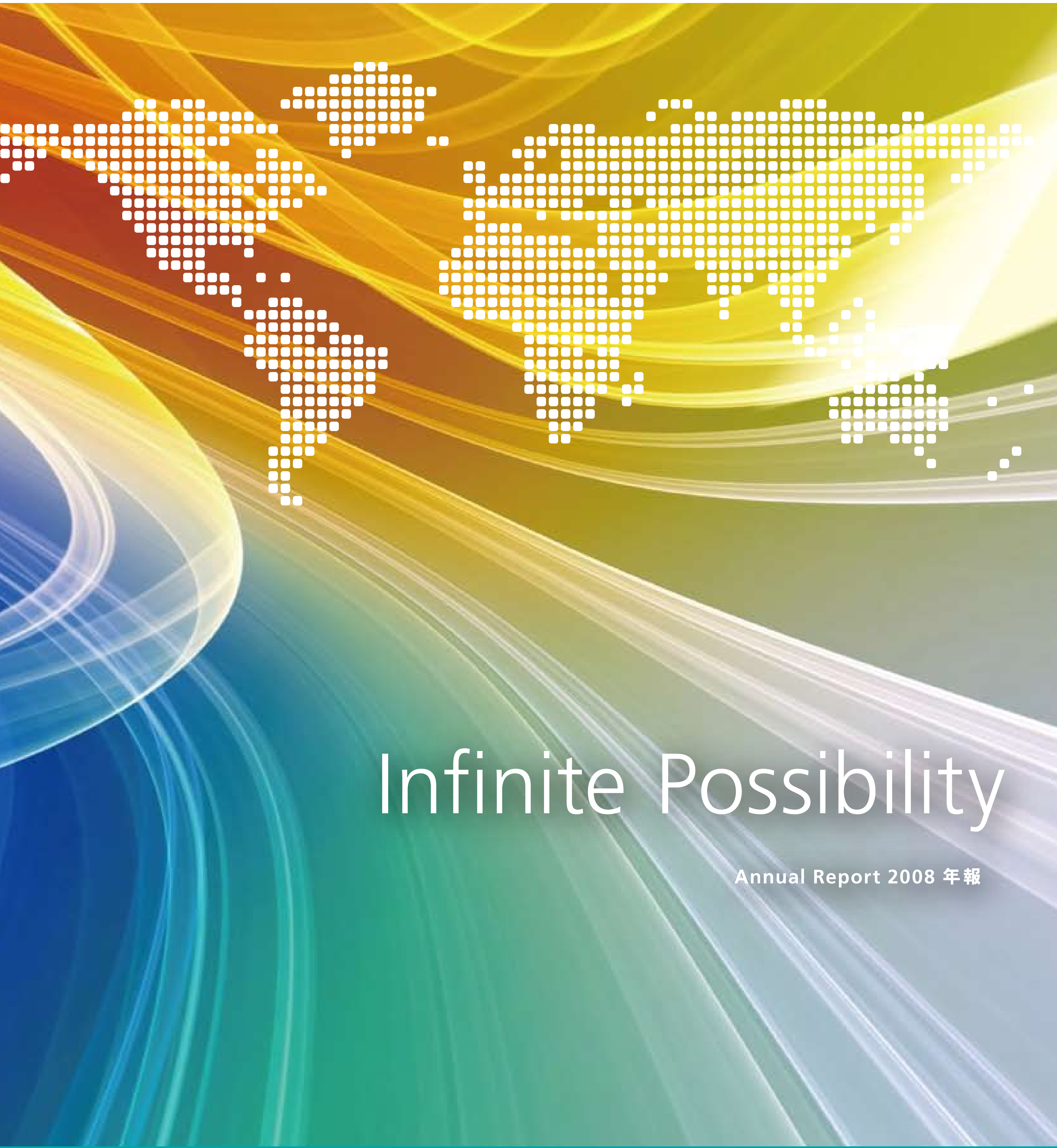

Infinite Possibility

Annual Report 2008 年報

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

(Stock Code 股份代號：143)

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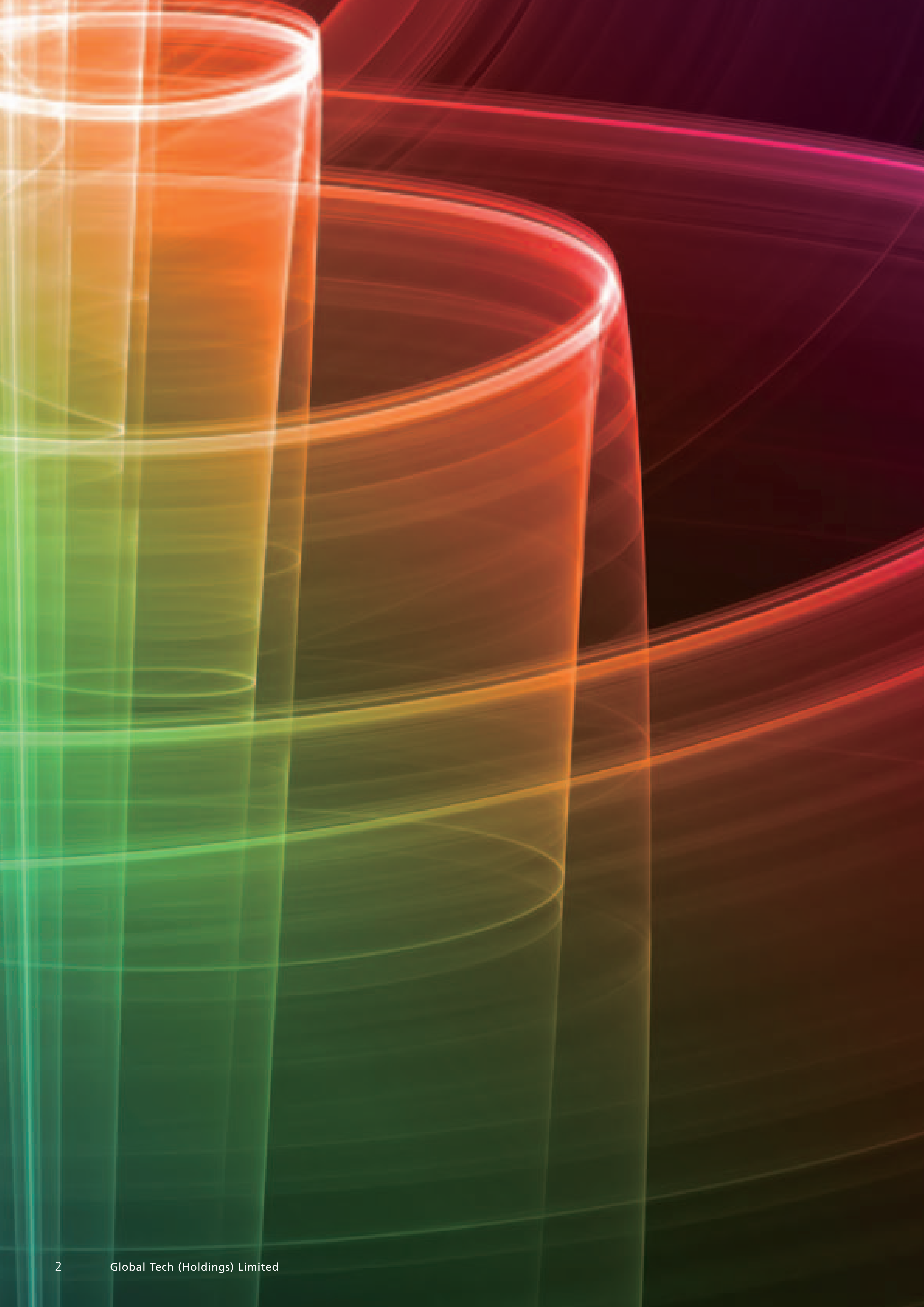


Corporate Profile

Global Tech (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") create synergies between name-brand vendors, retailers and customers to bring greater visibility to the dynamic mobile telecommunications sector by creating higher added value in the supply chain. The Group uses proven one-stop branding, marketing-distribution and after-sales service solutions to help end-users enjoy the latest in mobile technologies, functionalities, entertainment and, ultimately, lifestyle.

Technology moves fast in the world of mobile telecommunications. With innovative thinking and sound management, the Group is constantly reinventing its business model to maintain its healthy lead in a rapidly shifting industry landscape, and to always stay relevant to market developments.

Chairman's Statement

Dear Shareholders,

Impacted by the crumbling global financial market, the challenges and uncertainties confronted by the telecommunications industry are getting increasingly rigorous. Difficulties encountered in the industry certainly have revealed a rapid shrinkage in global economic. The downturn in global economy has been an obvious one which calls for vigilance. As for mobile phone sales, analysts are alert to the first ever decline expected in 2009.

Comparing to the same period in the previous year, a 6% growth in mobile phone sales is recorded this third quarter. However, traditional key players in the industry were losing ground and forced to make way to the new emerging rivals – the smartphones/PDA handsets.

Growth prospect for economy worldwide has been dampened, the mobile phone industry are now venturing into uncharted territory. On the other hand, inspired by an In-Stat survey conducted earlier this year of which more than half of the respondents envisage using a smartphone/PDA handset as their sole computing device, mobile phone companies have invested heavily in enhancing features, such as better keyboards, expandable screens and a variety of applications that enable smartphones to be laptop substitutes. Despite great development in mobile communication technologies, such advancement did not bring about healthy margins from product sales for most makers and operators. Majority of the industry players have not been able to derive stronger revenue streams and be benefited from developments of premium data and multimedia services. Driven by the presumption that smartphones will be the basic tool for mobile communication, certain leading smartphone makers intended to reduce the retail price of such products while they are forced to engage in the endless competition of technology advancement. Concerns have been raised with such erosion in profit margins which are detrimental to the interest of the shareholders.

