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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0143)

ANNUAL RESULTS
For the year ended 30th September, 2005

The Board of Directors (the "Board") of Global Tech (Holdings) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30th September, 2005.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30th September, 2005

	Note	**2005** *HK$'000*	2004 *HK$'000*
Turnover	*2*	**1,206,174**	1,895,976
Cost of sales		**(1,157,594)**	(1,887,248)
Gross profit		**48,580**	8,728
Other revenues and income	*2*	**6,174**	3,923
Selling and distribution expenses		**(16,954)**	(26,367)
Administrative expenses		**(86,420)**	(100,479)
Other operating expenses		**(74,861)**	(68,930)
Operating loss	*3*	**(123,481)**	(183,125)
Finance costs		**(40)**	(336)
Loss before taxation		**(123,521)**	(183,461)
Taxation	*4*	**(650)**	(1,016)
Loss after taxation		**(124,171)**	(184,477)
Loss attributable to shareholders		**(124,171)**	(184,477)
Dividends	5	**–**	–
Basic loss per share	*6*	**(HK$0.024)**	(HK$0.036)
Fully diluted loss per share	*6*	**(HK$0.024)**	(HK$0.036)

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30th September, 2005

	Note	**2005** *HK$'000*	2004 *HK$'000*
Non-current assets			
Fixed assets		**17,132**	15,423
Club debentures		**12,301**	12,301
Current assets			
Inventories		**39,030**	145,368
Trade receivables	*7*	**175,435**	244,619
Deposits, prepayments and other receivables		**126,518**	162,340
Cash and bank balances		**261,827**	118,071
		602,810	670,398
Current liabilities			
Trade payables	*8*	**73,067**	13,344
Other payables and accrued charges		**30,026**	34,034
Taxation	*4*	**119,357**	119,926
Current portion of long-term liabilities		**35**	30
		222,485	167,334
Net current assets		**380,325**	503,064
Total assets less current liabilities		**409,758**	530,788
Financed by:			
Share capital		**51,659**	51,659
Reserves		**357,047**	478,337
Shareholders' funds		**408,706**	529,996
Long-term liabilities		**82**	117
Deferred tax		**970**	675
		409,758	530,788

NOTES TO CONDENSED CONSOLIDATED ACCOUNTS

1 Basis of Preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention except that, certain leasehold land and buildings and club debentures are stated at fair value.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and the Hong Kong Accounting Standards (collectively the "HKFRSs") which are effective for accounting periods commencing on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the accounts for the year ended 30th September, 2005.

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2 Turnover, Revenues and Segment Information

The Company is engaged in investment holding and its subsidiaries are principally engaged in trading of telecommunication products. Revenues recognised during the year are as follows:

	2005	2004
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**1,194,444**	1,883,886
Other operations income	**11,730**	12,090
	1,206,174	1,895,976
Other revenues and income		
Interest income	**1,819**	474
Gain on revaluation of leasehold land and building	**279**	3,026
Compensation of legal and professional fees	**3,424**	–
Others	**652**	423
	6,174	3,923
Total revenues	**1,212,348**	1,899,899

Primary reporting format – business segments

The Group is principally engaged in the trading of telecommunication products. Other operations of the Group mainly comprise provision of repair services of telecommunication products.

The Group's inter-segment transactions mainly consist of provision of repair services of telecommunication products between different business segments. The transactions were entered into at similar terms as that contracted with independent third parties and were eliminated on consolidation.

	Trading of telecommunication products 2005	**Other operations 2005**	**Inter-segment elimination 2005**	**Group 2005**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Turnover from external customers	**1,188,257**	**17,917**	**–**	**1,206,174**
Inter-segment turnover	**–**	**3,798**	**(3,798)**	**–**
Total turnover	**1,188,257**	**21,715**	**(3,798)**	**1,206,174**
Segment results	**(121,426)**	**(2,055)**		**(123,481)**
Finance costs				**(40)**
Loss before taxation				**(123,521)**
Taxation				**(650)**
Loss after taxation				**(124,171)**
Loss attributable to shareholders				**(124,171)**

