GLOBAL TECH (HOLDINGS) LIMITED

耀 科 國 際 （ 控 股 ） 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 143)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 MARCH 2010

The board of directors (the "Board") of Global Tech (Holdings) Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 March 2010 (the "Period") together with the comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited For the six months ended 31 March	
		2010	2009
	Notes	**HK$'000**	HK$'000
Turnover	2	**15,778**	14,277
Cost of sales		**(10,096)**	(11,360)
Gross profit		**5,682**	2,917
Other revenue	3	**163**	47,263
Other income		**2,822**	3,045
Selling and distribution expenses		**(727)**	(1,943)
Administrative expenses		**(16,854)**	(49,952)
Other operating expenses		**(2,163)**	(7,056)
Loss from operations	4	**(11,077)**	(5,726)
Finance costs	5	**-**	(1,199)
Gain arising on changes in fair value of an investment property		**4,800**	-
Cumulative gain reclassified from equity to profit or loss upon disposal of available-for-sale financial assets		**3,038**	-
Loss before taxation		**(3,239)**	(6,925)
Income tax (expense)/credit	6	**(792)**	66
Loss for the period		**(4,031)**	(6,859)

* *For identification purpose only*

	Notes	Unaudited For the six months ended 31 March 2010 HK$'000	 2009 HK$'000
Other comprehensive (expenses)/income			
Release of investment revaluation reserve upon disposal of available-for-sale financial assets		**(3,038)**	**-**
Change in fair value of available-for-sale financial assets		**(882)**	**-**
Exchange difference on translating foreign operations		**222**	6,573
		(3,698)	6,573
Total comprehensive expenses for the period		**(7,729)**	(286)
Loss for the period attributable to owners of the Company		**(4,031)**	(6,859)
Total comprehensive expenses for the period attributable to owners of the Company		**(7,729)**	(286)
Dividends	7	**-**	**-**
Loss per share attributable to owners of the Company			
Basic and diluted	8	**HK$(0.001)**	HK$(0.001)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 31 March 2010 HK$'000 (unaudited)**	At 30 September 2009 HK$'000 (audited)
Non-current assets			
Investment property		**18,600**	13,800
Property, plant and equipment		**1,750**	1,624
Available-for-sale financial assets		**11,356**	19,352
		31,706	34,776
Current assets			
Inventories		**1,771**	1,473
Trade receivables	9	**38,639**	40,722
Prepayments, deposits and other receivables		**8,154**	7,300
Financial assets at fair value through profit or loss		**-**	416
Pledged time deposits		**4,664**	4,662
Cash and bank balances		**68,938**	69,439
		122,166	124,012
Current liabilities			
Trade payables	10	**2,058**	1,029
Accrued charges and other payables		**6,835**	5,843
Tax payable		**52,993**	52,993
		61,886	59,865
Net current assets		**60,280**	64,147
Total assets less current liabilities		**91,986**	98,923
Non-current liabilities			
Deferred tax liabilities		**1,593**	801
Net assets		**90,393**	98,122
Equity			
Capital and reserves attributable to owners of the Company			
Share capital		**51,659**	51,659
Reserves		**38,734**	46,463
Total equity		**90,393**	98,122

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2009. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2009 with addition for the following Hong Kong Financial Reporting Standards (the "HKFRSs") amendments and interpretations (collectively referred to as the "new HKFRSs") issued by the HKICPA, which have become effective.

HKFRS (Amendments)	Improvement to HKFRSs issued in 2008
HKFRS (Amendment)	Improvement to HKFRSs issued in 2009
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendments)	Eligible Hedged Items
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 17	Distribution of Non-cash Assets to Owners

Except as described below, the adoption of the new and revised HKFRSs had no material impact on the unaudited condensed consolidated financial statements of the Group for the current and prior accounting period.

HKFRS 7 Amendments "Improving Disclosures about Financial Instruments" require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. The Group will take advantage of the transition provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided and will provide the required expanded disclosures in its annual financial statements for the year ended 30 September 2010.

HKFRS 8 "Operating Segments" is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Details of application of HKFRS 8 are set out in note 2.

HKAS 1 (Revised) "Presentation of Financial Statements" separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduced the statement of comprehensive income, it presents all items of recognised income and expense, either in one single statement, or in two linked statements.

