



WINBOX INTERNATIONAL  
(HOLDINGS) LIMITED  
永保時國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code : 474)



INTERIM REPORT 2008/09



## CONTENTS

- 2 Corporate Information
- 4 Interim Dividend
- 4 Management Discussion and Analysis
- 8 Disclosure of Interests
- 12 Corporate Governance
- 14 Report on Review of Interim Financial Information
- 16 Condensed Consolidated Income Statement
- 17 Condensed Consolidated Balance Sheet
- 18 Condensed Consolidated Statement of Changes in Equity
- 21 Condensed Consolidated Cash Flow Statement
- 22 Notes to the Condensed Consolidated Financial Statements

## CORPORATE INFORMATION

### Board of Directors

Ms. Choi Hon Hing (*Chairman*)  
Ms. Fung Wing Ki, Vicky  
(*Executive Director*)  
Ms. Fung Wing Yee, Wynne  
(*Executive Director*)  
Mr. Tam Hok Lam, Tommy, *J.P.*  
(*Independent Non-Executive Director*)  
Dr. Hui Ka Wah, Ronnie, *J.P.*  
(*Independent Non-Executive Director*)  
Mr. Leung Man Chun, Paul  
(*Independent Non-Executive Director*)

### Audit Committee

Mr. Tam Hok Lam, Tommy, *J.P.*  
(*Chairman of Committee*)  
Dr. Hui Ka Wah, Ronnie, *J.P.*  
Mr. Leung Man Chun, Paul

### Remuneration Committee

Mr. Tam Hok Lam, Tommy, *J.P.*  
(*Chairman of Committee*)  
Dr. Hui Ka Wah, Ronnie, *J.P.*  
Mr. Leung Man Chun, Paul  
Ms. Choi Hon Hing

### Investment Committee

Ms. Choi Hon Hing  
(*Chairman of Committee*)  
Ms. Fung Wing Ki, Vicky  
Mr. Jip Ki Chi, Terence

### Company Secretary and Qualified Accountant

Mr. Jip Ki Chi, Terence

### Compliance Adviser

Optima Capital Limited  
Unit 3618, 36th Floor  
Bank of America Tower  
12 Harcourt Road  
Central, Hong Kong

### Solicitors

F. Zimmern & Co.  
Suites 1501-1503  
15th Floor, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## Auditor

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

## Principal Bankers

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

Hang Seng Bank Limited  
83 Des Voeux Road  
Central  
Hong Kong

## Principal Share Registrar and Transfer Office in Cayman Islands

Butterfield Fund Services (Cayman) Limited  
Butterfield House, 68 Fort Street  
P.O. Box 705, Grand Cayman KY1-1107  
Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services  
Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## Registered Office

Cricket Square  
Hutchins Drive  
P. O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Principal Place of Business in Hong Kong

2nd Floor, Ching Cheong Industrial Building  
1-7 Kwai Cheong Road  
Kwai Chung, New Territories  
Hong Kong

## Website

[www.winboxhk.com](http://www.winboxhk.com)

## INTERIM DIVIDEND

The board does not recommend the payment of an interim dividend for the six months ended 30 September 2008.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Prospect

There was no material change in the Group's core business and operations during the six months ended 30 September 2008 from that disclosed in the Annual Report for the year ended 31 March 2008. During the first half of year 2008/09, the Group continued to face challenges of surging material costs, appreciation of Renminbi ("RMB") against United States dollar ("USD"), and increasing in staff and other operating costs. Besides, the economic conditions have recently been deteriorating significantly in many countries and regions, including our major markets in the United States and Europe, and may remain depressed for the foreseeable near future. If unfavorable global economic conditions continue to challenge the consumer buying sentiment, our business and results of operations could be adversely affected. In order to tackle the prolonged turmoil noted in the financial market which has adversely affected, and is expected to continue to affect, the real economy, we have adopted a more prudent business and financial management policy to ensure that we maintain adequate working capital to finance our operations.

Despite these challenges, the Group has continuously strengthened its management team which has been committed to rationalising and re-engineering its work flow and processes to reduce costs and increase efficiency. Moreover, the government of the People's Republic of China (the "PRC") has recently announced an array of policies, including Valued Added Tax refund, a loosening of lending restrictions and a reduction in interest rates, in an effort to encourage the stabilisation of the manufacturers in the Pearl River Delta region as a whole. Although these new policies have not yet had a material impact on our operations, if the PRC government continues to promote policies aimed at stabilizing and maintaining growth in the manufacturing and export sectors, it may help to release certain negative impact on our operations in the future.

## Financial Review

### Revenue

The Group's revenue for the six months ended 30 September 2008 maintained at around the same level of approximately HK\$94.1 million (2007: HK\$93.4 million).

### Gross profit

The Group's gross profit decreased to approximately HK\$26.5 million (2007: HK\$32.3 million) for the six months ended 30 September 2008. Gross profit margin also decreased from approximately 34.6% for the six months ended 30 September 2007 to approximately 28.1% for the six months ended 30 September 2008 primarily due to the increase in labour costs and manufacturing overheads, and appreciation of RMB, which reduced the gross profit margin of the Group.