At the lower end of the product line, cut-throat price competition continues to grip even the major players. Reference can be made to the noticeable slip in global market share of the world's top mobile phone maker, Nokia, after its rivals slashed mobile phone prices to levels regarded as unsustainable. Nevertheless, with further deterioration of worldwide economy, the lower-cost mass market has become an area of increasing focus, even for the major mobile phone makers. Taking Nokia as an example, phone costing less than €50 accounted for more than half of Nokia's sales volume in the third quarter, with the majority of such being sold below €30. Analysts have lowered earnings forecasts for most mobile phone makers who are expected to be constantly challenged by ongoing uncertainty and difficulties.

The industry had previously pinned its hopes on the 3G mode of telecommunications. With the general understanding now that 3G usage are not yet sufficiently widespread, short-term value can hardly be reflected in the telecommunications sector. Analysts are pessimistic on the 3G businesses' capability to boost earnings in the short term.

Notwithstanding incessant launches of new 3G mobile phones during the prolonged migration period, telecommunications operators have failed to generate reasonable levels of overall average revenue per user ("ARPU") from 3G services. The market continues to be skewed by mobile phone purchase subsidies undercutting the margins of network operators. Product life cycles are shortened as a result of high frequency in introduction of new products; the consequence is steeper price reductions of products. Viability of 3G business becomes a key concern given the declining service fees and nominal increases in the number of first time 3G handset purchasers.

Motivated by the success of the iPhone, many manufacturers are eager to join the industry and focus principally on mobile phone design. In fact, mobile phones are no longer simply basic communication devices, the features and software are vital factors for getting ahead of the competition. More than ever innovations are expected to come into light after 2009, the benefits delivered and the support of the relevant platform will be the critical elements determining the success of these new ideas. The ability to generate more and better application software will be the prerequisite for market dominance in the industry. The success of these newcomers will depend on their capability to develop advanced and comprehensive applications that give the platform extra life and excitement to use.

The economic outlook is not a bright one given that the global credit crunch is slowing growth in almost everywhere. This rapid deceleration in worldwide economy, accompanied by increasing costs, contributed to a real reduction in consumer demand, making it difficult to envision a noticeable recovery in 2009. An unprecedented shrinkage in mobile phone sales caused by a declining consumer spending resulted massive unsold inventory. As the penetration of mobile phone in the market has reached a high level, nominal growth in sales of first time purchaser are expected. This will strike badly the market players who had set their sales target prior to the market slowdown. Given the downturn of the economy, panic and uncertainties delay many customers' purchase of their next mobile phone, resulting in a significant oversupply which is likely to extend into the year of 2009. The likelihood of high levels of inventory is worth worrying. High inventory level coinciding with sluggish sales made it extremely difficult for distributors to achieve an optimum balance between inventory levels and turnover. To cope with developments in the macro economy, the Group will constantly review and revamp its business model.

In view of the enormous potential risks in these testing times, the Group will remain extremely selective in its choice of business developments and expects to reduce the pace of operation in the short- to medium-term.

Management is well aware of the need to constantly review and identify areas in the Group's operations where improvements can and should be made. With the strong support of a diligent and talented team of management and staff members, the Group will continue to strengthen its edge in charting a safe course through the challenges ahead.

SY Ethan, Timothy
Chairman

Hong Kong, 22 December 2008

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

Financial Highlights

For the year ended 30 September 2008, the Group recorded a turnover of approximately HK$676.4 million (2007: HK$1,315.3 million), representing a decrease of approximately 49% over the previous year. This was mainly attributable to the decrease in the trading of telecommunications products, decrease in fair value and the loss in investments at fair value through profit or loss. The performance reflects the effect of the deteriorating global economy on consumer confidence and the business environment in general.

During 2008, polarisation of the low-end and high-end handsets continued. The handset replacement market has been dominated by the introduction of smartphone models usually equipped with advanced functions including large touch-sensitive screens, cameras of higher power, instant Internet access and GPS navigation functions. Sluggish sales of mid-tier handsets indicated that consumers are becoming increasingly technology-savvy and are not content with just a built-in music player or camera. Such trends have inflicted deteriorating sales on traditional handset models.

Besides, as all major economies entered a major slowdown, sales from the trading of telecommunications products during the year therefore further contracted by 47% to approximately HK$690.7 million (2007: HK$1,306.4 million).

The loss from the business segments was deepened by the loss of approximately HK$6.8 million recorded from investment in financial assets segment. Gross loss of approximately HK$62.3 million was resulted during the current year (Gross profit in 2007: HK$50.5 million) due to losses from clearance of obsolete and slow-moving handset models.

The Group's loss from operations for the year increased to approximately HK$167.8 million from approximately HK$47.8 million last year. The Group recorded a loss for the year of approximately HK$171.4 million compared with the loss of approximately HK$49.5 million last year. The widened loss was worsened by the decrease in quantity of handsets sold and the loss from selling out-of-fashion handset models due to slackened demand as a result of the financial crisis and global credit crunch. Such market challenges were exacerbated by lowered selling prices during the period and the potentially harmful reliance on subsidies by telecommunications operators to sustain handset sales in Hong Kong.

The Hong Kong Market

As in many other parts of the world, 3G accessibility has become the key consideration when acquiring a mobile phone, and smartphones loaded with advanced functions are now the dominant trend. In the case of the replacement market, as revealed in a recent industry survey, 90% of consumers in this segment plan to purchase a smartphone. But in contrast with the situation a few years ago, customers now take a much closer look at the functions on offer. Discreet selection and careful comparison are now the order of the day as a result of the plethora of choices available on the market.

According to market-research firm Synovate, Hong Kong's mobile phone users are acclaimed as the most mobile-savvy across the region, and the latest data from OFTA (Office of the Telecommunications Authority) indicate that the number of mobile accounts in Hong Kong now exceeds 11 million, corresponding to a 160.8% penetration rate, well ahead of corresponding rates in the United States, the United Kingdom, Japan and Korea. This phenomenal growth in subscriber base and handset sales, as exhibited over recent years, is not considered sustainable.

The 3G/3.5G mobile service subscriber rate in Hong Kong grew rapidly from 8% in 2005 to over 21% in 2008, well ahead of most developed countries, including the United Kingdom, Sweden and Singapore. Meanwhile, in May 2008, China launched its long-awaited telecommunications restructuring, in which its six telecommunications operators were to be merged into three mobile service firms. On completion of this process by the end of the year or early 2009, the government will issue 3G licenses. With Hong Kong now equipped with a more mature 3G operating system, preference among mobile phone users will undoubtedly become directive to its Mainland counterpart.

The OFTA study also revealed that Hong Kong has the lowest mobile tariffs. Across the range of pricing packages, Hong Kong ranked the lowest, enabling the city to become one of the highest-performing markets. At the same time, in light of fierce competition among network operators, heavy subsidies continue to be offered, stimulating replacement frequency and the demand for high-end, function-loaded mobile phones. A good example of this phenomenon is the case of the Apple iPhone, which proved a runaway success when launched in Hong Kong. Hutchison Telecommunications International Limited, which has been granted the exclusive rights to distribute the iPhone, recently revealed that iPhone sales were beyond the company's expectations and had directly boosted its service subscription rate.

Although the 3G and smartphone trend has boosted mobile phone sales to a certain extent, the economic and financial crisis spreading across the world has deeply upset the industry. Confidence, lack of which is detrimental to spending, is in short supply these days. Consumer confidence in Hong Kong has touched a record low and also fell off the global top-10-most-optimistic list, according to a survey conducted during September and October by AC Nielsen. With an economy closely interlinked with world demand, it has been impossible for Hong Kong to remain unaffected. As a direct impact of the financial tsunami originating in the West, consumers are now nervously eyeing the current investment market and job prospects, and top priority is being given to savings. But despite increasingly cautious spending sentiment locally, consumers are not entirely holding back from spending and are willing to hunt for good bargains, commented AC Nielsen. There are still business opportunities for companies in the leisure, retail and entertainment sectors, but the property and luxury-goods market will be badly hit, according to the market intelligence service provider.

Similar findings were obtained from another consumer confidence survey, conducted in late October by the Department of Economics of the Chinese University of Hong Kong. This found that consumer confidence in Hong Kong had plummeted to the same level as that recorded during the SARS period in 2003, indicating that consumers are suffering from an acute lack of confidence in the economic outlook. The consumer confidence index also suggested that consumers' pessimistic sentiments will adversely affect domestic demand.

In conclusion, both surveys show no sign of a quick rebound next year and, coupled with a sluggish performance from the export sector, the local economy will most likely enter a period of recession.

A significantly declining number of tourists from the Mainland has also contributed to a troubled retail sector in Hong Kong. Although Hong Kong is still considered the top destination for Mainland tourists, during the recent Golden Week the number of tourist groups travelling to Hong Kong dropped by 20%. At the same time, Mainland tourists are now visiting Hong Kong for the sight-seeing as well as for the shopping, with the result that the shopping spree phenomenon has subsided into a more rational spending pattern.

