GLOBAL TECH (HOLDINGS) LIMITED
耀科國際（控股）有限公司

(Stock Code 股份代號：143)

2008

Interim Report • 中期報告

CONTENTS

The Board of Directors (the "Board") of Global Tech (Holdings) Limited (the "Company") announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 March 2008 (the "Period"). The condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement of the Group for the Period, and condensed consolidated balance sheet of the Group as at 31 March 2008, along with selected explanatory notes, are set out as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited For the six months ended 31 March	
		2008	2007
	Note	**HK$'000**	HK$'000
Turnover	3	**580,728**	677,281
Cost of sales		**(580,237)**	(652,571)
Gross profit		**491**	24,710
Other revenue		**1,915**	2,367
Other income		**872**	3,414
Net (loss)/gain on investment in financial assets	4	**(13,641)**	20,953
Selling and distribution expenses		**(9,516)**	(9,526)
Administrative expenses		**(45,952)**	(44,319)
Other operating expenses		**(110)**	(34)
Loss from operations	5	**(65,941)**	(2,435)
Finance costs	6	**(2,040)**	(972)
Loss before taxation		**(67,981)**	(3,407)
Taxation	7	**(17)**	165
Loss for the period attributable to equity holders of the Company		**(67,998)**	(3,242)
Dividends	8	**–**	–
Loss per share attributable to equity holders of the Company			
Basic and diluted	9	**(HK$0.013)**	(HK$0.001)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31 March 2008 HK$'000 (unaudited)	As at 30 September 2007 HK$'000 (audited)
Non-current assets			
Investment property		**12,000**	12,000
Property, plant and equipment		**4,290**	4,311
Intangible assets		**32,861**	36,341
Available-for-sale financial assets		**12,301**	12,301
		61,452	64,953
Current assets			
Inventories		**118,181**	100,370
Trade receivables	10	**137,186**	152,095
Prepayments, deposits and other receivables		**23,364**	33,986
Financial assets at fair value through profit or loss		**12,880**	3,116
Pledged time deposits		**106,422**	75,204
Cash and bank balances		**11,759**	81,721
		409,792	446,492
Current liabilities			
Trade payables	11	**100,337**	83,608
Accrued charges and other payables		**33,445**	49,891
Tax payable		**52,539**	52,535
Bank borrowings – secured	12	**90,400**	62,667
Obligation under finance lease – due within one year	13	**20**	42
		276,741	248,743
Net current assets		**133,051**	197,749
Total assets less current liabilities		**194,503**	262,702
Non-current liabilities			
Deferred tax liabilities		**534**	534
		534	534
Net assets		**193,969**	262,168
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	14	**51,659**	51,659
Reserves		**142,310**	210,509
Total equity		**193,969**	262,168

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve	Capital redemption reserve	Investment property revaluation reserve (Note)	Available-for-sale financial assets revaluation reserve	Exchange difference reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				Unaudited for the six months ended 31 March 2008					
As at 1 October 2007	51,659	457,804	2,450	160	2,521	–	2,971	(255,397)	262,168
Exchange differences	–	–	–	–	–	–	(201)	–	(201)
Loss for the Period	–	–	–	–	–	–	–	(67,998)	(67,998)
As at 31 March 2008	**51,659**	**457,804**	**2,450**	**160**	**2,521**	**–**	**2,770**	**(323,395)**	**193,969**
				Unaudited for the six months ended 31 March 2007					
As at 1 October 2006	51,659	457,804	2,450	160	2,521	2,221	4,576	(205,926)	315,465
Exchange differences	–	–	–	–	–	–	(319)	–	(319)
Gains on fair value changes of available-for-sale financial assets	–	–	–	–	–	24,410	–	–	24,410
Transfer to profit or loss for the period	–	–	–	–	–	(20,481)	–	–	(20,481)
Loss for the period	–	–	–	–	–	–	–	(3,242)	(3,242)
As at 31 March 2007	51,659	457,804	2,450	160	2,521	6,150	4,257	(209,168)	315,833

Note:

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited For the six months ended 31 March	
	2008	2007
	HK$'000	HK$'000
Net cash (used in)/generated from operating activities	**(67,363)**	25,485
Net cash generated from investing activities	**824**	42,299
Net cash used in financing activities	**(30,668)**	(80,952)
Net decrease in cash and cash equivalents	**(97,207)**	(13,168)
Cash and cash equivalents as at 1 October 2007/2006	**27,387**	72,572
Effect of foreign exchange rate changes	**84**	(324)
Cash and cash equivalents as at 31 March	**(69,736)**	59,080
Analysis of the balances of cash and cash equivalents:		
Time deposits	**106,422**	106,628
Cash and bank balances	**11,759**	59,080
Bank overdrafts	**(81,495)**	–
	36,686	165,708
Less: Time deposits pledged for banking facilities	**(106,422)**	(106,628)
	(69,736)	59,080

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2008

1. CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands 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.

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in trading of telecommunications products, provision of repair services of telecommunications products and investment in financial assets.

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. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim report contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information require for full set of financial statements prepared in accordance with 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 Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong.

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

The measurement basis used in the preparation of these unaudited condensed consolidated financial statements is historical cost convention, except for financial assets at fair value through profit or loss and investment property, which are stated at fair value.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2007. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2007 with addition for the following new standard, amendment and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to the Group's operations and are adopted for the first time by the Group which are effective for the Group's financial year beginning 1 October 2007.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on the Group's accounting policies.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 12	Service Concession Arrangements[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] *Effective for financial period commencing on or after 1 January 2009*
[2] *Effective for financial period commencing on or after 1 July 2009*
[3] *Effective for financial period commencing on or after 1 January 2008*
[4] *Effective for financial period commencing on or after 1 July 2008*

The Group is still considering the potential impact of these standards, amendment and interpretations but is not yet in a position to determine whether the adoption of these standards, amendment and interpretations would have a significant impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

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

Primary reporting format – business segments

During the Period, the Group was mainly 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 six months ended 31 March 2008 and 2007 is as follows:

	Trading of tele-communications products HK$'000	Provision of repair services of tele-communications products HK$'000	Investment in financial assets HK$'000	Consolidated HK$'000
	Unaudited for the six months ended 31 March 2008			
TURNOVER	560,161	3,829	16,738	580,728
SEGMENT RESULTS	(28,685)	(1,221)	(15,815)	(45,721)
Unallocated expenses				(20,220)
Finance costs				(2,040)
Loss before taxation				(67,981)
Taxation				(17)
Loss for the Period attributable to equity holders of the Company				(67,998)

3. SEGMENT INFORMATION (CONTINUED)

Primary reporting format – business segments (continued)

	Trading of tele-communications products HK$'000	Provision of repair services of tele-communications products HK$'000	Investment in financial assets HK$'000	Consolidated HK$'000
	Unaudited for the six months ended 31 March 2007			
TURNOVER	675,057	2,224	–	677,281
SEGMENT RESULTS	(22,297)	(1,054)	20,916	(2,435)
Finance costs				(972)
Loss before taxation				(3,407)
Taxation				165
Loss for the period attributable to equity holders of the Company				(3,242)

4. NET (LOSS)/GAIN ON INVESTMENT IN FINANCIAL ASSETS

	Unaudited For the six months ended 31 March 2008 HK$'000	Unaudited For the six months ended 31 March 2007 HK$'000
Fair value changes on financial assets at fair value through profit or loss	**(13,641)**	37
Realised gain on available-for-sale financial assets	**–**	20,916
	(13,641)	20,953

5. LOSS FROM OPERATIONS

	Unaudited For the six months ended 31 March	
	2008	2007
	HK$'000	HK$'000
Loss from operations has been arrived at after charging/(crediting):		
Cost of financial assets investments	**18,731**	–
Cost of trading inventories sold	**533,890**	631,721
Employee benefit expenses (including directors' emoluments)	**25,428**	24,506
Retirement benefit costs (including directors' retirement benefit costs)	**793**	804
Depreciation		
– owned assets	**900**	981
– leased assets	**18**	18
Amortisation of intangible assets	**3,480**	417
Reversal of impairment on trade receivables	**(90)**	–
Allowance for/(reversal of) obsolete and slow-moving inventories	**1,165**	(3,903)
Interest income	**(1,915)**	(2,367)

6. FINANCE COSTS

	Unaudited For the six months ended 31 March	
	2008	2007
	HK$'000	HK$'000
Interest element of finance lease	**2**	5
Interest expenses on secured bank borrowings wholly repayable within five years	**2,038**	967
	2,040	972

7. TAXATION

	Unaudited For the six months ended 31 March	
	2008	2007
	HK$'000	HK$'000
Current tax:		
Hong Kong profits tax (Note (i))	**–**	(165)
Overseas taxation (Note (ii))	**17**	–
	17	(165)
Deferred tax:		
Current period	**–**	–
	17	(165)

Note:

(i) No provision for Hong Kong profits tax has been made for the Company and its subsidiaries as they have no assessable profits for the Period.