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

HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[1]
HKFRS 2 (Amendments)	Amendments to HKFRS 2 Share-based Payments - Group Cash-settled Share-based Payment Transactions[1]
HKFRS 9	Financial Instruments[5]
HKAS 24 (Revised)	Related party Disclosures[4]
HKAS 32 (Amendments)	Amendment to HKAS 32 Financial Instruments: Presentation - Classification of Rights Issues[2]
HK(IFRIC) – Int 14 (Amendment)	Prepayment of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 January 2010
2 Effective for annual periods beginning on or after 1 February 2010
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with early application permitted. Under HKFRS 9, all recognised financial assets that are currently in the scope of HKAS 39 will be measured at either amortised cost or fair value. A debt instrument that (1) is held within a business model whose objective is to collect the contractual cash flows and (2) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at amortised cost. All other debt instruments must be measured at fair value with gains or losses recognised in profit or loss. The application of HKFRS 9 may affect the classification and measurement of the Group's financial assets.

The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

2. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 October 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), which is a group of executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segment.

For management purpose, the Group is principally engaged in (i) trading of telecommunications products; (ii) provision of repair services of telecommunications products; and (iii) investments in financial assets.

The Group's operating businesses are almost exclusively with customers based in Hong Kong. Accordingly, no segment analysis by geographical area of operations is provided.

The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Segment information about these businesses for the six months ended 31 March 2010 and 2009 is as follows:

	Trading of tele-communications products HK$'000	Provision of repair services of tele-communications products HK$'000	Investments in financial assets HK$'000	Consolidated HK$'000
	Unaudited for the six months ended 31 March 2010			
TURNOVER	**2,908**	**12,718**	**152**	**15,778**
SEGMENT RESULTS	**(4,228)**	**562**	**152**	**(3,514)**
Interest income				**32**
Unallocated corporate expenses				**(4,557)**
Gain arising on changes in fair value of an investment property				**4,800**
Loss before taxation				**(3,239)**
Income tax expense				**(792)**
Loss for the period attributable to owners of the Company				**(4,031)**

	Trading of tele-communications products HK$'000	Provision of repair services of tele-communications products HK$'000	Investments in financial assets HK$'000	Consolidated HK$'000
	Unaudited for the six months ended 31 March 2009			
TURNOVER	6,427	7,531	319	14,277
SEGMENT RESULTS	33,917	(1,257)	317	32,977
Interest income				637
Unallocated corporate expenses				(38,940)
Loss arising on changes in fair value of an investment property				(400)
Finance costs				(1,199)
Loss before taxation				(6,925)
Income tax credit				66
Loss for the period attributable to owners of the Company				(6,859)

Turnover reported above represented turnover generated from external customers. There were no inter-segment sales for the six months ended 31 March 2010 (2009: Nil).

3. OTHER REVENUE

	Unaudited For the six months ended 31 March 2010 HK$'000	Unaudited For the six months ended 31 March 2009 HK$'000
Interest income	**32**	637
Compensation income	**-**	46,626
Others	**131**	-
	163	47,263

Note:

Compensation income mainly represented the allowance paid by a major supplier.

4. LOSS FROM OPERATIONS

	Unaudited For the six months ended 31 March 2010 HK$'000	2009 HK$'000
Loss from operations has been arrived at after charging:		
Cost of trading inventories sold	**2,105**	5,515
Employee benefit expenses (including directors' emoluments)	**7,337**	8,038
Retirement benefit costs (including directors' retirement benefit costs)	**236**	198
Depreciation	**386**	794
Amortisation of intangible assets	**-**	3,480
Impairment loss recognised in respect of intangible assets	**-**	25,901
Impairment loss recognised in respect of available-for-sale financial assets	**-**	366
Loss on disposal of property, plant and equipment	**-**	76

5. FINANCE COSTS

	Unaudited For the six months ended 31 March 2010 HK$'000	2009 HK$'000
Interest expenses on secured bank borrowings wholly repayable within five years	**-**	1,199

6. INCOME TAX (EXPENSE)/CREDIT

	Unaudited For the six months ended 31 March 2010 HK$'000	2009 HK$'000
Current tax:		
Hong Kong Profits Tax (Note)	**-**	-
Deferred tax:		
Current period	**(792)**	66
	(792)	66

Note:

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 period's estimated assessable profits.

7. DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 31 March 2010 (2009: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share is based on the loss attributable to owners of the Company of approximately HK$4,031,000 (2009: HK$6,859,000) and on 5,165,973,933 (2009: 5,165,973,933) shares in issue during the Period.