The United States (US) economy is now in the depths of a recession, as the world finds itself at the very beginning of the process of unwinding a credit and asset-price bubble that has ballooned over several decades. On a brighter note, however, with ongoing co-ordinated government action, some economists expect to see the economic landscape eventually improving. Nevertheless, the local mobile telecommunications sector is expected to face continued unprecedented challenges. In the face of such market volatility and a shrinking economy, our primary objective is to maintain resilience through stringent cost control and realignment of business operations. We will further discuss the Group's strategies in the Prospects and Strategic Outlook section.

Liquidity, Financial and Working Capital Resources

As at 30 September 2008, the Group's total non-current assets were reduced to approximately HK$57.7 million (2007: HK$65.0 million) is mainly due to amortisation of intangible assets.

Due to the change in sales model and clearance of slow-moving inventories for the year, inventories decreased to approximately HK$3.7 million as at 30 September 2008 (2007: HK$100.4 million).

As at 30 September 2008, the Group's net trade receivables significantly decreased from approximately HK$152.1 million last year to approximately HK$45.0 million in the current year as a result of an improved monitoring processes and decrease in turnover.

The Group has continued to take measures to optimise its cash-management. As at 30 September 2008, the value of the Group's investment in financial assets amounted to approximately HK$5.8 million (2007: HK$3.1 million).

The Group's cash reserves as at the year end stood at approximately HK$114.6 million (2007: HK$156.9 million), of which approximately HK$106.4 million was pledged as collateral for banking facilities (2007: HK$75.2 million). The current ratio was approximately 1.23 (2007: 1.79) while the liquid ratio was approximately 1.21 (2007: 1.39).

As at 30 September 2008, the total borrowings of the Group, which mainly comprised of bank borrowings, amounted to approximately HK$61.9 million (2007: HK$62.7 million). The bank borrowings were secured by fixed deposits of approximately HK$106.4 million (2007: HK$75.2 million) and investment property with a carrying amount of approximately HK$12.0 million (2007: HK$12.0 million). The gearing ratio, which is expressed as a percentage of total borrowings over total assets, was 26.2% (2007: 12.3%).

As in previous years and now amidst the waves of the current financial turmoil, the Group will renew its commitment to adopting a conservative cash-management policy.

Currencies

The Group conducts its core business transactions mainly in Hong Kong, New Taiwan and United States dollars. The majority of the Group's cash and bank balances are also denominated in these three currencies. During the year ended 30 September 2008, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. As a result, the Group did not enter into any material foreign exchange contracts, currency swaps or other financial derivates.

Prospects and Strategic Outlook

As seen in developed markets, smartphones are now must-have accessories for both business and consumer use and make up the fastest growing segment of the handset market.

With soaring demand for smartphones, the pre-loaded operating system has become another hot topic in the mobile industry. Compatibility and upgradability are two of the crucial elements determining the success of a smartphone model. Even traditional brands have started negotiating with operating-system suppliers and in 2009 will launch handsets based on the advanced operating system to complement their existing mobile platforms and to create a new user experience. Mobile brands, big and small, established and new, are swept up in the stampede to grab a share of this bonanza. Manufacturers are now re-allocating their resources to research and development in smartphones, as well as towards mega advertising campaigns.

As demonstrated by the smartphone phenomenon, consumers have become increasingly sophisticated and will not pay a premium for anything other than top-tier models. At the same time, consumers are expected to be extremely discreet and demand genuine bargains in these difficult times. Price cuts are now the sole solution to luring consumers into replacing their old handsets. A global price war among mobile manufacturers is envisaged in the next few quarters as they struggle to support the growth rate.

In light of an unprecedented global financial crisis and a serious economic downturn, coupled with job insecurity and uncertain outlook, consumer spending power will inevitably slacken off. According to market analyses, the mobile market will be hit harder in 2009, especially in developed markets, where consumer demand is slowing in while growth in emerging markets is expected to show a sharp decline from double-digit growth to a 2% rise. No signs of economic recovery will be visible until the final quarter of 2009, according to industry forecasts.

Industry analysts have given out bleak earnings forecasts for handset players as product delays and slowed consumer spending reduced sales. The worsening trend is likely to continue for some time, creating increased risks and uncertainties. Risk will inspire the Group to work even harder and more prudently to closely look at businesses within its portfolio, examining them for industry fit, market trends, long-term contribution and ability to deliver returns. Since the preference of customers have shifted from traditional handsets to fashionable and multi-function smartphone, and considering the intensifying price competition between products, the Group has taken a step to source new suppliers to maximize the customers' choices between different types, tiers, functions and price levels of products.

Facing a tough road ahead, and in view of past years' performance, the Group is now under negotiation with its major supplier, targeting to work out a feasible business model, though may substantially decrease the sales of trading of telecommunications products, which will result in a lowered inventories level, but more importantly, may generate profit for the Group. Although the outcome remains uncertain, and even may be unfavourable, the management believes that this is a necessary process for the Group to cope with the market trend and to improve the financial position in the coming future. The management will pledge their best efforts to rationalize the Group's business mix until the operating environment evolves towards higher clarity.

Employee information

As at 30 September 2008, the Group employed a work force of 50 (2007: 98). Staff costs, including salaries and bonuses, were approximately HK$45.7 million (2007: HK$54.3 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 plans and discretionary bonuses awarded on a performance basis. The Group provides pension schemes for employees as part of their staff benefits.

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 2008, 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 six directors, of which two 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. SUNG Yee Keung, Ricky

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 2008, 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. SUNG Yee Keung, Ricky	1/4
Mr. CHEUNG Wing Yin, Vigny Wiley (resigned on 4 June 2008)	1/1
Mr. WAN Kwok Cheong (resigned on 1 September 2008)	1/2
Non-executive Director:	
Mr. KO Wai Lun, Warren	3/4
Independent Non-executive Directors:	
Mr. Andrew David ROSS	4/4
Mr. Geoffrey William FAWCETT	3/4
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 2008, there was no change in the composition of the Board other than the resignations of Mr. CHEUNG Wing Yin, Vigny Wiley and Mr. WAN Kwok Cheong.

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 (which were further reviewed by the Board in June 2008). 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 and on the establishment of a formal and transparent procedure for developing such policy. The revised written terms of reference of the Remuneration Committee are available on the Company's website.

During the year, the Remuneration Committee reviewed the remuneration packages of the Directors and senior management of the Company. The Committee also reviewed its terms of reference, and the suggested amendments were approved by the Board.

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

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

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 35 to 99 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 2008 approximately amounted to HK$1,602,000 and HK$178,000 respectively.

The reporting responsibilities of HLB are set out in the Independent Auditors' Report on pages 33 and 34.

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 conducted reviews on the effectiveness of the internal control system as required by the Code Provisions. The Audit Committee also reviewed with members of the management the work done and result of such reviews.

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 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 twice 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)*	2/2
Mr. Geoffrey William FAWCETT	2/2
Mr. Charles Robert LAWSON	2/2
Mr. KO Wai Lun, Warren	2/2

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 erstwhile vigorous rebound in Hong Kong's economy led inevitably to surging labour costs. While taking cautious cost control measures, the Group continues to stay abreast of market trends and to monitor staff performance and allocates appropriate resources to ensure that the right staff are attracted and retained. 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 competitive advantage depends entirely on its team of high-calibre staff who can react to a fast-moving consumer environment while responding to the latest developments in technology and applications. Embedded training programmes also enable staff to stay up to date with the latest technology developments, meanwhile a clear hierarchy is maintained to demonstrate a structured career path and to provide staff with adequate motivation to move upwards within the Group.

To operate efficiently and effectively in the complex and ever-changing telecommunications market, there is the need for experience and continuity, the know-how and the 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.

EXECUTIVE DIRECTORS

Mr. SY Ethan, Timothy, aged 35, 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. SUNG Yee Keung, Ricky, aged 43, 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 16 years of experience in the customer telecommunications industry and over 19 years of trading experience in the People's Republic of China.