	Trading of telecommunication products 2004 *HK$'000*	Other operations 2004 *HK$'000*	Inter-segment elimination 2004 *HK$'000*	Group 2004 *HK$'000*
Turnover from external customers	1,873,921	22,055	–	1,895,976
Inter-segment turnover	–	11,809	(11,809)	–
Total turnover	1,873,921	33,864	(11,809)	1,895,976
Segment results	(167,687)	(15,438)		(183,125)
Finance costs				(336)
Loss before taxation				(183,461)
Taxation				(1,016)
Loss after taxation				(184,477)
Loss attributable to shareholders				(184,477)

Secondary reporting format – geographical segments

The Group has operated mainly in the following geographical areas:

Hong Kong and Macau – trading of telecommunication products and provision of repair services of telecommunication products.

Taiwan – trading of telecommunication products and provision of repair services of telecommunication products.

In presenting geographical segment information of the Group, shown below are the turnover from external customers of each geographical segment that comprises 10% or more of the Group's respective total turnover from external customers. There are no material sales and other transactions between the geographical segments.

	Turnover from external customers 2005 ***HK$'000***
Hong Kong and Macau	**1,108,563**
Taiwan	**97,611**

	Turnover from external customers 2004 *HK$'000*
Hong Kong and Macau	1,206,754
Taiwan	643,782

3 Operating Loss

	2005	2004
	HK$'000	*HK$'000*
Operating loss is stated after crediting and charging the following:		
Crediting		
Gain on revaluation of leasehold land and building	**279**	3,026
Net exchange gain	**4,606**	6,213
Charging		
Auditors' remuneration – current year	**1,345**	1,811
– prior year	**2,050**	–
Cost of trading inventories sold	**1,141,161**	1,851,434
Provision for slow moving and net realisable values of inventories	**2,739**	22,140
Depreciation	**2,898**	3,341
Impairment of fixed assets	**–**	765
Loss on disposals of fixed assets	**76**	752
Operating lease on land and buildings	**12,716**	17,179
Provision for bad and doubtful debts	**78,331**	72,578
Retirement benefit costs (including directors' retirement benefit costs)	**1,015**	4,875
Staff costs including directors' emoluments	**52,291**	58,487

4 Taxation

(a) The amount of taxation charged to the condensed consolidated profit and loss account represents:

	2005	2004
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax *(note (i))*	**622**	438
Overseas taxation *(note (ii))*	**–**	34
	622	472
Deferred tax		
Current year	**28**	544
Taxation attributable to the Company and its subsidiaries	**650**	1,016

Note:

(i) Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits.

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

(b) Taxation payable in the balance sheet represents liabilities of the Group in respect of Hong Kong profits tax and overseas taxation provided for the current and prior years less provisional tax paid.

(c) In October 2002, the Inland Revenue Department of Hong Kong (the "IRD") issued estimated assessments to certain subsidiaries of the Group in respect of their potential tax liabilities for the years of assessment from 1996/1997 to 2001/2002. The concerned subsidiaries have formally objected to the estimated assessments as, in the opinion of the Directors of the Company, these estimated assessments are incorrect. The Directors of the Company consider appropriate tax provision has already been made in the accounts.

At the request of the IRD, the Company has agreed to pay deposits totaling approximately HK$108,000,000 by way of purchase of tax reserve certificates and payment of instalments in cash. The outcome of the objection has yet to be determined. There are possible obligations in penalty and interest arising in respect of the potential tax liabilities in the event that the objection is settled.

5 Dividend

The Board resolved not to make any payment of an interim dividend (2004: Nil) and does not recommend the payment of a final dividend (2004: Nil) in respect of the year.

6 Loss Per Share

The calculations of basic and fully diluted loss per share are based on the Group's loss attributable to shareholders of approximately HK$124,171,000 (2004: HK$184,477,000).

The basic loss per share is based on 5,165,973,933 (2004: 5,165,973,933) ordinary shares in issue during the year.

The computations of fully diluted loss per share for 2005 and 2004 have not assumed the exercise of the Company's options and warrants since the exercise prices were higher than the average market price of the Company's shares for the two years.

