008**	**36,341**
At 30 September 2006	–	–	–

During the year, the Group performed impairment tests on those intangible assets with reference to the valuation carried out by BMI Appraisals Limited, a firm of independent qualified valuers, for the purpose of assessing the recoverable amount. Such valuation has been carried out using appropriate technical models. The Directors are of the opinion, based on the business valuation, that the recoverable amount exceeds its net carrying value in the balance sheet and no impairment is needed.

21. INTERESTS IN SUBSIDIARIES

	Company 2007 HK$'000	Company 2006 HK$'000
Unlisted shares, at cost	**191,093**	191,093

Details of the Company's principal subsidiaries as at 30 September 2007 are as follows:

Name	Place of incorporation/ establishment and operation	Particulars of fully paid up capital	Percentage of equity attributable to the Company 2007 %	Percentage of equity attributable to the Company 2006 %	Principal activities
Indirectly held					
Linktech Hong Kong Limited	Hong Kong	HK$2 Ordinary	**100**	100	Provision of repair services of telecommunications products
Sun Brilliant Development Limited	Hong Kong	HK$2 Ordinary	**100**	100	Trading of telecommunications products and investment in financial assets
Techglory International Limited	Hong Kong	HK$1,388,000 Ordinary	**100**	100	Trading of telecommunications products and investment in financial assets
Total Clear Group Limited	British Virgin Islands	US$1 Ordinary	**100**	–	Asset management

21. INTERESTS IN SUBSIDIARIES (CONTINUED)

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

The amounts due from subsidiaries grouped under current assets are unsecured, interest-free and recoverable on demand.

The carrying amounts of the amounts due from subsidiaries as at 30 September 2007 approximate to their fair values.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 October 2006/2005	**79,275**	12,301	**10,500**	10,500
Additions	**–**	66,974	**–**	–
Disposals	**(66,974)**	–	**–**	–
At 30 September	**12,301**	79,275	**10,500**	10,500

The details of the Group's available-for-sale financial assets as at 30 September 2007 are summarised below:–

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Club debentures, at cost	**12,301**	12,301	**10,500**	10,500
Equity securities, listed in Hong Kong, at fair value	**–**	66,974	**–**	–
	12,301	79,275	**10,500**	10,500
Market value of listed equity securities	**–**	66,974	**–**	–

Note:

The club debentures of the Group and the Company are accounted for at cost less any identified impairment losses at each balance sheet date as the range of reasonable fair value estimates is so significant that the Directors are of the opinion that the fair values cannot be measured reliably.

23. INVENTORIES

	Group	
	2007	2006
	HK$'000	HK$'000
Finished goods	**109,577**	46,395
Less: Allowance for obsolete and slow-moving inventories	**(9,207)**	(8,121)
	100,370	38,274

Note:

As at 30 September 2007, the carrying amount of inventories that are carried at net realisable value amounted to approximately HK$5,047,000 (2006: HK$3,837,000).

24. TRADE RECEIVABLES

As at 30 September 2007, the aging analysis of the trade receivables is as follows:–

	Group	
	2007	2006
	HK$'000	HK$'000
Current	**195,749**	287,478
One to three months overdue	**75,990**	14,727
More than three months but less than twelve months overdue	**217**	924
Over twelve months overdue	**1,343**	415
Less: Allowance for impairment	**(121,204)**	(121,113)
	152,095	182,431

Note:

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

ii. The carrying amounts of the Group's trade receivables approximate to their fair values.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2007	2006
	HK$'000	HK$'000
Listed investments:		
– Equity securities listed in Hong Kong	**3,116**	–

Note:

All financial assets at fair value through profit or loss are stated at fair values. Fair values of the listed investments are determined by reference to the quoted market bid prices available on the Stock Exchange.

26. PLEDGED TIME DEPOSITS

The balance, which were carried at the prevailing market interest rate, represents deposits pledged to a bank to secure bank borrowing facilities granted to the Group. The pledged deposits will be released upon the settlement of relevant bank borrowings.

The carrying amounts of the pledged deposits approximate to their fair values.