NON-EXECUTIVE DIRECTOR

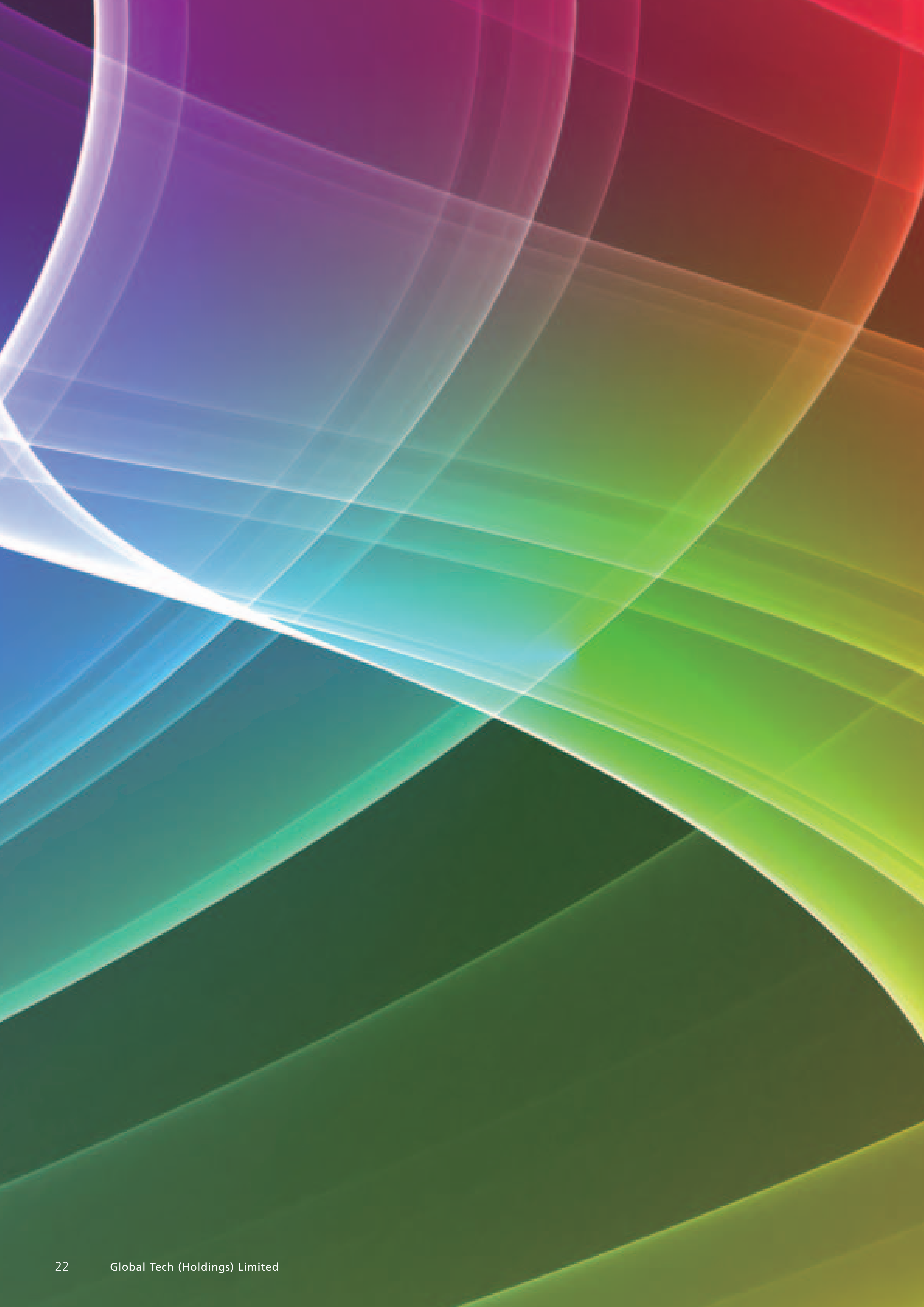
Mr. KO Wai Lun, Warren, aged 41, is a Non-executive Director of the Company since 2003. Educated in England and Canada, Mr. Ko obtained his Bachelor of Science Degree from Simon Fraser University in Canada and Bachelor of Laws Degree in England. He was a partner of Richards Butler, an international law 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 51, 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 59, 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

The major mobile phone manufacturers continue to adopt a two-prong business development strategy. On the one hand, they rely on basic and affordable models when tapping into developing markets such as China, India, Latin America, and even Africa. This market segment accounts for a large portion of the sales volume for major players, including the world's largest vendor in terms of unit sales. This vendor leads its competitors in selling affordable mobile phones and holds a commanding market share in markets yet to be fully penetrated.

The other side of the story is the smartphone phenomenon. In these harsh economic times, smartphones offer a rare segment of high growth. And smartphones manufacturers are not expected to be affected equally, despite a foreseeable market slowdown carrying over into next year. As consumers cut spending, the replacement demand for mobile phones, demand for which makes up 75% of overall sales, is likely to receive a head-on hit during tough times.

Smartphones makers shipped 39.9 million units during the third quarter of 2008, up 28% from the third quarter of 2007 to an all-time high for a single quarter, according to Canalys. Smartphones now make up 13% of the total mobile phone market, up from 11% of the third quarter. The third-generation iPhone and several other smartphone brands, including Blackberry, HTC and Palm, together with the up-and-coming Google phone G1, are expected to cut into high-end segments hitherto dominated by the legacy brands. Apple was outperformed by Nokia in the smartphone category in the third quarter of 2008 and RIM (Research in Motion) fell back to third place, while HTC occupied fifth place after Motorola.

Price cuts are one key measure taken by high-end brands to combat the iPhone wave. Others include showering consumers with must-have mobile phone features such as touch-sensitive screens, high megapixel cameras, fast Internet access and GPS navigation functions, all positioned to compete directly with the iPhone. On the other hand, conventional brands have begun to release handsets pre-loaded with Microsoft's popular e-mail programmes or supporting e-mail accounts from key Internet service providers such as Yahoo and Google's Gmail, again all targeted to rival the killer Blackberry application. Samsung, for example, is scoring profits with several of its high-end models, helping the company hang on to second place in worldwide sales. Based on Strategy Analytics' forecast, sales of global smartphones will grow by an above-average 31% in 2009.

Spurred by this surging demand, competition among smartphone brands has gone as far as acquiring operating system providers in order to cut costs and secure customer loyalty towards the brand. As a result, customers can now download and have their mobile software updated directly on the device. Once accustomed to this level of convenience and efficiency, customers are likely to stay with the brand when new models are introduced. Mobile phones, or to be more precise, smartphones are evolving more and more to resemble laptop computers. Before long, the device will be used routinely as a platform for social networking and multi-media accessibility software. The day will soon dawn when the success of a mobile brand will depend mostly on software development, while the hardware will be of equal or less significance.

This trend is that the smartphone has become much more powerful over the past year and business travelers are beginning to rely on it for its all-round computing abilities. A recent survey by research firm In-Stat revealed that 52% of respondents envisioned using a smartphone in the future as their sole computer device, provided the manufacturers could deliver improvements like better keyboards, expandable screens and smooth running applications. It is obvious that a sizeable user base now sees the smartphone as a replacement for the laptop for at least some of its needs. Apart from being relatively compact, smartphones are more efficient too, laptops requiring a considerably longer time to boot up and shut down. Users also see coverage as another smartphone unique selling point as the Internet can be accessed anywhere they can get a cellular phone signal. Lower data plan tariffs and flat monthly rates also help promote the use of smartphones for data processing.

Mid-tier mobile phone brands offering features such as built-in cameras and music players will experience harder times generating satisfactory earnings. Motorola seems to have lost its edge in the aftermath of the RAZR line, and managerial instability together with large-scale cost cuts have hindered the company from delivering lower-end devices or newer e-mail phones to replace the low-selling Q-series. And as regards Sony Ericsson, with the launch of smartphones at the beginning of 2008, consumers have become reluctant to pay the premium for the brand's phones that once relied heavily on its signature camera and Walkman features.

The current economic turmoil and plunging sales foretell plenty of repositioning and restructuring for the weaker players, if not a thorough shakeout in the telecommunications industry.

Corporate Information

Executive Directors	Mr. SY Ethan, Timothy Mr. SUNG Yee Keung, Ricky
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	2305 Enterprise Square Three 39 Wang Chiu Road Kowloon Bay Kowloon 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 Ms. WONG Shuk Ching
Auditors	HLB Hodgson Impey Cheng Chartered Accountants Certified Public Accountants 31/F., Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong

Corporate Information

Hong Kong legal advisers	Richards Butler 20/F., Alexandra House 16-20 Chater Road 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 Fulcrum Group (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	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: 143 Singapore Exchange Securities Trading Limited: G11
Investor relations adviser	t6.communications limited Room 1302 McDonald's Building 48 Yee Wo Street Causeway Bay Hong Kong Tel. : 2511-8388 Fax. : 2511-8238 E-mail : enquiry@t6pr.com

The Directors submit their report together with the audited financial statements of the Company and the Group for the year ended 30 September 2008.

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 20 to the financial statements.

An analysis of the Group's performance for the year ended 30 September 2008 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 2008 are set out in the consolidated income statement on page 35.

The Directors resolved not to make any payment of an interim dividend (2007: Nil) and do not recommend the payment of a final dividend (2007: Nil) for the year ended 30 September 2008.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 30 September 2008 are set out in the consolidated statement of changes in equity on page 39 and note 35 to the financial statements respectively.

DONATIONS

The Group make a charitable and other donations of HK$10,000 (2007: HK$50,000) during the year ended 30 September 2008.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 30 September 2008 are set out in note 18 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 2008.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 30 September 2008 are set out in note 31 to the financial statements.

DIRECTORS

The Directors who held office during the year ended 30 September 2008 and up to the date of this report are as follows:

Mr. SY Ethan, Timothy
Mr. SUNG Yee Keung, Ricky
Mr. KO Wai Lun, Warren*
Mr. Andrew David ROSS**
Mr. Geoffrey William FAWCETT**
Mr. Charles Robert LAWSON**
Mr. CHEUNG Wing Yin, Vigny Wiley (resigned on 4 June 2008)
Mr. WAN Kwok Cheong (resigned on 1 September 2008)

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

In accordance with Article 116 of the Articles of Association of the Company, Messrs. KO Wai Lun, Warren and Andrew David ROSS 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 2008 are set out in note 35 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 100.

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 2008, 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 38 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 2008.

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 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 the Hong Kong) (the "SFO"):

(a) Ordinary shares

Name of Director	Number of shares held as at 30 September 2008	Approximate percentage of shareholding	Capacity in which interests are held
Mr. SUNG Yee Keung, Ricky	72,913,303*	1.41%	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 2007 and 30 September 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 on 16 March 1999, details of which are set out in note 37 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 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 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 2008, 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 2008.