(ii) Overseas taxation has been provided on the estimated assessable profits for the Period at the taxation rates prevailing in the countries in which the subsidiaries of the Group operate.

8. DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 31 March 2008 (2007: Nil).

9. 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 approximately HK$67,998,000 (2007: HK$3,242,000) and on 5,165,973,933 (2007: 5,165,973,933) shares in issue during the Period.

Diluted loss per share for the six months ended 31 March 2008 and 2007 is the same as the basic loss per share as the exercise prices of the share options were higher than the average market price of the Company's shares for the respective periods, which had an anti-dilutive effect on the basic loss per share.

10. TRADE RECEIVABLES

As at 31 March 2008, the aging analysis of the trade receivables is as follows:

	As at 31 March 2008 HK$'000 (unaudited)	As at 30 September 2007 HK$'000 (audited)
Current	**152,488**	195,749
One to three months overdue	**46,963**	75,990
More than three months but less than twelve months overdue	**57,563**	217
Over twelve months overdue	**1,286**	1,343
Less: Allowance for impairment	**(121,114)**	(121,204)
	137,186	152,095

Note:

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

11. TRADE PAYABLES

As at 31 March 2008, the aging analysis of the trade payables is as follows:

	As at 31 March 2008 HK$'000 (unaudited)	As at 30 September 2007 HK$'000 (audited)
Current and within one month	**98,205**	78,287
One to three months overdue	**1,476**	5,321
More than three months but less than twelve months overdue	**656**	–
	100,337	83,608

Note:

During the Period, the Company issued a corporate guarantee to a vendor of its subsidiary in connection with the credit facilities for purchase in the ordinary course of business. As at 31 March 2008, it was utilised to the extent of approximately HK$95,691,000 (30 September 2007: Nil).

12. BANK BORROWINGS – SECURED

	As at 31 March 2008 HK$'000 (unaudited)	As at 30 September 2007 HK$'000 (audited)
Bank overdrafts	**81,495**	54,334
Trust receipt	**8,905**	8,333
	90,400	62,667

13. OBLIGATION UNDER FINANCE LEASE

	As at 31 March 2008 HK$'000 (unaudited)	As at 30 September 2007 HK$'000 (audited)
The maturity of obligation under finance lease is as follows:		
Within one year	**20**	44
More than one year, but not exceeding two years	**–**	–
Less: Future finance charges	**–**	(2)
	20	42
Less: Amount due within one year shown under current liabilities	**(20)**	(42)
Amount due after one year	**–**	–

14. SHARE CAPITAL

	Authorised ordinary shares of HK$0.01 each	
	No. of shares	
	'000	HK$'000
As at 1 October 2007 (audited) and 31 March 2008 (unaudited)	20,000,000	200,000

	Issued and fully paid ordinary shares of HK$0.01 each	
	No. of shares	
	'000	HK$'000
As at 1 October 2007 (audited) and 31 March 2008 (unaudited)	5,165,974	51,659

15. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following material related party transactions during the Period:

Key management personnel compensation

Details of compensation paid to key management personnel of the Group (all being directors of the Company) are as follows:

	Unaudited For the six months ended 31 March	
	2008	2007
	HK$'000	HK$'000
Salaries and other short-term benefits	**10,186**	11,085
Contributions to retirement fund	**502**	488
	10,688	11,573

16. PLEDGE OF ASSETS

As at 31 March 2008, the investment property with carrying amount of HK$12,000,000 (30 September 2007: HK$12,000,000) and time deposits of approximately HK$106,422,000 (30 September 2007: HK$75,204,000) have been pledged to secure bank borrowing facilities granted to the Group. The investment property and pledged time deposits will be released upon the settlement of relevant bank borrowings. The pledged time deposits are denominated in United States Dollars and Hong Kong Dollars, which were carried at the prevailing market interest rate.