The diluted loss per share for the Period was the same as the basic loss per share as there were no dilutive potential shares in existence during the Period.

The diluted loss per share for the six months ended 31 March 2009 was the same as the basic loss per share as the share options outstanding during the period had an anti-dilutive effect on the basic loss per share during the period.

9. TRADE RECEIVABLES

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

	At 31 March 2010 HK$'000 (unaudited)	At 30 September 2009 HK$'000 (audited)
Current	**3,049**	2,178
One to three months overdue	**136**	90
More than three months but less than twelve months overdue	**28**	41
Over twelve months overdue	**155,321**	158,308
	158,534	160,617
Less: Impairment loss recognised	**(119,895)**	(119,895)
	38,639	40,722

Note:

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

10. TRADE PAYABLES

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

	At 31 March 2010 HK$'000 (unaudited)	At 30 September 2009 HK$'000 (audited)
Current and within one month	**756**	1,002
One to three months overdue	**1,302**	20
Overdue over three months	**-**	7
	2,058	1,029

11. OPERATING LEASE COMMITMENTS

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

	At 31 March 2010 HK$'000 (unaudited)	At 30 September 2009 HK$'000 (audited)
Within one year	**922**	1,180
In the second to fifth years, inclusive	**626**	167
	1,548	1,347

12. CONTINGENT LIABILITIES

Included in the terms of the sale and purchase agreement in connection with the acquisition of Calaview Assets Limited ("Calaview") 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 consolidated financial statements, the Group has no plan of listing the shares of the Acquired Companies on any recognised stock exchange. SMG was dissolved by creditors' voluntary winding up in September 2009 and Calaview is in the process of striking-off during the Period.

BUSINESS REVIEW AND OUTLOOK

Business Review

On top of the repercussions from the global financial crisis forming the backdrop to corporate performances over the past two quarters, new fluctuations in Europe are now adding to the general uncertainty and ongoing pace of recovery. During the six-month reporting period ended 31 March 2010 (the "Period"), the Group recorded a turnover of approximately HK$15.8 million (31 March 2009: HK$14.3 million), an approximately 10.5% increase year on year and producing a gross profit of approximately HK$5.7 million (31 March 2009: HK$2.9 million). Loss for the Period narrowed further to approximately HK$4.0 million (31 March 2009: HK$6.9 million), mainly as a result of an increase in turnover from provision of repair services, as well as reduction in administration expenses for the Period.

Generated in a negative economic context, the Group's first-half results reflected a combination of weak consumption sentiment with low demand for the trading of telecommunications products, and inflationary pressures across various cost components.

At the same time, the Group remains committed to providing value-added high-tech repair services for telecommunications products. In addition to fulfilling its pledge to deliver quality and value to customers, the provision of services also builds recurrent income streams into the Group's business portfolio, which helps diversify and stabilise the overall revenue base. During the Period, the repair services segment generated a turnover of approximately HK$12.7 million (31 March 2009: HK$7.5 million).

Market Overview

The year 2009 represented a year of revolution in the history of the mobile phone. It is an irrefutable fact that smartphones are in the process of achieving market dominance. According to market intelligence provider IDC, smartphone shipments reached 54.7 million units in the first quarter of 2010, up 56.7% from the previous year, while smartphones accounted for 18.8% of all mobile phones in use, compared with 14.4% in 2009.

The outcome of the battle between basic mobile phones and smartphones is probably quite predictable. However, the competition among the major brands has yet to reach its peak. The ranking of smartphones in terms of market share remains unchanged since the last quarter of 2009. Nokia stayed top of the list with a market share standing at 39.3%. Research In Motion (RIM) and Apple locked up second and third places, capturing a 19.4% and 16.1% market share respectively.

In terms of operating systems (OS) and applications - the paths to success in today's mobile phone market - Android surpassed Apple for the number-two position in the United States mobile phone market. A survey by leading consumer and retail information provider NPD Group showed that the Android OS had moved up into second position at 28%, behind RIM with a 36% market share, in the first quarter of 2010. Apple fell back to third position at 21% followed by Windows Mobile at 10%. NPD explained that RIM had grown strongly in the first quarter while former rival Windows Mobile has been floundering for the last couple of years. As a result, Microsoft recently decided to focus most of its attention on the consumer market with Windows Phone 7, unveiled in February 2010 at the Mobile World Congress. At the same time, the resurgence of Motorola and the proven popularity of its Milestone and Droid series, together with HTC's Drois Eris, boosted the sales volume of Android-loaded smartphones.