### **Other Income, Gain and Loss, Change in Fair Value of Investments Held for Trading, Change in Fair Value of Derivative Financial Instruments and Impairment Loss Recognised in respect of Available-For-Sale Investments**

The Group invested in various types of financial instruments including fixed income, equity and derivatives with a view to enhance overall return. However, due to the recent adverse condition and the increasing instability of the global financial markets, a total loss of approximately HK\$11.7 million (2007: gain of approximately HK\$9.3 million) was recorded in other income, gain and loss, change in fair value of investments held for trading, change in fair value of derivative financial instruments and impairment loss recognised in respect of available-for-sale investments. As at the date of this report, the Group does not have any outstanding derivative financial instruments.

### Distribution and Selling Costs

The Group's distribution and selling costs as a percentage of turnover were approximately 2.3% (2007: 2.5%) for the six months ended 30 September 2008.

### Administrative Expenses

The Group's administrative expenses increased by approximately 16.8% to approximately HK\$16.3 million for the six months ended 30 September 2008 (2007: HK\$14.0 million). The difference was mainly due to increase in staff costs.

### Finance Costs

The Group's finance costs for the six months ended 30 September 2008 maintained at a low level of approximately HK\$0.1 million (2007: HK\$3,000).

## Taxation

Hong Kong Profit Tax is calculated at 16.5% (six months ended 30 September 2007: 17.5%) of the estimated assessable profit for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations change the tax rate applicable to the Company’s wholly owned subsidiary in the PRC to 18% (2007: 10%) for the reported period.

## Loss for the Period

The interim results of the Group for the six months ended 30 September 2008 recorded a loss of approximately HK\$5.8 million as compared to a profit of HK\$21.2 million for the corresponding period in 2007. Such loss is mainly due to the loss on change in fair value on investments held for trading and the impairment loss on available-for-sale investments, and the unfavourable currency exchange rate movements. Details can be referred to in the respective paragraphs.

## Liquidity, Capital Structure and Financial Resources

There was no material change in the Group’s position in relation to liquidity, capital structure and financial resources as disclosed in the Annual Report for the year ended 31 March 2008 except that trade and bills receivables as at 30 September 2008 increased to approximately HK\$32.4 million from approximately HK\$26.1 million as at 31 March 2008. Generally speaking, there are relatively more shipments of orders (hence, more sales recognized) commencing from the second quarter of a calendar year than the first quarter of a calendar year in which the Chinese New Year usually falls.

The cash flow of the Group remained healthy during the period with cash and cash equivalents as at 30 September 2008 amounted to approximately HK\$56.3 million (31 March 2008: HK\$75.6 million) while only incurring a low level of bank borrowing of approximately HK\$6.2 million (31 March 2008: HK\$4.9 million). Gearing ratio (a ratio of total borrowings to total assets other than goodwill) as at 30 September 2008 was approximately 2.7% (31 March 2008: 2.0%). At 30 September 2008, bank borrowing of the Group was denominated in Swiss Franc, carrying fixed interest rate at 3.5% per annum and was secured by a floating charge on certain assets of the Group deposited in the bank, including investments held for trading, available-for-sale investments and bank balances. At 30 September 2008, total assets of the Group charged in favour of the bank was approximately HK\$40,656,000, comprising approximately HK\$18,573,000 of investments held for trading, approximately HK\$15,458,000 of available-for-sale investments and approximately HK\$6,625,000 of bank balances.

## Capital Commitment and Contingent Liabilities

There were no significant capital commitments as at 30 September 2008. The Group had no material contingent liabilities as at the close of business on 30 September 2008.

## Exposure to Fluctuations in Exchange Rates

The net foreign exchange loss of the Group for the six months ended 30 September 2008 was approximately HK\$3.7 million compared to the net foreign exchange gain of approximately HK\$0.4 million for the corresponding period in 2007.

The Group's sales are denominated in USD, Euro ("EUR") and Hong Kong dollars ("HKD"). The Group's purchases and expenses are mostly denominated in HKD and RMB, and some in USD and EUR. The Group has certain foreign currency bank balances, investments held for trading, available-for-sale investments and investment in foreign operations, which are exposed to foreign currency exchange risk. As HKD is pegged to USD, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the USD/HKD exchange rates. During the six months ended 30 September 2008, HKD against EUR and RMB have experienced an increase of approximately 8.8% and a decrease of approximately 1.6% respectively. The unfavourable currency exchange rate movement has had an adverse impact on the Group's results. Except as disclosed, there was no material change in the Group's position in relation to foreign exchange exposure as disclosed in the Annual Report for the year ended 31 March 2008.