17. OPERATING LEASE COMMITMENTS

As at 31 March 2008, the Group had commitments for total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March 2008 HK$'000 (unaudited)	As at 30 September 2007 HK$'000 (audited)
Within one year	**5,130**	11,208
In the second to fifth years, inclusive	**403**	863
	5,533	12,071

18. CONTINGENT LIABILITIES

There had been no material change in contingent liabilities for the Group since 30 September 2007.

BUSINESS REVIEW AND OUTLOOK

Business Review

For the six months ended 31 March 2008, the Group recorded a turnover of approximately HK$581 million, representing a decrease of 14% over the corresponding period last year. The decrease was mainly due to the decrease in the handset quantity sold as well as the decrease in the average price during the Period. Gross profit decreased to HK$0.5 million (2007: HK$25 million) mainly as a result of the reduction in the average selling price of handsets caused by volume pressure from the Group's major vendor and the loss from clearance of some slow-moving handset models. Net loss for the Period was increased to HK$68 million compared with the net loss of HK$3 million in the corresponding period last year.

Outlook for Hong Kong

During the Period, the local economy was inescapably affected by the widespread concern over the global economic outlook arising from the subprime mortgage crisis in the United States, which has led to a downturn in both the global financial market and mass consumer expenditure. Research firm Gartner expects growth in mobile handset sales to drop to only 10% in 2008. While emerging markets continue to expand, mature markets such as the United States and Europe face saturation.

According to the February 2008 statistics of the Office of the Telecommunications Authority, Hong Kong, the subscriber penetration rate in the local mobile market has reached 154%, representing one of the highest penetration rates and most sophisticated markets in the world. The developing world is the only market to have recorded significant sales growth. Emerging markets including India and China provided much of this growth, as many consumers bought their first phone. As a mature market, Hong Kong is likely to face a slowdown after some years of growth in demand.

Fierce price competition and the never-ending technology race are not novel to the market. The Group has been facing substantial challenges such as reduced average selling price in recent quarters.

In the high-end market, those who are willing to pay higher prices tend to opt for mobile handsets loaded with features. In mature markets, consumers' appetite for feature-laden phones was met with new models packed with TV tuners along with other multimedia features, sizable touch screens, high-resolution cameras, a full keyboard for convenient text messaging, video call availability, global positioning satellite (GPS) functions, download services and data managing ability on a par with notebook computers.

With the launch by all four 3G operators in August 2007 of 3.5G services utilizing High Speed Downlink Packet Access (HSDPA) technology, Hong Kong mobile service subscribers are able to experience and enjoy all these novelties once they are equipped with the required devices. The Group is faced with head-on competition from brands that specialize in full-feature smartphones such as the iPhone from Apple, Blackberry from Research in Motion (RIM), and the Touch-series from HTC on the local level. Both Apple and RIM have enjoyed success in a rapidly growing smartphone market. The iPhone alone quickly captured 6.8% of the global market, largely at the expense of other, more conventional, brands. The momentum for such smartphones continued into 2008, with Apple selling more iPhones than expected during the first quarter, according to company announcements.

Over the past few years, tourists from the Mainland who were looking for high-end mobile electronic devices with the most up-to-date designs and functions have accounted for considerable sales in the local market. The tightened tourist control from the Mainland has caused certain effect to the retail market especially in the telecom sector.

Financial Review

As at 31 March 2008, the overall inventory level continued to maintain at a relatively high level of approximately HK$118 million (30 September 2007: HK$100 million) as a result of the volume pressure from the Group's major vendor. An additional allowance for impairment of HK$1 million was made in the income statement.

The Group's cash reserves as at 31 March 2008 was approximately HK$118 million (30 September 2007: HK$157 million), of which approximately HK$106 million (30 September 2007: HK$75 million) was pledged for banking facilities. The current ratio was 1.48 (30 September 2007: 1.80) while the liquid ratio was 1.05 (30 September 2007: 1.39).

As at 31 March 2008, the total borrowings of the Group, which mainly comprised of bank borrowings amount to approximately HK$90 million (30 September 2007: HK$63 million). The bank borrowings were secured by fixed deposits of approximately HK$106 million (30 September 2007: HK$75 million) and investment property with carrying amount of approximately HK$12 million (30 September 2007: HK$12 million). The gearing ratio, which is expressed as a percentage of total borrowings over total assets, was 19.2% (30 September 2007: 12.2%).