Meanwhile, the infrastructure of the mobile phone market is rapidly changing. Mobile phone usage is shifting away from voice to other applications, and users are keeping their mobile phones, especially their smartphones, for an average of only 12 months. According to *The New York Times*, instead of talking on their mobile phones, people are making use of all the extras that iPhones, BlackBerrys and other smartphones are designed for, including internet browsing, listening to music, watching television, playing games, and sending e-mails and text messages. In 2009, for the first time in the United States, the amount of multi-media data surpassed the amount of voice data in mobile phone calls, industry executives and analysts said.

Many people also find that mobile phones have become irreplaceable devices in managing their daily lives and staying connected to the world around them, to their families as well as to networks of online friends. Social network connectivity has become more important than ever, once again underpinning the strong demand for smartphones in the developed mobile phone markets. Mobile phones offering instant connection to social networking sites such as Facebook, Twitter and MySpace make up the best-seller list as users are able to upload multi-media files, update statuses and automatically send text messages in a split second. This phenomenon, as noted by Microsoft, is a leap into another 'social generation'.

The mobile phone market is becoming unprecedentedly crowded with the entry of newcomers, including big computer brands Microsoft and Lenovo. Computer technology giant Microsoft recently launched its Kin models, smartphones featuring a brand new platform, Windows Phone 7, with full integration with social networking sites. As described by industry analysts, the Windows Phone 7 series offers a different perspective on the smartphone user interface, emphasizing 'hubs' that aggregate internet and application content. At the same time, Hewlett Packard has demonstrated great interest in the smartphone market. Having foreseen a promising future in the smartphone business and opportunities for its OS, together with the array of mobile products ranging from tablets to netbooks now available, Hewlett Packard is planning a substantial investment in developing its newly acquired Palm.

On the other side of the world, Lenovo has introduced its LePhone smartphones to take on Apple's iPhone in China. Its tactics are to provide the same calibre product but for roughly half the price. Targeted at price-sensitive Chinese consumers, LePhone is expected to sell more than 1 million units nationwide in the first year.

Another new and notable player from China, ZTE Corporation ("ZTE"), also the country's second-largest telecom equipment supplier, recently announced its latest rollout to focus on mobile phone manufacturing. The company is working closely with Microsoft to bring out new smartphone models pre-loaded with Windows Mobile 6.5. ZTE expects its mobile phone shipments in 2010 to top 80 million units globally, delivering a 35% increase in revenue.

The fact that the ever-expanding mobile phone market is becoming the biggest in Asia, but has still not achieved 100 percent penetration, to a certain extent accounts for these business decisions, although mobile phone manufacturers and operators still face challenges on many fronts.

To exemplify how difficult and competitive the mobile phone market is, Palm, once one of the most dynamic companies in wireless technology, was acquired by Hewlett Packard in April 2010, but only after several years of tough operations. Even mega brands such as Nokia are dealing with multi-faceted challenges. As highlighted by Nokia management, the mobile phone leader continues to face tough competition with respect to the high end of the brand's mobile device portfolio, as well as challenging market conditions on the infrastructure side. Competitors, including Apple and RIM, are making it difficult for Nokia to maintain high profit margins. As Nokia no longer has an advantage in the high-end market, it is turning to bring new services to low-end non-smartphone users by providing them with services that hitherto were exclusively available on expensive smartphones. Seeing China as an untapped market and the fact that only one-tenth of the mobile phone users in the country have access to the internet, Nokia's strategy is to supply affordable models equipped with internet connectivity to the remaining users. However, as noted by research firm Analysis International, Nokia still needs to launch innovative products in the high-end market sooner rather than later, as users' migration to smartphones is just a matter of time.

Meanwhile, emerging telecommunications companies such as Huawei Technologies Co., Ltd., ZTE and Lenovo have presented further price competition threats to major mobile phone brands.

As a further source of market risk and instability, the eurozone is encountering the biggest challenge since its inception in 1999, amid fears that the Greek debt crisis could spread to other European countries and endanger the future of the euro. Worries have intensified across the world that banks will lose confidence in the ability of indebted governments to repay their loans. Further deterioration in this situation could lead to a second course of the global credit crunch and the deepening of economic turbulence.

Financial Review

At 31 March 2010, the overall inventory level remained at a relatively low level of approximately HK$1.8 million (30 September 2009: HK$1.5 million).