## Employment and Share Option Schemes

As at 30 September 2008, the Group had a total of approximately 1,868 employees in the PRC, Hong Kong and France. Remuneration packages for the employees are maintained at a competitive level in the relevant jurisdiction, within which employees are attracted, retained and motivated. Remuneration packages are reviewed periodically. A summary of the share option schemes of the Group is set out in note 16 to the condensed consolidated financial statements.

## Significant Investments, Material Acquisitions and Disposals

The Group did not have any significant investments, material acquisitions and disposals during the six months ended 30 September 2008.



## DISCLOSURE OF INTERESTS

### Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations

As at 30 September 2008, the interests of the Directors of the Company or their associates in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), were as follows:

#### Long positions in ordinary shares and underlying shares of the Company:

Name of Director	Capacity	Nature of Interest	Number of shares of the Company held	Number of underlying shares of the Company held	Total	Approximate percentage of total issued share capital
Ms. Choi Hon Hing	Beneficial owner	Personal interest	2,966,588	1,777,725 (Note 1)	209,690,986	50.95%
	Interest of a controlled corporation	Corporate interest	706,556 (Note 2)	–		
	Beneficiary of trust	Other interest	160,000,000 (Note 3)	–		
	Interest of spouse	Spouse interest	43,640,117	600,000 (Note 4)		
Ms. Fung Wing Ki, Vicky	Beneficial owner	Personal interest	1,803,958	1,333,304 (Note 1)	163,137,262	39.64%
	Beneficiary of trust	Other interest	160,000,000 (Note 3)	–		
Ms. Fung Wing Yee, Wynne	Beneficial owner	Personal interest	1,999,958	1,333,304 (Note 1)	163,333,262	39.69%
	Beneficiary of trust	Other interest	160,000,000 (Note 3)	–		
Mr. Tam Hok Lam, Tommy, J.P.	Beneficial owner	Personal interest	–	400,000 (Note 5)	400,000	0.09%
Dr. Hui Ka Wah, Ronnie, J.P.	Beneficial owner	Personal interest	–	400,000 (Note 5)	400,000	0.09%
Mr. Leung Man Chun, Paul	Beneficial owner	Personal interest	–	400,000 (Note 5)	400,000	0.09%

## Notes:

1. These interests represented the interests in underlying shares in respect of share options granted by the Company to these Directors as beneficial owners under the Pre-Listing Share Option Scheme adopted on 16 May 2006, the details of which are set out in the details of movements in the share options in note 16 to the condensed consolidated financial statements.
2. Ms. Choi Hon Hing has a beneficial interest in Bo Hing Limited (“Bo Hing”), which held 706,556 shares in the Company as at 30 September 2008, representing approximately 0.17% in the issued share capital of the Company.
3. The three references to 160,000,000 shares relate to the same block of shares held by Gainbest Investments Limited (“Gainbest”) which is a company wholly owned by HSBC International Trustee Limited as the trustee of a discretionary trust set up by Mr. Fung Ka Pun, the spouse of Ms. Choi Hon Hing, of which the discretionary objects include but not limited to Ms. Choi Hon Hing, Ms. Fung Wing Ki, Vicky and Ms. Fung Wing Yee, Wynne. Gainbest is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed “Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares of the Company” of this report.
4. These interests represented Ms. Choi Hon Hing’s spouse interest in 600,000 underlying shares in respect of share options granted by the Company to Mr. Fung Ka Pun, spouse of Ms. Choi Hon Hing, the details of which are set out in the details of movements in the share options in note 16 to the condensed consolidated financial statements.
5. These interests represented the interests in underlying shares in respect of share options granted by the Company to these Directors as beneficial owners under the Share Option Scheme (“Post-Listing Scheme”) adopted on 16 May 2006, the details of which are set out in the details of movements in the share options in note 16 to the condensed consolidated financial statements.

Other than as disclosed above, as at 30 September 2008, none of the Directors of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Share Option Schemes

Particulars of the Company’s share option schemes and details of movements in the share options are set out in note 16 to the condensed consolidated financial statements.

## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 September 2008, the following entities have interests or short positions of 5% or more in the shares and underlying shares of the Company which were recorded in the Register of Substantial Shareholders maintained under Section 336 of the SFO or had otherwise notified to the Company:

Name	Number of shares of the Company held	Number of underlying shares of the Company held	Capacity	Approximate percentage of the total issued share capital
Gainbest Investments Limited	160,000,000 (Note 1)		Beneficial owner	38.88%
Mr. Fung Ka Pun	160,000,000 (Note 1) 42,888,567 (Note 2) 1,458,106	600,000 (Note 3)	Founder of a discretionary trust Interest of controlled corporations Beneficial owner	50.95%
	2,966,588	1,777,725 (Note 4)	Interest of spouse	
HSBC International Trustee Limited	160,000,000 (Note 1)		Trustee of a discretionary trust	38.88%
Monnie Luck Limited	31,760,000 (Note 5)		Beneficial owner	7.71%
Yue Xiu Enterprises (Holdings) Limited	31,760,000 (Note 5)		Interest of a controlled corporation	7.71%
Goodwill International (Holdings) Limited	42,182,011		Beneficial owner	10.25%
Newmark Capital Corporation Limited	52,953,402 (Note 6)		Beneficial owner	12.86%
Newmark Capital Holdings Limited	52,953,402 (Note 6)		Interest of a controlled corporation	12.86%
Mr. Ng Poh Meng	52,953,402 (Note 6)		Interest of a controlled corporation	12.86%

Other than as disclosed above, as at 30 September 2008, no person (other than Directors of the Company) has interests or short positions in the shares or underlying shares of the Company which were recorded in the Register of Substantial Shareholders maintained under Section 336 of the SFO.