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

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

Prospects

A long-established and strong cooperative relationship with its major vendor allows the Group to leverage its niche advantage in mobile technology, hardware and applications. Nevertheless, in view of prevailing fierce price competition, hard-to-predict swings in consumer preferences, shortened product cycles and the never-ending technology race, it has become a critical necessity for the Group to review and adjust its marketing strategy and market positioning. In light of the current situation, in order to minimize the impact resulted from fierce price competition and to lighten the potential risk arising from the major vendor's aggressive demand, the Group is taking an active role to negotiate with the supplier for a viable business mechanism which can stablise the Group's performance.

The mobile phone is morphing from a communications device into a mobile data device. Apple's iPhone has been a proven success, and industry reviewers regard the product as a 'game-changing' device, rewriting the rules of the market. With the increasing number of computer technology giants entering and investing in the mobile phone industry, the trend will undoubtedly be towards smartphones featuring functionality over style. Gartner expects the 3G iPhone release this July to be in line with a target shipment of 10 million units in 2008. With the arrival of its 3G version, another peak of the iPhone craze is inevitable. The product and launch policy of the Group's major vendor for Hong Kong may therefore signify a deviation from the new industry mainstream.

Reports from Gartner show that threats are not only coming from global players who sell feature-rich phones designed to take advantage of data services, but also from the emergence of new players who launch low-end phones at aggressive prices.

In view of the challenges emanating from both these directions, the Group is poised to reformulate its marketing strategy to align with the emerging industry direction. The Group will strive to re-establish its competitive edge, with concerted effort from its manufacturing, network and distribution partners, complemented by its own extensive experience in the industry.

Employee Information

As at 31 March 2008, the Group employed a workforce of 136 (2007: 96). Staff costs, including salaries and bonuses, for the Period were approximately HK$26 million (2007: HK$25 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.

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

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

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2008, the following Directors and chief executive of the Company had the following interests in long positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"):

(a) Ordinary shares

Name of Director	Number of shares held as at 31 March 2008	Approximate percentage of shareholding	Capacity in which interests are held
Mr. SUNG Yee Keung, Ricky	72,913,303[1]	1.41%	Beneficial owner
Mr. WAN Kwok Cheong	11,000,000	0.21%	Beneficial owner
Mr. CHEUNG Wing Yin, Vigny Wiley[2]	10,000,000	0.19%	Beneficial owner

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

2 On 4 June 2008, Mr. CHEUNG Wing Yin, Vigny Wiley resigned as a Director of the Company.

(b) Share options

Name of Director	Date of grant	Number of options held as at 1 October 2007 and 31 March 2008	Exercise price per share HK$	Exercise period	Capacity in which interests are held
Mr. SY Ethan, Timothy	26 April 1999	100,000,000	0.150	25 May 1999 to 24 May 2009	Beneficial owner

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

Save as disclosed above, as at 31 March 2008, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code").

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS DISCLOSEABLE UNDER THE SFO

As at 31 March 2008, the register of substantial shareholders maintained under section 336 of the SFO shows that the following company (not being Directors or chief executive of the Company) had long positions of 5% or more in the shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

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

Save as disclosed above, no other person was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the shares or underlying shares of the Company as at 31 March 2008.

SHARE OPTION SCHEMES

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

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

Grantees	**Date of grant**	**Exercise price per share** HK$	**Exercise period**	**Number of options outstanding as at 1 October 2007 and 31 March 2008**
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

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

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

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

Throughout the period of the six months ended 31 March 2008, the Company has complied with the code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except for the following deviations:–

1. Code Provision A.2.1

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

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

2. Code Provision A.4.2

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

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

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Specific enquiry has been made to all Directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 March 2008.

Audit Committee Review

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

On behalf of the Board
SY Ethan, Timothy
Chairman

Hong Kong, 19 June 2008

As at the date of this Interim Report, the Board comprises 7 directors, of which 3 are executive directors, namely Mr. SY Ethan, Timothy, Mr. SUNG Yee Keung, Ricky and Mr. WAN Kwok Cheong, 1 is a non-executive director, namely Mr. KO Wai Lun, Warren and 3 are independent non-executive directors, namely Mr. Andrew David ROSS, Mr. Geoffrey William FAWCETT and Mr. Charles Robert LAWSON.

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