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 2008.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year ended 30 September 2008 attributable to the Group's major suppliers and customers are as follows:

	Percentage of the total purchases/sales accounted for
Purchases	
– the largest supplier	81.01%
– five largest suppliers combined	82.23%
Sales	
– the largest customer	26.28%
– five largest customers combined	63.52%

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, the Group makes voluntary contributions for certain employees during the year. 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

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, 22 December 2008

HLB 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 35 to 99 which comprise the consolidated and company balance sheets as at 30 September 2008, 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 the Group as at 30 September 2008 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, 22 December 2008

Consolidated Income Statement

For the year ended 30 September 2008

	notes	2008 HK$'000	2007 HK$'000 (Restated)
Turnover	*7*	**676,356**	1,315,279
Cost of sales		**(738,652)**	(1,264,707)
Gross (loss)/profit		**(62,296)**	50,572
Other revenue	*9*	**2,873**	8,694
Other income	*10*	**411**	1,776
Realised gain on disposal of available-for-sale financial assets		**–**	31,165
Selling and distribution expenses		**(21,135)**	(32,121)
Administrative expenses		**(85,725)**	(107,652)
Other operating expenses		**(1,975)**	(184)
Loss from operations	*11*	**(167,847)**	(47,750)
Finance costs	*12*	**(3,585)**	(1,886)
Loss before taxation		**(171,432)**	(49,636)
Taxation	*13*	**12**	165
Loss for the year	*14*	**(171,420)**	(49,471)
Dividends	*15*	**–**	–
Loss per share attributable to equity holders of the Company			
Basic and diluted	*16*	**HK$(0.033)**	HK$(0.009)

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

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

Consolidated Balance Sheet

At 30 September 2008

	notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment property	*17*	**12,000**	12,000
Property, plant and equipment	*18*	**3,983**	4,311
Intangible assets	*19*	**29,381**	36,341
Available-for-sale financial assets	*22*	**12,301**	12,301
		57,665	64,953
Current assets			
Inventories	*23*	**3,668**	100,370
Trade receivables	*24*	**44,967**	152,095
Prepayments, deposits and other receivables	*25*	**9,055**	33,986
Financial assets at fair value through profit or loss	*26*	**5,761**	3,116
Pledged time deposits	*27*	**106,360**	75,204
Cash and bank balances	*28*	**8,217**	81,721
		178,028	446,492
Current liabilities			
Trade payables	*29*	**7,652**	83,608
Accrued charges and other payables	*30*	**22,502**	49,891
Tax payable		**52,535**	52,535
Bank borrowings – secured	*31*	**61,863**	62,667
Obligation under finance lease – due within one year	*32*	**–**	42
		144,552	248,743
Net current assets		**33,476**	197,749
Total assets less current liabilities		**91,141**	262,702
Non-current liabilities			
Deferred tax liabilities	*33*	**504**	534
Net assets		**90,637**	262,168

Consolidated Balance Sheet

At 30 September 2008

	notes	2008 HK$'000	2007 HK$'000
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	*34*	**51,659**	51,659
Reserves		**38,978**	210,509
Total equity		**90,637**	262,168

The financial statements were approved and authorised for issue by the board of directors on 22 December 2008 and signed on its behalf by:

SY Ethan, Timothy
Executive Director

SUNG Yee Keung, Ricky
Executive Director

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

Balance Sheet

At 30 September 2008

	notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Interests in subsidiaries	*20*	**83,828**	191,093
Available-for-sale financial assets	*22*	**10,500**	10,500
		94,328	201,593
Current assets			
Amounts due from subsidiaries	*21*	**2,024**	14,852
Prepayments, deposits and other receivables	*25*	**328**	330
Cash and bank balances	*28*	**610**	5,362
		2,962	20,544
Current liabilities			
Accrued charges and other payables	*30*	**4,629**	5,274
Net current (liabilities)/assets		**(1,667)**	15,270
Net assets		**92,661**	216,863
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	*34*	**51,659**	51,659
Reserves	*35*	**41,002**	165,204
Total equity		**92,661**	216,863

The financial statements were approved and authorised for issue by the board of directors on 22 December 2008 and signed on its behalf by:

SY Ethan, Timothy
Executive Director

SUNG Yee Keung, Ricky
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 2008

	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 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 and 1 October 2007	51,659	457,804	2,450	160	2,521	–	2,971	(255,397)	262,168
Exchange differences	–	–	–	–	–	–	(111)	–	(111)
Loss for the year	–	–	–	–	–	–	–	(171,420)	(171,420)
At 30 September 2008	**51,659**	**457,804**	**2,450**	**160**	**2,521**	**–**	**2,860**	**(426,817)**	**90,637**

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.

Consolidated Cash Flow Statement

For the year ended 30 September 2008

	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(171,432)**	(49,636)
Adjustments for:		
Depreciation	**1,925**	2,140
Amortisation of intangible assets	**6,960**	2,039
Realised gain on disposals of available-for-sale financial assets	**–**	(31,165)
Impairment loss recognised in trade receivables	**705**	92
Loss on disposals of property, plant and equipment	**1,270**	92
Dividend income from financial assets at fair value through profit or loss	**(49)**	(220)
Interest income	**(2,824)**	(5,325)
Interest expenses	**3,585**	1,886
Operating cash flows before movements in working capital	**(159,860)**	(80,097)
Decrease/(increase) in inventories	**96,702**	(62,096)
Decrease in trade receivables	**106,423**	30,233
Decrease in prepayments, deposits and other receivables	**24,931**	17,471
Increase in financial assets at fair value through profit or loss	**(2,645)**	(3,116)
(Decrease)/increase in trade payables	**(75,956)**	13,574
(Decrease)/increase in accrued charges and other payables	**(27,389)**	23,503
Cash used in operations	**(37,794)**	(60,528)
Interest expenses	**(3,585)**	(1,886)
Profits tax paid	**(18)**	(185)
Net cash used in operating activities	**(41,397)**	(62,599)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(2,910)**	(2,842)
Acquisition costs of intangible assets	**–**	(38,380)
Proceeds from disposals of available-for-sale financial assets	**–**	95,918
Proceeds from disposals of property, plant and equipment	**44**	–
Interest income	**2,824**	5,325
Dividend income from financial assets at fair value through profit or loss	**49**	220
Net cash generated from investing activities	**7**	60,241

Consolidated Cash Flow Statement

For the year ended 30 September 2008

	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in bank borrowings – trust receipts	**(8,333)**	(3,146)
Increase in pledged time deposits	**(31,156)**	(38,030)
Payment of capital element of finance lease	**(42)**	(40)
Net cash used in financing activities	**(39,531)**	(41,216)
Net decrease in cash and cash equivalents	**(80,921)**	(43,574)
Cash and cash equivalents at the beginning of the year	**27,387**	72,572
Effect of foreign exchange rate changes	**(112)**	(1,611)
Cash and cash equivalents at the end of the year	**(53,646)**	27,387
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**8,217**	81,721
Bank overdrafts *(note 31)*	**(61,863)**	(54,334)
	(53,646)	27,387

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 2305 Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its principal subsidiaries are set out in note 20 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, the following new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 October 2007. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 1 (Amendment)	Capital Disclosures
HKAS 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
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 how the results and financial position for the current or prior accounting periods have been prepared and presented.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

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 [1]
HKAS 1 (Revised)	Presentation of Financial Statements [2]
HKAS 23 (Revised)	Borrowing Costs [2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [3]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation [2]
HKAS 39 (Amendment)	Eligible Hedged Items [3]
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [2]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations [2]
HKFRS 3 (Revised)	Business Combinations [3]
HKFRS 8	Operating Segments [2]
HK(IFRIC) – Int 12	Service Concession Arrangements [4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes [5]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [4]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate [2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation [6]

[1] *Effective for annual periods beginning on or after 1 January 2009 except the amendment to HKFRS 5, effective for annual periods beginning on or after 1 July 2009*

[2] *Effective for annual periods beginning on or after 1 January 2009*

[3] *Effective for annual periods beginning on or after 1 July 2009*

[4] *Effective for annual periods beginning on or after 1 January 2008*

[5] *Effective for annual periods beginning on or after 1 July 2008*

[6] *Effective for annual periods beginning on or after 1 October 2008*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combinations 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's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The management is in the process of making an assessment of the impact of these new standards, amendments or interpretations.

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 consolidated financial statements is the historical cost convention, as modified for the revaluation of certain financial assets at fair value through profit or loss and investment property which are stated at their fair values. The preparation of the consolidated 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 between 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 property, inventories, receivables, other assets, operating cash and mainly exclude available-for-sale financial assets, certain intangible assets and corporate assets. Segment liabilities comprise 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:

Leasehold improvements	20 – 100%
Furniture and fixtures	20%
Computers and equipment	20 – 30%
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 differences 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 positions of 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 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 methods 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 that 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

Financial liabilities including trade payables, accrued charges and other payables and bank borrowings, are subsequently measured at amortised cost, using the effective interest rate 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

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, prepayments, deposits and other receivables, financial assets at fair value through profit or loss, pledged time deposits, cash and bank balances, trade payables, accrued charges and other payables, bank borrowings and obligation under finance lease. Details of these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Categories of financial instruments

	2008	2007
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**168,599**	343,006
Financial assets at fair value through profit or loss	**5,761**	3,116
Available-for-sale financial assets	**12,301**	12,301
Financial liabilities		
Amortised costs	**92,017**	196,208

Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and cash flow and fair value interest-rate risk, which result from both its operating and investing activities. 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.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no major hedging activities are undertaken by management.