Notes:

1. Gainbest is a company wholly owned by HSBC International Trustee Limited as the trustee of a discretionary trust set up by Mr. Fung Ka Pun, for the benefit of his family members including but not limited to Ms. Choi Hon Hing, Ms. Fung Wing Ki, Vicky and Ms. Fung Wing Yee, Wynne as discretionary objects.
2. Mr. Fung Ka Pun has beneficial interests in Bo Hing and Goodwill International (Holdings) Limited, which held 706,556 shares and 42,182,011 shares in the Company respectively as at 30 September 2008, representing approximately 10.42% of the issued share capital of the Company.
3. These interests represented the interests in underlying shares in respect of share options granted by the Company to Mr. Fung Ka Pun as beneficial owner under the Post-Listing Scheme adopted on 16 May 2006, the details of which are set out in the details of movements in the share options in note 16 to the condensed consolidated financial statements.
4. These interests represented the interests in underlying shares in respect of share options granted by the Company to Ms. Choi Hon Hing, spouse of Mr. Fung Ka Pun, the details of which are set out in the details of movements in the share options in note 16 to the condensed consolidated financial statements.
5. Monnie Luck Limited is wholly owned by Mr. Xiao Boyan as trustee on trust for Yue Xiu Enterprises (Holdings) Limited.
6. Newmark Capital Corporation Limited is wholly owned by Newmark Capital Holdings Limited which, in turn, is wholly owned by Mr. Ng Poh Meng.

## CORPORATE GOVERNANCE

### Compliance with Code on Corporate Governance Practices of the Listing Rules

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize on a quality board of Directors (the "Board"), sound internal control, transparency and accountability to all shareholders of the Company. For the six months ended 30 September 2008, there is no deviation from the Corporate Governance Report as contained in the Annual Report of the Company for the year ended 31 March 2008. Throughout the six months ended 30 September 2008, the Company has applied the principles of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviation from code provision A.2.1 of the CG Code that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, the Company does not separate the roles of the chairman and chief executive officer.

Ms. Choi Hon Hing, the Chairman of the Company, assumes the role of chief executive officer and is responsible for the overall control and management of the Company and the Group. The Company considers that the combination of the roles of chairman and chief executive officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to grasp business opportunities more efficiently and promptly. The Company considers that through the supervision by its Board and its Independent Non-Executive Directors, a balancing mechanism exists so that the interests of the shareholders are adequately represented.

### Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed having fully complied with the required standard set out in the Model Code.

## Purchase, Sale or Redemption of the Company's Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2008.

## Audit Committee

The Company established an Audit Committee on 16 May 2006 with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the Audit Committee are consistent with the provisions as set out in the CG Code and are available on the Company's website. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2008 with the Directors and external auditors.

On behalf of the Board

**Ms. Choi Hon Hing**

*Chairman*

Hong Kong, 08 December 2008

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



**TO THE BOARD OF DIRECTORS OF  
WINBOX INTERNATIONAL (HOLDINGS) LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

### Introduction

We have reviewed the interim financial information set out on pages 16 to 34 which comprises the condensed consolidated balance sheet of Winbox International (Holdings) Limited as of 30 September 2008 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

08 December 2008



## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2008</b>	2007
	NOTES	<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
Revenue	3	<b>94,136</b>	93,441
Cost of sales		<b>(67,647)</b>	(61,114)
Gross profit		<b>26,489</b>	32,327
Other income, gain and loss	5	<b>(78)</b>	3,614
Distribution and selling costs		<b>(2,125)</b>	(2,305)
Administrative expenses		<b>(16,300)</b>	(13,959)
Change in fair value of investments held for trading		<b>(3,923)</b>	5,911
Change in fair value of derivative financial instruments		<b>3,716</b>	(273)
Impairment loss recognised in respect of available-for-sale investments		<b>(11,409)</b>	–
Finance costs	6	<b>(101)</b>	(3)
(Loss) profit before taxation	7	<b>(3,731)</b>	25,312
Taxation	8	<b>(2,087)</b>	(4,082)
(Loss) profit for the period		<b>(5,818)</b>	21,230
Dividends	9	<b>10,287</b>	10,141
(Loss) earnings per share	10		
Basic		<b>(HK1.42 cents)</b>	HK5.26 cents
Diluted		<b>(HK1.42 cents)</b>	HK5.15 cents

## CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2008

	NOTES	30 September 2008 HK\$'000 (unaudited)	31 March 2008 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	16,099	17,134
Prepaid lease payments	11	3,423	3,469
Investment property	11	1,287	1,307
Goodwill		11,452	12,670
Available-for-sale investments		42,636	33,010
		<b>74,897</b>	67,590
<b>Current assets</b>			
Inventories		42,825	33,394
Trade and bills receivables	12	32,427	26,140
Other receivables, deposits and prepayments		12,949	18,256
Investments held for trading		19,798	29,779
Tax recoverable		804	1,001
Bank balances and cash		56,293	75,564
		<b>165,096</b>	184,134
<b>Current liabilities</b>			
Trade payables	13	17,757	14,468
Other payables, deposits received and accruals		18,557	19,211
Derivative financial instruments		391	4,107
Bank borrowing	14	6,181	4,853
Tax payable		1,148	473
		<b>44,034</b>	43,112
Net current assets		<b>121,062</b>	141,022
Total assets less current liabilities		<b>195,959</b>	208,612
<b>Non-current liability</b>			
Retirement benefits obligations		1,085	1,201
Net assets		<b>194,874</b>	207,411
<b>Capital and reserves</b>			
Share capital	15	20,574	20,281
Reserves		174,300	187,130
Equity attributable to equity holders of the Company		<b>194,874</b>	207,411

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2008

	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus reserve HK\$'000 (note a)	Share options reserve HK\$'000	Asset revaluation reserve HK\$'000	Special reserve HK\$'000 (note b)	Translation reserve HK\$'000	Retained profits HK\$'000	Total equity attributable to equity holders of the Company HK\$'000
<b>Six months ended 30 September 2008</b>									
At 1 April 2008 (audited)	20,281	2,514	2,100	3,094	(3,711)	(5,754)	13,659	175,228	207,411
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(2,090)	-	(2,090)
Fair value changes in available-for-sale investments	-	-	-	-	(7,698)	-	-	-	(7,698)
Expense recognised directly in equity	-	-	-	-	(7,698)	-	(2,090)	-	(9,788)
Impairment recognition in relation to available-for-sale investments	-	-	-	-	11,409	-	-	-	11,409
Loss for the period	-	-	-	-	-	-	-	(5,818)	(5,818)
Total recognised income and expenses for the period	-	-	-	-	3,711	-	(2,090)	(5,818)	(4,197)
Exercise of share options	293	2,557	-	(1,530)	-	-	-	-	1,320
Final dividend for 2007/08 paid	-	-	-	-	-	-	-	(10,287)	(10,287)
Recognition of equity-settled share-based payments	-	-	-	627	-	-	-	-	627
At 30 September 2008 (unaudited)	20,574	5,071	2,100	2,191	-	(5,754)	11,569	159,123	194,874

	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus reserve HK\$'000 (note a)	Share options reserve HK\$'000	Asset revaluation reserve HK\$'000	Special reserve HK\$'000 (note b)	Translation reserve HK\$'000	Retained profits HK\$'000	Total equity attributable to equity holders of the Company HK\$'000
<b>Six months ended</b>									
<b>30 September 2007</b>									
At 1 April 2007 (audited)	20,000	-	-	2,508	-	(5,754)	5,961	165,289	188,004
Exchange difference on translation of foreign operations	-	-	-	-	-	-	2,028	-	2,028
Fair value changes in available-for-sale investments	-	-	-	-	510	-	-	-	510
Income recognised directly in equity	-	-	-	-	510	-	2,028	-	2,538
Transfer to profit or loss on disposal of available-for-sale investments	-	-	-	-	(510)	-	-	-	(510)
Profit for the period	-	-	-	-	-	-	-	21,230	21,230
Total recognised income and expenses for the period	-	-	-	-	-	-	2,028	21,230	23,258
Exercise of share options	281	2,514	-	(1,529)	-	-	-	-	1,266
Final dividend for 2006/07 paid	-	-	-	-	-	-	-	(10,141)	(10,141)
Recognition of equity-settled share-based payments	-	-	-	1,147	-	-	-	-	1,147
At 30 September 2007 (unaudited)	20,281	2,514	-	2,126	-	(5,754)	7,989	176,378	203,534

## Notes:

- (a) As stipulated by the relevant laws and regulations of the People's Republic of China ("PRC"), before distribution of the net profit each year, a subsidiary, Winbox Plastic Manufacturing (Shenzhen) Company Limited ("Winbox Plastic Manufacturing (Shenzhen)") established in the PRC shall set aside 10% of its net profit after taxation for the statutory surplus reserve fund. During the year ended 31 March, 2008, the board of directors of Winbox Plastic Manufacturing (Shenzhen) approved the transfer of approximately HK\$2,100,000 from retained profits to the statutory surplus reserve, which representing 10% of the accumulated net profit after taxation (as determined under PRC GAAP) for the period from 1 January, 2004 to 31 December, 2006. The reserve fund can only be used, upon approval by the board of directors of the Winbox Plastic Manufacturing (Shenzhen) and by the relevant authority, to offset accumulated losses or increase capital.
- (b) Special reserve of HK\$5,754,000 represents the difference between the nominal amount of share capital issued by Winbox (BVI) Limited and the Company and the nominal amount of the share capital of the acquired subsidiaries and Winbox (BVI) Limited respectively arisen from group reorganisations occurred in prior years.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2008