7 Trade Receivables

As at 30th September, 2005, the ageing analysis of the trade receivables (net of specific provisions) is as follows:

	2005	2004
	HK$'000	*HK$'000*
Current	**256,773**	187,750
One to three months overdue	**35,897**	110,832
More than three months but less than twelve months overdue	**3,042**	2,055
Over twelve months overdue	**2,656**	5,668
Less: general provision	**(122,933)**	(61,686)
	175,435	244,619

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

8 Trade Payables

As at 30th September, 2005, the ageing analysis of the trade payables is as follows:

	2005	2004
	HK$'000	*HK$'000*
Due within one month or on demand	**73,067**	13,344
Due after one month but within three months	**–**	–
Due after three months but within six months	**–**	–
	73,067	13,344

9 Contingent Liabilities

(a) Included in the terms of the sale and purchase agreement in connection with the acquisition of Calaview Assets Limited and SMG (the "Acquired Companies") in 2000, the Group is liable to pay the vendor approximately HK$35,000,000, contingent on the successful listing on any recognised stock exchange by any one of the Acquired Companies. SMG has already begun statutory liquidation procedures and the Group has no plan to list either of the Acquired Companies.

(b) As stated in note 4(c) to the accounts, the IRD issued estimated assessments to certain subsidiaries of the Group in respect of their potential tax liabilities for the years of assessment from 1996/1997 to 2001/2002. There are possible obligations in penalty and interest arising in respect of the potential tax liabilities in the event that the objection is settled.

10 Operating Lease Commitments

As at 30th September, 2005, the Group had future aggregate minimum lease payments under non-cancellable operating lease as follows:

	2005	2004
	HK$'000	*HK$'000*
Not later than one year	**8,190**	10,515
Later than one year and not later than five years	**3,329**	10,092
	11,519	20,607

11 Comparative Figures

Certain comparative figures have been reclassified to conform with current year's presentation.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Highlights

During the year ended 30th September, 2005, the Group recorded a turnover of approximately HK$1,206 million (2004: HK$1,896 million), representing a decline of approximately HK$690 million from the previous year. The Group incurred a net loss of approximately HK$124 million (2004: HK$184 million) or loss per share of approximately HK$0.024 (2004: HK$0.036).

Sales Mix and Profit Margins

During the year, the Group recorded a turnover of approximately HK$1,206 million (2004: HK$1,896 million). The decrease in overall sales was largely due to the scaling down of the Group's mobile handset distribution operations in Taiwan (the "Taiwan Operations") which showed a reduction in the turnover to approximately HK$98 million from the region as compared with approximately HK$644 million in 2004.

However, the Group's margin has improved from approximately 0.5% in 2004 to 4.0% this year, mainly attributable to the Group's strategy in accommodating rapid changes in customer preferences and market conditions, in working with major suppliers in more timely launches of new models and in managing the inventory levels.

The scaling down of the Taiwan Operations has also contributed positively to the overall margin of the Group as the profit margin of the Taiwan Operations last year was largely affected by the cut-throat price competition in that market.

Marginalization of lower-tier manufacturers actually reinforced customer loyalty to products from top-tier brands thanks to original designs and technologies. This consolidation will continue. However, compared with last few years, customers are less willing to buy top-tier premium products whereas only a small proportion still seriously consider to pay more for the premium value, reliability and functionalities promised by top-tier products.

The remaining challenge will be the ongoing shortening of product shelf life and thus the monitoring of inventory levels. This pushes product developers, manufacturers and distributors to work with extra diligence and speed to embrace the changes.

Retail Operations

The Group's retail operations generated sales of approximately HK$42 million (2004: HK$48 million). While the Hong Kong economy continues to recover from years of deflation, rent is one of the key operating costs to pick up an upward trend more rapidly, than others especially for major commercial and tourist areas like Causeway Bay. As a result, one of the brand shops was forced to close down during the year after its tenancy expired as the rent was significantly increased and it was difficult for the Group to maintain a balance between the improved business opportunities and the significant increases in its cost base.

The retail strategy is currently under a major review to identify tactics that will help the Group survive the tough operating environment while embracing opportunities from increasing numbers of inbound tourists.