27. CASH AND BANK BALANCES

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**50,441**	105,470	**5,362**	3,039
Short-term time deposits	**31,280**	9,724	**–**	–
Cash and bank balances	**81,721**	115,194	**5,362**	3,039

Cash and cash equivalents include the followings:

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**81,721**	115,194	**5,362**	3,039
Bank overdrafts *(Note 30)*	**(54,334)**	(42,622)	**–**	–
	27,387	72,572	**5,362**	3,039

Note:

i. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposits rates. The carrying amounts of the cash and bank balances approximate to their fair values.

ii. Detailed information of the bank overdrafts is set out in note 30.

28. TRADE PAYABLES

As at 30 September 2007, the aging analysis of the trade payables is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Current and within one month	**78,287**	70,040
One to three months overdue	**5,321**	–
	83,608	70,040

The carrying amounts of the Group's trade payables approximate to their fair values.

29. ACCRUED CHARGES AND OTHER PAYABLES

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accrued charges	**19,508**	5,469	**1,325**	1,636
Other payables	**30,383**	20,949	**3,949**	4,628
	49,891	26,418	**5,274**	6,264

Included in other payables of the Group and the Company was an amount of approximately HK$487,000 (2006: HK$487,000) due to a director of the Company. The amount was unsecured, interest-free and has no fixed terms of repayment.

The carrying amounts of the Group's and the Company's accrued charges and other payables approximate to their fair values.

30. BANK BORROWINGS – SECURED

	Group	
	2007	2006
	HK$'000	HK$'000
Bank overdrafts	**54,334**	42,622
Trust receipt	**8,333**	11,479
	62,667	54,101

Note:

i. As at 30 September 2007, the bank borrowings are secured by a mortgage over the Group's investment property with carrying amount of approximately HK$12,000,000 and short-term time deposits set out in note 26 to the financial statements.

ii. As at 30 September 2006, the bank borrowings were secured by the Group's available-for-sale financial assets with carrying amount of approximately HK$66,974,000 and pledged time deposits.

iii. The Group's borrowings that are denominated in United States Dollars ("USD") amounted to approximately HK$8,333,000 (2006: HK$11,479,000).

iv. The bank borrowing rates were ranging from 6.25% to 7.75% (2006: 6.62% to 7.75%).

v. The carrying amounts of the Group's secured bank borrowings approximate to their fair values.

31. OBLIGATION UNDER FINANCE LEASE

Group

	Minimum lease payments		Present value of minimum lease payments	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
The maturity of obligation under finance lease is as follows:				
Within one year	**44**	49	**42**	40
More than one year, but not exceeding two years	**–**	44	**–**	42
More than two years, but not exceeding five years	**–**	–	**–**	–
	44	93	**42**	82
Less: Future finance charges	**(2)**	(11)	**–**	–
Present value of minimum lease payments	**42**	82	**42**	82
Less: Amount due within one year shown under current liabilities			**(42)**	(40)
Amount due after one year			**–**	42

It is the Group's policy to lease certain of its equipment under finance lease. The lease term is two years. For the year ended 30 September 2007, the effective borrowing rate was 14% (2006: 14%) per annum. Interest rate was fixed at the contract date. The lease is on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

The obligation under finance lease of the Group is secured by the lessor's charge over the relevant leased asset.

32. DEFERRED TAX LIABILITIES

Group

As at 30 September 2007, the movement of recognised deferred tax liabilities during the year is as follows:

	Revaluation of properties	
	2007	2006
	HK$'000	HK$'000
At 1 October 2006/2005	**534**	–
Charged to reserve	**–**	534
At 30 September	**534**	534

As at 30 September 2007, the Group has deferred tax assets in respect of estimated deductible temporary differences of approximately HK$730,000 (2006: HK$1,770,000). Cumulative tax losses of approximately HK$79,978,000 (2006: HK$90,252,000) are available for offsetting against future profits. Deferred tax assets have not been recognised in respect of the deductible temporary differences of approximately HK$730,000 (2006: HK$1,770,000) and estimated tax losses of approximately HK$79,978,000 (2006: HK$90,252,000) due to uncertainty of future profits streams.