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	<b>4,740</b>	11,347
NET CASH USED IN INVESTING ACTIVITIES		
Interest received	<b>1,247</b>	1,822
Dividends received from available-for-sale investments	<b>315</b>	–
Purchase of property, plant and equipment	<b>(498)</b>	(985)
Sale proceeds from disposal of property, plant and equipment and prepaid lease payments	–	1,337
Cash return from an available-for-sale investment due to capital reduction	<b>1,112</b>	–
Sales proceeds from disposal of available-for-sale investments	–	703
Purchase of available-for-sale investments	<b>(18,395)</b>	(3,900)
	<b>(16,219)</b>	(1,023)
NET CASH USED IN FINANCING ACTIVITIES		
Dividend paid	<b>(10,287)</b>	(10,141)
New borrowings raised	<b>1,328</b>	931
Interest paid	<b>(101)</b>	(3)
Issuance of new shares	<b>1,320</b>	1,266
	<b>(7,740)</b>	(7,947)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<b>(19,219)</b>	2,377
CASH AND CASH EQUIVALENTS AT 1 APRIL	<b>75,564</b>	64,476
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<b>(52)</b>	1,031
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	<b>56,293</b>	67,884
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	<b>56,293</b>	67,884

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2008*

### **1. GENERAL INFORMATION AND BASIS OF PREPARATION**

Winbox International (Holdings) Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activity of its subsidiaries is sale of quality plastic and paper packaging boxes for luxury consumer goods.

The Group's condensed consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

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

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008.

In the current interim period, the Group has applied, for the first time, the following amendments and new interpretations ("new HKFRSs") issued by the HKICPA.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new HKFRSs has no material effect on the results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior or current period adjustment has been required.



## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRSs (Amendments)	Improvements to HKFRSs <sup>1</sup>
HKAS 1 (Revised)	Presentation of financial statements <sup>2</sup>
HKAS 23 (Revised)	Borrowing costs <sup>2</sup>
HKAS 27 (Revised)	Consolidated and separate financial statements <sup>3</sup>
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation <sup>2</sup>
HKAS 39 (Amendments)	Eligible hedged items <sup>3</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of investment in a subsidiary, jointly controlled entities or associates <sup>2</sup>
HKFRS 2 (Amendment)	Vesting conditions and cancellations <sup>2</sup>
HKFRS 3 (Revised)	Business combinations <sup>3</sup>
HKFRS 8	Operating segments <sup>2</sup>
HK(IFRIC) – INT 13	Customer loyalty programmes <sup>4</sup>
HK(IFRIC) – INT 15	Agreements for the construction of real estate <sup>2</sup>
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation <sup>5</sup>

<sup>1</sup> Effective for accounting periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for accounting periods beginning on or after 1 January 2009

<sup>3</sup> Effective for accounting periods beginning on or after 1 July 2009

<sup>4</sup> Effective for accounting periods beginning on or after 1 July 2008

<sup>5</sup> Effective for accounting periods beginning on or after 1 October 2008

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent company's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

### 3. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less sales tax and sales returns during the period.

### 4. SEGMENT INFORMATION

The directors report the geographical segments as the Group's primary segment information.

#### *Geographical segments*

The following table provides an analysis of the Group's sales by geographical market in which the customers are located, irrespective of the origin of the goods.

#### For the six months ended 30 September 2008

	Hong Kong	North America	Europe	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	30,067	5,380	55,822	2,867	94,136
Segment results	8,594	694	7,584	357	17,229
Other income, gain and loss					(78)
Unallocated corporate expenses					(9,165)
Change in fair value of investments held for trading					(3,923)
Change in fair value of derivative financial instruments					3,716
Impairment loss recognised in respect of available-for-sale investments					(11,409)
Finance costs					(101)
Loss before taxation					(3,731)
Taxation					(2,087)
Loss for the period					(5,818)

**4. SEGMENT INFORMATION** (Continued)**Geographical segments** (Continued)

For the six months ended 30 September 2007

	Hong Kong	North America	Europe	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	25,245	5,280	60,155	2,761	93,441
Segment results	9,596	1,373	12,633	580	24,182
Other income, gain and loss					3,614
Unallocated corporate expenses					(8,119)
Change in fair value of investments held for trading					5,911
Change in fair value of derivative financial instruments					(273)
Finance costs					(3)
Profit before taxation					25,312
Taxation					(4,082)
Profit for the period					21,230