(i) Market risk

(1) Foreign exchange risk

The Group operates mainly in Hong Kong, primarily with respect to Hong Kong Dollars. The Company currently does not have a foreign currency exchange rate hedging policy. However, the management monitors foreign currency exchange rate exposure and will consider hedging significant foreign currency exposure should the need arise.

(2) Price risk

The Group's equity investments classified as financial assets at fair value through profit or loss which are measured at fair value at each balance sheet date and expose the Group to price risk.

The Group's price risk is mainly concentrated on listed equity securities which quoted in The Stock Exchange of Hong Kong Limited. The management will monitor the price movements and take appropriate actions when it is required.

Sensitivity analysis on price risks

The sensitivity analyses below have been determined based on the exposure to price risk on listed equity securities at the reporting date.

If the prices of the respective equity instruments have been 5% higher/lower, loss before taxation for the Group would be decreased/increased by approximately HK$288,000 (2007: decreased/increased by approximately HK$156,000) as a result of the fair value change on financial assets at fair value through profit or loss.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(ii) Credit risk

The carrying amounts of trade and other receivables included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to the Group's financial assets. No other financial assets carry a significant exposure to credit risk.

In order to minimise the credit risk, the management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regards, the Directors consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical location is mainly in Hong Kong and Macau. The Group also has concentration of credit risk by customers as approximately 92% (2007: 63%) and 98% (2007: 84%) of total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The impairment loss recognised in trade receivables is based upon a review of the expected collectability of all trade receivables.

(iii) 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. In addition, the management of the Group continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables below have been drawn up based on the contractual maturities of the undiscounted financial liabilities including interest that will accrue to those liabilities except where the Group are entitled and intends to repay the liability before its maturity.

At 30 September 2008

	Weighted average effective interest rate	Less than 1 year	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flow	Total carrying amount
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-derivative financial liabilities						
Trade payables	–	7,652	–	–	7,652	7,652
Accrued charges and other payables	–	22,502	–	–	22,502	22,502
Bank borrowings	8%	61,863	–	–	61,863	61,863
		92,017	–	–	92,017	92,017

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

At 30 September 2007

	Weighted average effective interest rate	Less than 1 year HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Trade payables	–	83,608	–	–	83,608	83,608
Accrued charges and other payables	–	49,891	–	–	49,891	49,891
Bank borrowings	7%	62,667	–	–	62,667	62,667
Obligations under finance lease	14%	44	–	–	44	42
		196,210	–	–	196,210	196,208

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

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

The Group's exposure to changes in interest rates is mainly attributable to its bank borrowings. Bank borrowings at variable rates expose the Group to fair value interest-rate risk (see note 31 for details of bank borrowings). The Group's income and operating cash flows are substantially independent of changes in market interest rates. 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 arise.

Sensitivity analysis on cash flow and fair value interest-rate risk

The sensitivity analysis set out below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease in HIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 September 2008 would increase/decrease by approximately HK$309,000 (2007: HK$313,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation

The fair value of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rate.

(iii) The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate to their fair values.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt (which include variable rate bank borrowings), cash and cash equivalents, and equity attributable to equity holders of the Company, comprising issued share capital and reserves. The Directors review the capital structure on a continuous basis. As part of this review, the Directors consider the cost of capital and the risks associated with capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new share as well as the addition of new borrowings.

The Group monitors its capital by maintaining the gearing ratio (bank borrowings over total assets) at a reasonable level.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management (Continued)

The gearing ratios as at the balance sheet dates are as follows:

	2008	2007
	HK$'000	HK$'000
Bank borrowings	**61,863**	62,667
Total assets	**235,693**	511,445
Gearing ratios	**26.2%**	12.3%

Notes:

(a) Debt comprises with the bank borrowings.

(b) Total assets include all non-current assets and current assets of the Group.

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.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Impairment of trade receivables

The impairment of trade receivables are based on the ongoing evaluation of collectability and aging analysis of the outstanding receivables and on management's judgement. From time to time, the Group may experience delays in collection. Where recoverability of trade debtor 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 collectable, yet subsequently become uncollectable and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectability of trade 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 an independent valuer. 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) 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 valuer using appropriate technical models. If the carrying values exceeded the recoverable amounts of the intangible assets, impairment loss would be recognised in the income statement. These valuations may require the use of estimates and assumptions.

7. TURNOVER

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

An analysis of turnover is as follows:

	2008	2007
	HK$'000	HK$'000
		(Restated)
Sales of goods	**690,724**	1,306,391
Provision of repair services	**8,384**	4,125
(Loss)/gain from financial assets at fair value through profit or loss, net*	**(22,752)**	4,763
	676,356	1,315,279

* *Financial assets at fair value through profit or loss represents the sale of financial assets at fair value through profit or loss of approximately HK$16,738,000 (2007: HK$57,723,000) less the cost of sales which comprises (i) the cost of financial assets at fair value through profit or loss of approximately HK$18,730,000 (2007: HK$53,001,000) and (ii) the decrease in fair value change on financial assets at fair value through profit or loss of approximately HK$20,760,000 (2007: increase of HK$41,000), respectively.*

7. TURNOVER (CONTINUED)

Notes:

In the prior year's financial statements, the Group separately presented the proceeds from the sale of financial assets at fair value through profit or loss as "turnover"; the cost of financial assets at fair value through profit or loss as "cost of sales"; and the fair value changes on financial assets at fair value through profit or loss and realised gain on disposals of available-for-sale financial assets as "investment income, net".

During the current year, the Group restated the gain/loss on sales of financial assets and fair value changes on financial assets at fair value through profit or loss as "turnover" on the net basis and solely disclose the gain on disposals of available-for-sale financial assets in a separate line.

The change in presentation has had no impact to the loss for the year attributable to equity holders of the Company for the year ended 30 September 2007.

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.

Business segments

For the year ended 30 September 2008, the Group was principally engaged in (i) trading of telecommunications products; (ii) provision of repair services of telecommunications products; and (iii) investments in financial assets.

8. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

Segment information about these businesses for the years ended 30 September 2008 and 2007 is as follows:

	Trading of telecommunications products 2008 HK$'000	Provision of repair services of telecommunications products 2008 HK$'000	Investments in financial assets 2008 HK$'000	Consolidated 2008 HK$'000
Turnover	690,724	8,384	(22,752)	676,356
Segment results	(123,020)	(2,889)	(6,816)	(132,725)
Unallocated expenses				(35,122)
Finance costs				(3,585)
Loss before taxation				(171,432)
Taxation				12
Loss for the year				(171,420)
Segment assets	203,160	3,949	6,125	213,234
Available-for-sale financial assets				12,301
Unallocated corporate assets				10,158
Consolidated total assets				235,693
Segment liabilities	85,443	1,616	56	87,115
Unallocated corporate liabilities				57,941
Consolidated total liabilities				145,056
Capital expenditure	1,854	1,056	–	
Depreciation and amortisation	8,323	562	–	

8. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Trading of telecommunications products 2007 HK$'000	Provision of repair services of telecommunications products 2007 HK$'000	Investments in financial assets 2007 HK$'000 (Restated)	Consolidated 2007 HK$'000 (Restated)
Turnover	1,306,391	4,125	4,763	1,315,279
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				(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)

Geographical segments

For the years ended 30 September 2008 and 2007, 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

	2008	2007
	HK$'000	HK$'000
Interest income	**2,824**	5,325
Compensation of legal and professional fees	**–**	3,149
Dividend income from financial assets at fair value through profit or loss	**49**	220
	2,873	8,694

10. OTHER INCOME

	2008	2007
	HK$'000	HK$'000
Exchange gains	**147**	1,562
Sundry income	**264**	214
	411	1,776

11. LOSS FROM OPERATIONS

Expenses included in cost of sales, selling and distribution expenses, administrative expenses and other operating expenses are stated after charging:

	2008	2007
	HK$'000	HK$'000
Cost of trading inventories sold	**695,391**	1,194,441
Employee benefit expenses *(note 36)*	**45,267**	52,458
Retirement benefit costs *(note 36)*	**418**	1,875
Depreciation		
– owned assets	**1,890**	2,105
– leased assets	**35**	35
Amortisation of intangible assets	**6,960**	2,039
Auditors' remuneration	**1,602**	1,679
Loss on disposals of property, plant and equipment	**1,270**	92
Impairment loss recognised in trade receivables	**705**	92
Allowance for obsolete and slow-moving inventories	**–**	1,713
Operating lease rental in respect of rental premises	**14,505**	16,344

12. FINANCE COSTS

	2008	2007
	HK$'000	HK$'000
Interest element of finance leases	**3**	9
Interest expenses on secured bank borrowings wholly repayable within five years	**3,582**	1,877
	3,585	1,886

13. TAXATION

	2008 HK$'000	2007 HK$'000
Current tax:		
Hong Kong profits tax:		
Current year	–	–
Over-provision in prior years	–	(165)
Overseas taxation:		
Current year	18	–
	18	(165)
Deferred tax:		
Change in tax rate	(30)	–
Taxation attributable to the Group	(12)	(165)

Note:

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits for the year. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profits tax rate by 1% to 16.5% effective from the year of assessment 2008/2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the year ended 30 September 2008.