Company

As at 30 September 2007, the Company has estimated unused tax losses of approximately HK$16,300,000 (2006: HK$9,751,000) available for offsetting against future profits. No deferred tax assets have been recognised due to uncertainty of future profits streams. Losses may be carried forward indefinitely.

33. SHARE CAPITAL

	Authorised ordinary shares of HK$0.01 each	
	No. of shares	
	'000	HK$'000
At 1 October 2006 and 30 September 2007	20,000,000	200,000

	Issued and fully paid ordinary shares of HK$0.01 each	
	No. of shares	
	'000	HK$'000
At 1 October 2006 and 30 September 2007	5,165,974	51,659

34. RESERVES

Company

	Share premium	Capital redemption reserve	Exchange difference reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 October 2005	648,897	160	(439)	(319,465)	329,153
Exchange difference	–	–	(92)	–	(92)
Loss for the year	–	–	–	(125,357)	(125,357)
At 30 September 2006 and 1 October 2006	648,897	160	(531)	(444,822)	203,704
Exchange difference	–	–	(34)	–	(34)
Loss for the year	–	–	–	(38,466)	(38,466)
At 30 September 2007	**648,897**	**160**	**(565)**	**(483,288)**	**165,204**

Note:

The Company has a distributable reserve, of approximately HK$165,609,000 as at 30 September 2007 (2006: HK$204,075,000), represented by share premium less accumulated losses of the Company. Under the Companies Law (2001 Second Revision) of the Cayman Islands, share premium of the Company is distributable to the members, subject to a solvency test.

35. EMPLOYEE BENEFIT EXPENSES

(a) Staff cost

The total staff cost of the Group during the year is as follows:

	2007 HK$'000	2006 HK$'000
Salaries and allowances	**49,656**	37,973
Discretionary bonuses	**2,400**	3,841
Staff welfare	**402**	343
Contributions to retirement fund	**1,875**	1,849
	54,333	44,006

(b) Directors and senior management emoluments

The emoluments of the Directors are as follows:–

Name of directors	Fee 2007 HK$'000	Salaries and allowances 2007 HK$'000	Contributions to retirement fund 2007 HK$'000	Discretionary bonuses 2007 HK$'000	Total 2007 HK$'000
Executive directors					
Mr. SY Ethan, Timothy	–	18,000	900	–	18,900
Mr. CHEUNG Wing Yin, Vigny Wiley	–	589	29	110	728
Mr. SUNG Yee Keung, Ricky	–	660	33	–	693
Mr. WAN Kwok Cheong	–	900	38	160	1,098
Mr. PANG Leung Ming[1]	–	356	21	160	537
Non-executive director					
Mr. KO Wai Lun, Warren	420	–	–	–	420
Independent non-executive directors					
Mr. Andrew David ROSS	600	–	–	–	600
Mr. Geoffrey William FAWCETT	420	–	–	–	420
Mr. Charles Robert LAWSON	420	–	–	–	420
	1,860	20,505	1,021	430	23,816

35. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors and senior management emoluments (Continued)

Name of directors	Fee 2006 HK$'000	Salaries and allowances 2006 HK$'000	Contributions to retirement fund 2006 HK$'000	Discretionary bonuses 2006 HK$'000	Total 2006 HK$'000
Executive directors					
Mr. SY Ethan, Timothy	–	18,000	900	1,500	20,400
Mr. CHEUNG Wing Yin, Vigny Wiley	–	509	25	41	575
Mr. SUNG Yee Keung, Ricky	–	660	33	55	748
Mr. WAN Kwok Cheong	–	840	36	70	946
Mr. PANG Leung Ming	–	1,124	48	56	1,228
Non-executive director					
Mr. KO Wai Lun, Warren	420	–	–	–	420
Independent non-executive directors					
Mr. Andrew David ROSS	600	–	–	–	600
Mr. Geoffrey William FAWCETT	420	–	–	–	420
Mr. Charles Robert LAWSON	420	–	–	–	420
	1,860	21,133	1,042	1,722	25,757

[1] Mr. Pang Leung Ming resigned as a director of the Group with effect from 12 March 2007.