The Group was granted a banking facility and a fixed deposit of approximately HK$4.7 million (30 September 2009: HK4.7 million) was pledged as collateral. The current ratio was approximately 1.97 (30 September 2009: 2.07) while the liquid ratio was approximately 1.95 (30 September 2009: 2.05).

At 31 March 2010 and 30 September 2009, there was no borrowing within the Group. The gearing ratio, which is expressed as a percentage of total borrowings over total assets, was nil (30 September 2009: Nil).

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

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

Prospects

Over the past year, the macro-environment has adjusted to a new supply and consumer demand balance brought about by the overwhelming and profound impact of the worldwide economic crisis. In an earlier report, in which research firm Gartner, Inc. addressed the trends in the technology sector, its analysts highlighted the impact of greater financial and regulatory control over technology investment decisions.

For many organisations, the economic and budgetary challenges of 2009 drove important changes in the general governance of information technology decisions. Financial officers assumed a more active role and, although some organisations entered 2010 preparing for a return to growth, this financial supervision is unlikely to be lifted anytime soon. As a result, spending on information technology is expected to remain cautious.

At the individual level, the technology trend is focusing on the shifts in the way people interact with information technology. By 2014, Gartner predicts that there will be a 90% mobile penetration rate and 6.5 billion mobile connections globally. By that time, it is forecast that over 3 billion of the world's adult population will be able to transact electronically via mobile or personal computer (PC) internet. Growth will not be uniform, as emerging economies will see more rapidly rising mobile and internet adoption.

According to Gartner's forecast, mobile phones will overtake PCs as the most common web-access device worldwide by 2013. The firm expects the combined installed base of smartphones and browser-equipped enhanced phones to exceed 1.82 billion units in two years. This trend will open up a new phase in the development of websites and web-based applications that are optimised for smaller-screen formats. As data overwhelms mobile networks that were built for voice, the journey from voice into data will be the key growth area going forward.

It is therefore predicted that, in the future, context will be as influential to mobile consumer services and relationships as search engines currently are to the web. Context will provide the 'key' to delivering hyper-personalised experiences across smartphones, inflicting another round of intense competition between web, device, social platforms, telecommunications service providers, software vendors and communication infrastructure vendors to become significant context providers.

Another direction of development is expected to come from the continued convergence of fixed and mobile networks. However, while fixed-mobile convergence (FMC) promises a new area of growth, it comes as much a threat as it is an opportunity for fixed-line and cellular carriers who are at a crossroads in an already intensely competitive market. As estimated by market research firm iLocus, the stakes for FMC would be incredibly high and carriers are pondering the key question of whether FMC will translate into value creation or value destruction for them.

As always, the way forward for the telecommunications industry is all about innovation. With all that is happening, innovation is now occurring across platforms and even sectors rather than within the depths of a single product or business.

On the back of its performance in the first six months of the year, the Group will continue to strengthen its servicing component in order to expand its recurrent income base. By making efforts to fulfill customers' repair requirements and turnaround times, the Group will be able to ensure an efficient and reliable one-stop service, which is an absolute imperative in this business.

The Group will also continue to explore new business opportunities while it prudently navigates the turbulent operating environment. By remaining alert to the trends and events that will change the nature of business today, the Group has set its sights firmly on tomorrow.

Employee Information

At 31 March 2010, the Group employed a workforce of 55 (31 March 2009: 51). Staff costs, including salaries and bonuses, for the Period were approximately HK$7.6 million (31 March 2009: HK$8.2 million).

The Group adheres to a competitive remuneration policy to ensure that it can motivate and retain existing employees as well as attract potential employees.

The remuneration packages mainly include salaries, 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.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the six months ended 31 March 2010, the Company has complied with the code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except for the following deviations:-

1. Code Provision A.2.1

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

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

2. Code Provision A.4.2

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

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

AUDIT COMMITTEE REVIEW

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

On behalf of the Board
SY Ethan, Timothy
Chairman

Hong Kong, 4 June 2010

As at the date of this announcement, the Board comprises 6 directors, of which 2 are executive directors, namely Mr. SY Ethan, Timothy and Mr. SUNG Yee Keung, Ricky, 1 is a non-executive director, namely Mr. KO Wai Lun, Warren and 3 are independent non-executive directors, namely Mr. Andrew David ROSS, Mr. Geoffrey William FAWCETT and Mr. Charles Robert LAWSON.