Subsidiaries established in the PRC are subject to the PRC Corporate Income Tax. Pursuant to the Corporate Income Tax Law of the PRC ("new tax law") passed by the Tenth National People's Congress on 16 March 2007, the new Corporate Income Tax rates for domestic and foreign enterprises are unified at 25% and the new rate would be applicable with effect from 1 January 2008.

No provision for Hong Kong profits tax has been made for the companies in the Group as they either have no assessable profits or have available tax losses brought forward from prior years to offset against current year's estimated assessable profits.

13. TAXATION (CONTINUED)

The tax credit for the years are reconciled to the loss before taxation per the consolidated income statement as follows:

	2008		2007	
	HK$'000	**%**	HK$'000	%
Loss before taxation	**(171,432)**		(49,636)	
Tax at statutory tax rate	**(28,286)**	**(16.5)**	(8,686)	(17.5)
Tax effect of expenses that are not deductible in determining taxable profit	**3,032**	**1.8**	4,161	8.4
Tax effect of income that is not taxable in determining taxable profit	**(115)**	**(0.1)**	(578)	(1.2)
Tax effect of change in tax rate	**30**	**–**	–	–
Unrecognised tax losses	**25,776**	**15.0**	9,320	18.8
Unrecognised deductible temporary differences	**(449)**	**(0.2)**	(915)	(1.9)
Utilisation of previously unrecognised tax losses	**–**	**–**	(3,327)	(6.7)
Others	**–**	**–**	25	0.1
Over-provision in prior years	**–**	**–**	(165)	(0.3)
Tax credit and effective tax rate for the year	**(12)**	**–**	(165)	(0.3)

14. LOSS FOR THE YEAR

The Group's consolidated loss attributable to equity holders of the Company is approximately HK$171,420,000 (2007: HK$49,471,000) of which net loss of approximately HK$124,142,000 (2007: HK$38,466,000) is dealt with in the financial statements of the Company.

15. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 30 September 2008 (2007: HK$Nil).

16. 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$171,420,000 (2007: HK$49,471,000) and on 5,165,973,933 (2007: 5,165,973,933) ordinary shares in issue during the year.

No diluted loss per share for the years ended 30 September 2008 and 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.

17. INVESTMENT PROPERTY

	Group	
	2008	2007
	HK$'000	HK$'000
Fair value:		
At the beginning and end of the year	**12,000**	12,000

At the balance sheet dates, the fair value of the Group's investment property are stated at fair value which has been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Ltd ("AAL"), a firm of independent qualified valuer not connected to the Group. AAL is a member of Hong Kong Institute of Surveyors ("HKIS") and 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 recent transaction prices for similar properties.

At 30 September 2008, the investment property of carrying amount of HK$12,000,000 (2007: HK$12,000,000) was pledged to a bank to secure banking facilities granted to the Group *(note 31).*

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

18. PROPERTY, PLANT AND EQUIPMENT

Group

	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 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 and 1 October 2007	7,216	1,737	5,812	1,820	16,585
Exchange difference	2	–	3	–	5
Additions	2,391	53	466	–	2,910
Disposals	(6,489)	(266)	(919)	(270)	(7,944)
At 30 September 2008	**3,120**	**1,524**	**5,362**	**1,550**	**11,556**
Accumulated depreciation:					
At 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 and 1 October 2007	5,467	1,469	3,518	1,820	12,274
Exchange difference	–	–	4	–	4
Charge for the year	912	88	925	–	1,925
Written back on disposal	(5,367)	(225)	(768)	(270)	(6,630)
At 30 September 2008	**1,012**	**1,332**	**3,679**	**1,550**	**7,573**
Net book value:					
At 30 September 2008	**2,108**	**192**	**1,683**	**–**	**3,983**
At 30 September 2007	1,749	268	2,294	–	4,311

Note:

At 30 September 2008, there is no property, plant and equipment held under finance leases (2007: HK$32,000).

19. 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 and 1 October 2007	25,000	13,380	38,380
Additions	–	–	–
At 30 September 2008	**25,000**	**13,380**	**38,380**
Accumulated amortisation:			
At 1 October 2006	–	–	–
Amortised for the year	1,667	372	2,039
At 30 September 2007 and 1 October 2007	1,667	372	2,039
Amortised for the year	2,500	4,460	6,960
At 30 September 2008	**4,167**	**4,832**	**8,999**
Carrying amount:			
At 30 September 2008	**20,833**	**8,548**	**29,381**
At 30 September 2007	23,333	13,008	36,341

During the year, the Group performed impairment tests on those intangible assets with reference to the valuation carried out by B.I. Appraisals Limited, a firm of independent qualified valuer not connected to the Group, 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.

20. INTERESTS IN SUBSIDIARIES

	Company 2008 HK$'000	Company 2007 HK$'000
Unlisted shares, at cost	**191,093**	191,093
Impairment loss recognised in respect of interests in subsidiaries	**(107,265)**	–
	83,828	191,093

Details of the Company's principal subsidiaries at the balance sheet dates are as follows:

Name of subsidiaries	Place of incorporation/ establishment and operation	Particulars of fully paid up capital	Percentage of equity attributable to the Company 2008 %	2007 %	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**	100	Asset management

20. 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 carrying amounts of the interests in subsidiaries are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

21. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	HK$'000
Amounts due from subsidiaries	**271,881**	311,436
Impairment loss recognised in respect of amounts due from subsidiaries	**(269,857)**	(296,584)
	2,024	14,852

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

The carrying amounts of amounts due from subsidiaries are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Club debentures, at cost	**12,301**	12,301	**10,500**	10,500

At the balance sheet dates, the Directors reassessed the recoverable amount of club debentures with reference to the valuation performed by AAL. The recoverable amount of club debentures was assessed by reference to market evidence of transaction prices for similar club debentures. The Directors determined that the recoverable amounts of the club debentures exceed their carrying amounts and no impairment is needed.

23. INVENTORIES

	Group 2008 HK$'000	2007 HK$'000
Finished goods	**5,738**	109,577
Less: Allowance for obsolete and slow-moving inventories	**(2,070)**	(9,207)
	3,668	100,370

24. TRADE RECEIVABLES

At the balance sheet dates, the aging analysis of the trade receivables is as follows:

	Group 2008 HK$'000	2007 HK$'000
Current	**1,634**	195,749
One to three months overdue	**2,517**	75,990
More than three months, but less than twelve months overdue	**151,759**	217
Over twelve months overdue	**10,966**	1,343
	166,876	273,299
Less: Impairment loss recognised in trade receivables	**(121,909)**	(121,204)
	44,967	152,095

Notes:

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

24. TRADE RECEIVABLES (CONTINUED)

Notes (continued):

ii. Included in the trade receivables balances are debtors with an aggregate carrying amount of approximately HK$43,333,000 (2007: HK$Nil) which are overdue at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable, as there is an agreed repayment plan. The Group does not hold any collateral over these balances.

The aging of trade receivables which are overdue but not impaired was as follows:

	2008	2007
	HK$'000	HK$'000
Current and within three months overdue	**2,020**	64,145
More than three months, but less than twelve months overdue	**41,313**	–
	43,333	64,145

iii. The movement of the allowance for impairment loss of trade receivables was as follows:

	2008	2007
	HK$'000	HK$'000
At the beginning of the year	**121,204**	121,112
Impairment loss recognised	**705**	92
At the end of the year	**121,909**	121,204

iv. The aging analysis of the Group's trade receivables which are impaired is as follows:

	2008	2007
	HK$'000	HK$'000
Current	**–**	107,799
One to three months overdue	**497**	11,845
More than three months, but less than twelve months overdue	**110,446**	217
Over twelve months overdue	**10,966**	1,343
	121,909	121,204

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**1,145**	740	**315**	315
Deposits	**6,030**	27,053	**–**	15
Other receivables	**1,880**	6,193	**13**	–
	9,055	33,986	**328**	330

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2008	2007
	HK$'000	HK$'000
Listed investments:		
– Equity securities listed in Hong Kong	**5,761**	3,116

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.

27. PLEDGED TIME DEPOSITS

Group

The balances, which were carried at the prevailing market interest rate, represent deposits pledged to a bank to secure bank borrowing facilities *(note 31)* granted to the Group, and therefore classified as current assets. The pledged deposits will be released upon the settlement of relevant bank borrowings.

28. CASH AND BANK BALANCES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**8,217**	50,441	**610**	5,362
Short-term time deposits	**–**	31,280	**–**	–
Cash and bank balances	**8,217**	81,721	**610**	5,362

For the purpose of the cash flow statement, cash and cash equivalents included cash and bank balances, net of outstanding bank overdrafts. Cash and cash equivalents at the balance sheet dates as shown in the cash flow statement can be reconciled to the related items in the consolidated balance sheet as follow:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**8,217**	81,721	**610**	5,362
Bank overdrafts *(note 31)*	**(61,863)**	(54,334)	**–**	–
Cash and cash equivalents	**(53,646)**	27,387	**610**	5,362

Notes:

i. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods 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.

ii. Detailed information of the bank overdrafts is set out in note 31.

iii. The Group's and the Company's cash and bank balances are denominated in the following currencies:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong Dollars	**7,202**	49,543	**581**	5,328
United States Dollars	**9**	31,292	**–**	–
New Taiwan Dollars	**857**	723	**28**	34
Others	**149**	163	**1**	–

29. TRADE PAYABLES

At the balance sheet dates, the aging analysis of the trade payables is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Current and within one month	**1,554**	78,287
One to three months overdue	**794**	5,321
Overdue over three months	**5,304**	–
	7,652	83,608

30. ACCRUED CHARGES AND OTHER PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accrued charges	**5,065**	19,508	**989**	1,325
Other payables	**17,437**	30,383	**3,640**	3,949
	22,502	49,891	**4,629**	5,274

Included in other payables of the Group and the Company was an amount of approximately HK$487,000 (2007: HK$487,000) due to a director of the Company. The amount was unsecured, interest-free and has no fixed terms of repayment.