None of the Directors had waived emoluments for the two years ended 30 September 2007 and 2006.

No amounts were paid by the Group to the Directors as inducement to join the Group, as compensation for loss of office or as commitment fees to existing Directors for entering into new service contracts with the Group for the two years ended 30 September 2007 and 2006.

35. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors and senior management emoluments (Continued)

During the year, none of the Directors had exercised their share options to subscribe ordinary shares of the Company.

As at 30 September 2007, the outstanding options granted by the Company to an executive director of the Company were as follows:

Grantees	Date of grant	Exercise price per share	Exercise period	Balance outstanding as at 1 October 2006 and 30 September 2007
		HK$		
Executive Director, Mr. SY Ethan, Timothy	26 April 1999	0.150	25 May 1999 to 24 May 2009	100,000,000

Apart from the aforesaid, no other emoluments were paid to the Directors for the two years ended 30 September 2007 and 2006.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2006: three) directors whose emoluments are set out in note 35(b). The emoluments payable to the remaining three (2006: two) individuals during the year are as follows:–

	2007	2006
	HK$'000	HK$'000
Salaries and allowances	**2,989**	1,200
Discretionary bonuses	**156**	63
Contributions to retirement fund	**135**	60
	3,280	1,323

	Number of individuals 2007	2006
Emolument bands:		
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**2**	–

36. SHARE OPTION SCHEME

On 16 March 1999, the Company adopted a share option scheme for employees (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") was adopted in compliance with the new requirements of the Listing Rules. 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.

A summary of the Old Scheme and the New Scheme is set out as follows:

	Old Scheme	**New Scheme**
Purpose of the schemes	As incentive to employees, including executive directors, of the Company or its subsidiaries	As incentive to employees and directors of the Company or its subsidiaries and other eligible persons who have made contribution to the Group
Participants of the schemes	Full-time employees, including executive directors, of the Company or its subsidiaries	Full-time or part-time employees, including directors, of the Company or its subsidiaries; advisers, consultants, suppliers and agents to the Company or its subsidiaries and such other persons who, at the sole determination of the Board of Directors, have contributed to the Group
Total number of shares available for issue under the schemes and percentage of issued share capital as at the date of this annual report	The Company had granted share options representing the rights to subscribe for 100,500,000 shares of the Company under the Old Scheme, representing approximately 1.95% of the shares in issue as at the date of this report. No further options will be granted under the Old Scheme	No share option had been granted under the New Scheme. The Company may grant share options to subscribe for 516,597,393 shares of the Company, representing approximately 10.00% of the shares in issue as at the date of this report

36. SHARE OPTION SCHEME (CONTINUED)

	Old Scheme	New Scheme
Maximum entitlement of each participant under the schemes	25% of the aggregate number of shares for the time being issued and issuable under the Old Scheme	The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by shareholders in general meeting
The period within which the shares must be taken up under an option	At any time during a period to be notified by the Board of Directors, which period not to exceed 10 years commencing on the date on which the option is accepted and expiring on a day not later than the last day of the 10-year period	At any time during a period to be notified by the Board of Directors, which period not to exceed 10 years commencing on the date on which the option is accepted and expiring on a day not later than the last day of the 10-year period
The minimum period for which an option must be held before it can be exercised	None	None
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid	HK$1.00 is to be paid as consideration for the grant of option within 30 days from the date of offer	HK$1.00 is to be paid as consideration for the grant of option within 30 days from the date of offer

36. SHARE OPTION SCHEME (CONTINUED)

	Old Scheme	New Scheme
The basis of determining the exercise price	The exercise price shall be determined by the Board of Directors but shall not be less than the higher of: (a) 80% of the average of the official closing price of the shares as stated in the daily quotations sheet of the Stock Exchange for the 5 trading days immediately preceding the date of offer; and (b) the nominal value of a share	The exercise price shall be determined by the Board of Directors but shall not be less than the highest of: (a) the official closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer; (b) the average of the official closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the 5 business days immediately preceding the date of offer; and (c) the nominal value of a share
The remaining life of the schemes	The Old Scheme would have been valid and effective for a period of 10 years commencing on the adoption date on 16 March 1999. The Old Scheme was terminated by a shareholders' resolution on 27 March 2003	The New Scheme shall be valid and effective for a period of 10 years commencing on the adoption date on 27 March 2003