## 5. OTHER INCOME, GAIN AND LOSS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Interest earned on bank deposits	<b>666</b>	1,201
Interest earned on debt securities	<b>386</b>	621
Interest earned on available-for-sale investments	<b>195</b>	–
Net foreign exchange (loss) gain	<b>(3,668)</b>	374
Dividend income from investments held for trading	<b>229</b>	587
Dividend income from available-for-sale investments	<b>315</b>	–
PRC government tax refund from reinvestment of a subsidiary (note)	<b>1,540</b>	–
Gain on disposal of property, plant and equipment and prepaid lease payments	–	206
Gain on disposal of available-for-sale investments	–	510
Sundry income	<b>259</b>	115
	<b>(78)</b>	3,614

Note: According to a letter issued by the PRC local tax authority dated 27 May 2008, Winbox Plastic Manufacturing (Shenzhen) was eligible to receive PRC enterprise income tax refund of RMB1,362,000 (equivalent to HK\$1,540,000) due to the additional investment of HK\$18,000,000 made by its immediate holding company, Grant Cast Limited, by utilising the retained profits of Winbox Plastic Manufacturing (Shenzhen) for the three years ended 31 December 2006.

## 6. FINANCE COSTS

	Six months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on borrowing wholly repayable within five years	<b>101</b>	<b>3</b>

## 7. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2008	2007
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit before taxation is arrived after charging (crediting):		
Reversal of allowance for inventories (included in cost of sales)	–	(777)
Depreciation of property, plant and equipment and investment property	<b>890</b>	642
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	<b>25,491</b>	20,115
Retirement benefit scheme contributions	<b>1,941</b>	1,997
Share-based payments	<b>627</b>	1,147
	<b>28,059</b>	<b>23,259</b>

**8. TAXATION**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Current tax:		
Hong Kong	732	2,567
Other jurisdictions	1,355	1,515
	<b>2,087</b>	<b>4,082</b>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2007: 17.5%) of the estimated assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

**9. DIVIDENDS**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Final dividend paid for 2007/08 of HK\$0.025 per share (six months ended 30 September 2007: final dividend paid for 2006/07 of HK\$0.025 per share)	<b>10,287</b>	10,141

**10. (LOSS) EARNINGS PER SHARE**

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<u>(Loss) earnings</u>		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	<b>(5,818)</b>	21,230

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>'000</b>	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>409,152</b>	403,382
Effect of dilutive potential ordinary shares:		
Share options (note)	–	8,938
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<b>409,152</b>	412,320

Note: The computation of diluted loss per share for the period ended 30 September 2008 did not assume the exercise of the Company's outstanding share options since their exercise would reduce loss per share.

**11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/PREPAID LEASE PAYMENTS/ INVESTMENT PROPERTY**

During the period, the Group spent HK\$498,000 (six months ended 30 September 2007: HK\$985,000) on purchase of property, plant and equipment. There was no acquisition of prepaid lease payments and investment property for both periods.

**12. TRADE AND BILLS RECEIVABLE**

The Group allows an average credit period of 30 to 60 days to its trade customers. The aged analysis of trade and bills receivables net of allowance for bad and doubtful debts is stated as follows:

	<b>30 September 2008 HK\$'000 (unaudited)</b>	31 March 2008 HK\$'000 (audited)
0 to 30 days	17,551	16,401
31 to 60 days	7,511	5,617
61 to 90 days	5,551	2,626
91 to 180 days	1,769	1,006
	<b>32,382</b>	25,650
Bills receivable – within 60 days	45	490
	<b>32,427</b>	26,140

**13. TRADE PAYABLES**

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period taken for trade purchases is 30 to 60 days. The aged analysis of trade payables is stated as follows:

	<b>30 September 2008 HK\$'000 (unaudited)</b>	31 March 2008 HK\$'000 (audited)
0 to 30 days	8,360	6,532
31 to 60 days	5,061	3,007
61 to 90 days	3,070	2,280
91 to 180 days	1,266	2,649
	<b>17,757</b>	14,468



**14. BANK BORROWING**

At 30 September 2008, bank borrowing of the Group was denominated in Swiss Franc, carrying fixed interest rate at 3.5% per annum and was secured by a floating charge on certain assets of the Group deposited in the bank, including investments held for trading, available-for-sale investments and bank balances. At 30 September 2008, total assets of the Group charged in favour of the bank was approximately HK\$40,656,000, comprising HK\$18,573,000 of investments held for trading, HK\$15,458,000 of available-for-sale investments and HK\$6,625,000 of bank balances.

**15. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Authorised:		
At 1 April 2008 and 30 September 2008, ordinary shares of HK\$0.05 each	<u>2,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2008, ordinary shares of HK\$0.05 each	405,626,144	20,281
Exercise of share options (note)	<u>5,866,582</u>	<u>293</u>
At 30 September 2008, ordinary shares of HK\$0.05 each	<u>411,492,726</u>	<u>20,574</u>

The shares which were issued during the period rank pari passu with the existing shares in all respects.