Liquidity, Financial and Working Capital Resources

As at 30th September, 2005, the Group's trade receivables remained relatively steady at approximately HK$298 million (2004: HK$306 million). The receivable ageing profile continued to improve over the previous years and approximately 86% and 12% of the receivables as at year end were current and less than 90 days overdue respectively, as compared with those of approximately 61% and 36% respectively in 2004. Receivables overdue for more than 90 days also experienced a slight improvement to approximately HK$6 million (2004: HK$8 million).

Notwithstanding the continuous improvement in the receivable ageing profile, the Group has adopted a conservative approach and a provision for bad and doubtful debts of approximately HK$78 million (2004: HK$73 million) was made during the year. This prudence approach would help the Group to better equip for the challenges and uncertainties ahead in the competitive business environment of the mobile phone industry.

The net inventories of the Group reduced from approximately HK$145 million in 2004 to HK$39 million this year, thanks to the continuous management effort in closely monitoring the inventory levels and tightening of inventory controls in a response to shortening of product life cycles and fast-changing market conditions. The scaling down of the Taiwan Operations was another major contributing factor to the reduction.

During the year, the Group has revamped its trade arrangements with major suppliers. With more efficient use of the Group's working capital resources, the Group's cash reserves as at year end significantly increased to approximately HK$262 million from HK$118 million in 2004.

With a more prudence provisioning approach on trade receivables, the current ratio decreased from 4.01 in 2004 to 2.71 this year while the liquid ratio was only reduced slightly to approximately 2.53 (2004: 3.14).

As at 30th September, 2005, no banking facility was maintained by the Group (2004: approximately HK$174 million which were not utilized) and there had been no charge against any of Group's assets (2004: Nil). The gearing ratio of the Group remained fairly stable at a minimal of 0.02% (2004: 0.02%)

The Group will continue to adopt, as it has had in previous years, a conservative cash management policy.

Currencies

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

Prospects and Strategic Outlook

Hong Kong is entering a third year of uninterrupted economic recovery. Improving prospects will see the arrival of more competitors as well as products in the available distribution and retail space. Operating costs, meanwhile, are set to be under mounting pressure to rise as the city escapes from years of deflation.

The Group will leverage its solid expertise in the industry to stretch its presence in its core market in Hong Kong while keeping costs under more stringent control than the new market entrants.

Working in concert, the Group has reaffirmed its belief that its value rests in the strong brand image of its major manufacturing partner and in the maintenance of highly efficient services for both suppliers and end-customers.

Ongoing enhancements to supply-chain management will be assimilated into the day-to-day operations of the Group, expanding its capacity and its ability to cope with the difficulties which may lie ahead.

The Group will also implement a thorough review of key business processes in an effort to further streamline its operations to deliver greater efficiencies. Meanwhile, it spares no effort to keep all staff abreast of latest changes in the market and technology landscapes of the industry to make them better prepared for the opportunities that will arise.

Employee Information

As at 30th September, 2005, the Group employed a work force of 89 (2004: 149) while staff costs, including salaries and bonuses, were approximately HK$52 million (2004: HK$58 million). The reductions were mainly due to the scaling down of the Taiwan Operations as a majority of the work force has not been retained.

The remuneration policy of the Group is to ensure the fairness and completeness of total remuneration in order to both motivate and retain existing employees as well as attract potential employees. The remuneration packages mainly include salary payments, medical subsidies 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 year ended 30th September, 2005.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

Throughout the year ended 30th September, 2005, the Company has complied with the Code of Best Practice as previously set out in Appendix 14 to the Listing Rules prior to 1st January, 2005, which remains applicable to the year under review.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audited annual results of the Group for the year ended 30th September, 2005 have been reviewed by the Audit Committee of the Company.

By Order of the Board
SY Ethan, Timothy
Chairman

Hong Kong, 16th January, 2006

As at the date of this announcement, the Board comprises 9 directors, of which 5 are executive directors, namely Mr. SY Ethan, Timothy, Mr. CHEUNG Wing Yin, Vigny Wiley, Mr. SUNG Yee Keung, Ricky, Mr. WAN Kwok Cheong and Mr. PANG Leung Ming, 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.

Please also refer to the published version of this announcement in The Standard.