36. SHARE OPTION SCHEME (CONTINUED)

Details of the share options outstanding during the year ended 30 September 2007 which were granted under the Old Scheme are as follows:

Grantees	Date of grant	Exercise price per share HK$	Exercise period	Number of outstanding options as at 1 October 2006 and 30 September 2007
Executive Director, Mr. SY Ethan, Timothy	26 April 1999	0.150	25 May 1999 to 24 May 2009	100,000,000
Employee	15 November 2000	0.715	15 November 2000 to 14 November 2010	500,000

Upon exercise of the options, the resulting shares in the Company issued will be recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares will be recorded by the Company in the share premium account. Options which lapsed prior to their exercise date are reduced from the number of outstanding options.

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

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

37. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, the Group had the following material related party transactions during the year:

Key management personnel compensation

Compensation for key management personnel, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in note 35, is as follows:–

	2007	2006
	HK$'000	HK$'000
Salaries and other short-term benefits	**22,795**	24,715
Contributions to retirement fund	**1,021**	1,042
	23,816	25,757

38. OPERATING LEASE COMMITMENT

The Group leases certain of its properties and office equipments under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

As at 30 September 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Within one year	**11,208**	15,816
In the second to fifth years, inclusive	**863**	10,572
	12,071	26,388

39. CONTINGENT LIABILITIES

Included in the terms of the sale and purchase agreement in connection with the acquisition of Calaview Assets Limited and Sino Media Group (SMG) Limited ("SMG") (the "Acquired Companies") entered into by the Group in the year 2000, the Group has agreed to pay the vendor an amount of approximately HK$35,000,000 contingent upon successful listing of either one of the Acquired Companies on any recognised stock exchange. Up to the date of approval of these financial statements, the Group has no plan of listing the shares of the Acquired Companies on any recognised stock exchange and SMG has already begun statutory liquidation procedures.

40. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, the Company issued a guarantee to a major supplier (the "Supplier") in respect of the due payment and discharge by its subsidiary, Techglory International Limited ("TGI"), of all TGI's present and future indebtedness in respect of products supplied pursuant to any orders placed by TGI (the "Indebtedness") in its ordinary course of business for one year commencing from the date of the guarantee agreement and agrees to indemnify the Supplier on demand against any such losses it may incur as a result of or in connection with the Indebtedness.

FIVE YEAR FINANCIAL SUMMARY

For the year ended 30 September 2007

Results

	For the year ended 30 September				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**1,368,239**	1,018,095	1,206,174	1,895,976	2,678,332
Loss before taxation	**(49,636)**	(63,756)	(123,870)	(183,461)	(112,659)
Taxation	**165**	(31,526)	(622)	(1,016)	(2,073)
Loss attributable to equity holders of the Company	**(49,471)**	(95,282)	(124,492)	(184,477)	(114,732)
Dividends	**–**	–	–	–	–

Assets and liabilities

	As at 30 September				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Investment property	**12,000**	12,000	–	–	–
Property, plant and equipment	**4,311**	3,701	5,925	15,423	14,765
Leasehold land	**–**	–	8,340	–	–
Intangible assets	**36,341**	–	–	–	–
Available-for-sale financial assets	**12,301**	79,275	–	–	–
Club debentures	**–**	–	12,301	12,301	12,301
Net current assets	**197,749**	221,065	380,325	503,064	683,166
	262,702	316,041	406,891	530,788	710,232
Equity attributable to equity holders of the Company	**262,168**	315,465	406,469	529,996	709,954
Long-term liabilities	**–**	42	82	117	147
Deferred tax liabilities	**534**	534	340	675	131
	262,702	316,041	406,891	530,788	710,232

Note:

The consolidated results for the two years ended 30 September 2003 and 2004 have not been restated for the new HKFRSs.