Note: During the period, share options for 5,866,582 of HK\$0.05 each were exercised at the exercise price of HK\$0.225. Details of options outstanding and movements during the period are set out in note 16.

## 16. SHARE OPTIONS

On 16 May 2006, a Pre-Listing Share Option Scheme (“Pre-Listing Scheme”) and a Share Option Scheme (“Post-Listing Scheme”) were adopted for the purpose of recognising and motivating the contributions of eligible persons to the Company.

Details of the share options outstanding and movements during the period were as follows:

Grantee	Name of the scheme	Date of grant	Exercising period	Exercise price per share HK\$	At 1 April 2008	Exercised during the period	At 30 September 2008
<b>Executive directors</b>							
Choi Hon Hing	Pre-Listing Scheme	16.5.2006	6.6.2008 to 5.6.2011	0.225	1,333,294	(1,333,294)	-
	Pre-Listing Scheme	16.5.2006	6.6.2009 to 5.6.2012	0.225	1,777,725	-	1,777,725
Fung Wing Ki, Vicky	Pre-Listing Scheme	16.5.2006	6.6.2008 to 5.6.2011	0.225	999,979	(999,979)	-
	Pre-Listing Scheme	16.5.2006	6.6.2009 to 5.6.2012	0.225	1,333,304	-	1,333,304
Fung Wing Yee, Wynne	Pre-Listing Scheme	16.5.2006	6.6.2008 to 5.6.2011	0.225	999,979	(999,979)	-
	Pre-Listing Scheme	16.5.2006	6.6.2009 to 5.6.2012	0.225	1,333,304	-	1,333,304
<b>Non-executive directors</b>							
Tam Hok Lam, Tommy	Post-Listing Scheme	8.6.2007	12.6.2008 to 11.6.2011	0.860	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	12.6.2009 to 11.6.2012	0.860	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	12.6.2010 to 11.6.2013	0.860	160,000	-	160,000
Hui Ka Wah, Ronnie	Post-Listing Scheme	8.6.2007	9.6.2008 to 8.6.2011	0.860	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	9.6.2009 to 8.6.2012	0.860	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	9.6.2010 to 8.6.2013	0.860	160,000	-	160,000
Leung Man Chun, Paul	Post-Listing Scheme	8.6.2007	12.6.2008 to 11.6.2011	0.860	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	12.6.2009 to 11.6.2012	0.860	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	12.6.2010 to 11.6.2013	0.860	160,000	-	160,000

**16. SHARE OPTIONS** (Continued)

Grantee	Name of the scheme	Date of grant	Exercising period	Exercise price per share HK\$	At 1 April 2008	Exercised during the period	At 30 September 2008
Advisor to the Group (note)	Post-Listing Scheme	8.6.2007	8.6.2008 to 7.6.2011	0.860	180,000	-	180,000
	Post-Listing Scheme	8.6.2007	8.6.2009 to 7.6.2012	0.860	180,000	-	180,000
	Post-Listing Scheme	8.6.2007	8.6.2010 to 7.6.2013	0.860	240,000	-	240,000
Employees	Pre-Listing Scheme	16.5.2006	6.6.2007 to 5.6.2010	0.225	240,438	(240,438)	-
	Pre-Listing Scheme	16.5.2006	6.6.2008 to 5.6.2011	0.225	2,533,330	(2,292,892)	240,438
	Pre-Listing Scheme	16.5.2006	6.6.2009 to 5.6.2012	0.225	3,377,764	-	3,377,764
	Post-Listing Scheme	8.6.2007	8.6.2008 to 5.7.2011	0.860	150,000	-	150,000
	Post-Listing Scheme	8.6.2007	8.6.2009 to 5.7.2012	0.860	150,000	-	150,000
	Post-Listing Scheme	8.6.2007	8.6.2010 to 5.7.2013	0.860	200,000	-	200,000
	Post-Listing Scheme	18.3.2008	18.3.2009 to 17.3.2012	0.536	90,000	-	90,000
	Post-Listing Scheme	18.3.2008	18.3.2010 to 17.3.2013	0.536	90,000	-	90,000
	Post-Listing Scheme	18.3.2008	18.3.2011 to 17.3.2014	0.536	120,000	-	120,000
					<u>16,529,117</u>	<u>(5,866,582)</u>	<u>10,662,535</u>

Note: Advisor to the Group is Mr. Fung Ka Pun, who is a substantial shareholder of the Group.

In the current period, share option expenses of approximately HK\$627,000 (six months ended 30 September 2007: HK\$1,147,000) has been recognised with a corresponding credit in the Group's share options reserve.

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$0.582 per share.

**17. RELATED PARTY TRANSACTIONS**

The remuneration of directors, representing the key management personnel of the Group, during the period was HK\$911,000 (six months ended 30 September 2007: HK\$1,205,000).