31. BANK BORROWINGS – SECURED

	Group	
	2008	2007
	HK$'000	HK$'000
Bank overdrafts	**61,863**	54,334
Trust receipts	**–**	8,333
	61,863	62,667

Notes:

i. The bank borrowings are secured by the Group's investment property with carrying amount of approximately HK$12,000,000 (2007: HK$12,000,000) and the pledged time deposits set out in note 27.

ii. At 30 September 2008, there is no bank borrowings denominated in United States Dollars ("USD") (2007: HK$8,333,000).

iii. The bank borrowing rates were ranging from 7% to 9% (2007: 6.25% to 7.75%).

32. OBLIGATION UNDER FINANCE LEASE

Group

	Minimum lease payments		Present value of minimum lease payments	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
The maturity of obligation under finance lease is as follows:				
Within one year	**–**	44	**–**	42
More than one year, but not exceeding two years	**–**	–	**–**	–
	–	44	**–**	42
Less: Future finance charges	**–**	(2)	**–**	–
Present value of minimum lease payments	**–**	42	**–**	42
Less: Amount due within one year shown under current liabilities			**–**	(42)
Amount due after one year			**–**	–

For the year ended 30 September 2008, the effective borrowing rate was 14% (2007: 14%) per annum. Interest rate was fixed at the contract date. All 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.

33. DEFERRED TAX LIABILITIES

Group

The movement of recognised deferred tax liabilities during the years is as follows:

	Revaluation of properties	
	2008	2007
	HK$'000	HK$'000
At the beginning of the year	**534**	534
Credit to consolidated income statement *(note 13)*	**(30)**	–
At the end of the year	**504**	534

At 30 September 2008, the Group had cumulative tax losses of approximately HK$75,100,000 (2007: HK$79,978,000) is available for offsetting against future profits. Deferred tax assets have not been recognised in respect of the estimated tax losses of HK$75,100,000 (2007: HK$79,978,000) due to uncertainty of future profits streams.

Company

At 30 September 2008, the Company has estimated unused tax losses of approximately HK$19,557,000 (2007: HK$16,300,000) available for offsetting against future profits. Losses may be carried forward indefinitely. No deferred tax assets have been recognised due to uncertainty of future profits streams.

34. SHARE CAPITAL

	Group and Company 2008 & 2007 Number of Shares	HK$'000
Ordinary shares of HK$0.01 each:		
Authorised	20,000,000,000	200,000
Issued and fully paid	5,165,973,933	51,659

35. RESERVES

Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Exchange difference reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 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 and 1 October 2007	648,897	160	(565)	(483,288)	165,204
Exchange difference	–	–	(60)	–	(60)
Loss for the year	–	–	–	(124,142)	(124,142)
At 30 September 2008	**648,897**	**160**	**(625)**	**(607,430)**	**41,002**

Note:

At 30 September 2008, the Company has a distributable reserve, of approximately HK$41,467,000 (2007: HK$165,609,000), 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.

36. EMPLOYEE BENEFIT EXPENSES

(a) Staff cost

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

	Group 2008 HK$'000	Group 2007 HK$'000
Salaries and allowances	**44,801**	49,656
Discretionary bonuses	**62**	2,400
Staff welfare	**404**	402
Contributions to retirement fund	**418**	1,875
	45,685	54,333

(b) Directors and senior management emoluments

The emoluments of the Directors are as follows:

Name of directors	Fees 2008 HK$'000	Salaries and allowances 2008 HK$'000	Contributions to retirement fund 2008 HK$'000	Discretionary bonuses 2008 HK$'000	Total 2008 HK$'000
Executive directors					
Mr. SY Ethan, Timothy	–	13,500	675	–	14,175
Mr. CHEUNG Wing Yin, Vigny Wiley [1]	–	929	23	–	952
Mr. SUNG Yee Keung, Ricky	–	585	29	–	614
Mr. WAN Kwok Cheong [2]	–	1,298	36	–	1,334
Non-executive director					
Mr. KO Wai Lun, Warren	390	–	–	–	390
Independent non-executive directors					
Mr. Andrew David ROSS	555	–	–	–	555
Mr. Geoffrey William FAWCETT	390	–	–	–	390
Mr. Charles Robert LAWSON	390	–	–	–	390
	1,725	16,312	763	–	18,800

36. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors and senior management emoluments (Continued)

Name of directors	Fees 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 [3]	–	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

[1] Mr. Cheung Wing Yin, Vigny Wiley resigned as the director of the Company with effect from 4 June 2008.

[2] Mr. Wan Kwok Cheong resigned as the director of the Company with effect from 1 September 2008.

[3] Mr. Pang Leung Ming resigned as the director of the Company with effect from 12 March 2007.

36. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors and senior management emoluments (Continued)

Certain Directors have waived emoluments for the year ended 30 September 2008 and up to the date of report (2007: HK$Nil).

	Year ended 30 September 2008			From 1 October 2008 to the date of the report		
Name of directors	Fees HK$'000	Salaries and allowances HK$'000	Contributions to retirement fund HK$'000	Fees HK$'000	Salaries and allowances HK$'000	Contributions to retirement fund HK$'000
Executive director						
Mr. SY Ethan Timothy	–	4,500	225	–	4,065	203
Non executive director						
Mr. Ko Wai Lun, Warren	30	–	–	27	–	–
Independent non-executive directors						
Mr. Andrew David ROSS	45	–	–	41	–	–
Mr. Geoffrey William FAWCETT	30	–	–	27	–	–
Mr. Charles Robert LAWSON	30	–	–	27	–	–

No amounts have been 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 year ended 30 September 2008 (2007: HK$Nil).

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

36. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors and senior management emoluments (Continued)

At the balance sheet dates, the details of 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 2007 and 30 September 2008
		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 have been paid to the Directors for the year ended 30 September 2008 (2007: HK$Nil).

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2007: two) directors whose emoluments are set out in note 36(b). The emoluments payable to the remaining two (2007: three) individuals during the year are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Basic salaries and allowances	**1,924**	2,989
Discretionary bonuses	**94**	156
Contributions to retirement fund	**–**	135
	2,018	3,280

	Number of individuals	
	2008	2007
Emolument bands:		
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	2

37. 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 100,000,000 shares of the Company under the Old Scheme, representing approximately 1.94% 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

37. 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

37. 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

37. SHARE OPTION SCHEME (CONTINUED)

Details of the share options outstanding during the year ended 30 September 2008 which were granted under the Old Scheme are as follows:

				Number of outstanding options		
Grantees	**Date of grant**	**Exercise price per share**	**Exercise period**	**At 1 October 2007**	**Cancelled during the year**	**At 30 September 2008**
		HK$				
Executive Director Mr. SY Ethan, Timothy	26 April 1999	0.150	25 May 1999 to 24 May 2009	100,000,000	–	100,000,000
Employee	15 November 2000	0.715	15 November 2000 to 14 November 2010	500,000	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 exercisable date are reduced from the number of outstanding options.

During the year, 500,000 share options previously granted to an employee under the Old Scheme had been cancelled. Other than that, no share option had been granted, exercised or lapsed under the Old Scheme within the year.

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

38. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated 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 Directors and certain of the highest paid employees, as disclosed in note 36, is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Salaries and allowances	**17,964**	22,795
Contributions to retirement fund	**761**	1,021
	18,725	23,816

39. 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 six years.

At the balance sheet dates, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**6,846**	11,208
In the second to fifth years, inclusive	**19,446**	863
Over five years	**2,293**	–
	28,585	12,071

40. 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.

41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 22 December 2008.

Five Year Financial Summary

For the year ended 30 September 2008

Results

	For the year ended 30 September				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000	HK$'000
Turnover	**676,356**	1,315,279	1,018,095	1,206,174	1,895,976
Loss before taxation	**(171,432)**	(49,636)	(63,756)	(123,870)	(183,461)
Taxation	**12**	165	(31,526)	(622)	(1,016)
Loss attributable to equity holders of the Company	**(171,420)**	(49,471)	(95,282)	(124,492)	(184,477)
Dividends	**–**	–	–	–	–

Assets and liabilities

	At 30 September				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Investment property	**12,000**	12,000	12,000	–	–
Property, plant and equipment	**3,983**	4,311	3,701	5,925	15,423
Leasehold land	**–**	–	–	8,340	–
Intangible assets	**29,381**	36,341	–	–	–
Available-for-sale financial assets	**12,301**	12,301	79,275	–	–
Club debentures	**–**	–	–	12,301	12,301
Net current assets	**33,476**	197,749	221,065	380,325	503,064
	91,141	262,702	316,041	406,891	530,788
Equity attributable to equity holders of the Company	**90,637**	262,168	315,465	406,469	529,996
Long-term liabilities	**–**	–	42	82	117
Deferred tax liabilities	**504**	534	534	340	675
	91,141	262,702	316,041	406,891	530,788

Note:

The consolidated results for the year ended 30 September 2004 have not been restated for the new and revised HKFRSs.

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