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 30 SEPTEMBER 2006

The board of directors (the "Board") of Global Tech (Holdings) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 30 September 2006.

CONSOLIDATED INCOME STATEMENT
For the year ended 30 September 2006

	Note	2006 HK$'000	2005 HK$'000 (Restated)
Turnover	4	**1,018,095**	1,206,174
Cost of sales		**(979,923)**	(1,157,594)
Gross profit		**38,172**	48,580
Other revenue	5	**5,936**	5,243
Other income	6	**4,516**	652
Selling and distribution expenses		**(9,332)**	(16,954)
Administrative expenses		**(99,096)**	(86,490)
Other operating expenses		**(3,886)**	(74,861)
Loss from operations	7	**(63,690)**	(123,830)
Finance costs	8	**(66)**	(40)
Loss before taxation		**(63,756)**	(123,870)
Taxation	9	**(31,526)**	(622)
Loss for the year attributable to equity holders of the Company		**(95,282)**	(124,492)
Dividends	10	**–**	–
Loss per share for loss attributable to equity holders of the Company			
Basic	11	**HK$(0.018)**	HK$(0.024)
Diluted	11	**N/A**	N/A

CONSOLIDATED BALANCE SHEET
As at 30 September 2006

	Note	2006 HK$'000	2005 HK$'000 (Restated)
Non-current assets			
Investment property		**12,000**	–
Property, plant and equipment		**3,701**	5,925
Leasehold land		**–**	8,340
Club debentures		**–**	12,301
Available-for-sale financial assets		**79,275**	–
		94,976	26,566
Current assets			
Inventories		**38,274**	39,030
Trade receivables	12	**182,431**	175,435
Prepayments, deposits and other receivables		**51,476**	126,518
Pledged time deposits		**37,174**	–
Cash and bank balances		**115,194**	261,827
		424,549	602,810
Current liabilities			
Trade payables	13	**70,040**	73,067
Accrued charges and other payables		**26,418**	30,026
Tax payables	9	**52,885**	119,357
Bank borrowings – secured		**54,101**	–
Obligation under finance lease – due within one year		**40**	35
		203,484	222,485
Net current assets		**221,065**	380,325
Total assets less current liabilities		**316,041**	406,891
Non-current liabilities			
Obligation under finance lease – due after one year		**42**	82
Deferred tax liabilities		**534**	340
		576	422
Net assets		**315,465**	406,469
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**51,659**	51,659
Reserves		**263,806**	354,810
Total equity		**315,465**	406,469

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation

The consolidated financial statements of Global Tech (Holdings) Limited 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 ("Int") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions 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 is historical cost convention, as modified for the revaluation of certain available-for-sale financial assets and investment property, which are carried at fair value.

* *For identification purpose only*

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

2 Summary of Changes in Accounting Policies

The HKICPA has issued a number of new and revised HKFRSs which are effective for accounting periods beginning on or after 1 January 2005. The Group adopted the new and revised HKFRSs below which are relevant to its operations and the comparative figures for the financial year ended 30 September 2005 have been restated as required, in accordance with the relevant requirements. A summary of the new and revised HKFRSs is set out as below:–

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transitional and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HK-Int 4	Lease – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKAS-Int 15	Operating Leases – Incentives
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of new and revised HKASs 1, 2, 7, 8, 10, 12, 14, 18, 19, 21, 23, 24, 27, 33, 37, 40, HK-Int 4, HKAS-Int 15 and 21 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. Entities have the same functional currency as the presentation currency for respective entity financial statements.

– HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The major changes in Group's principal accounting policies or the presentation of financial statements as a result of the adoption of the new HKFRSs are summarised below:

(a) ***HKAS 16 and 17***

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement. A lease of land and building is split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in land element and the building element of the lease at the inception of the lease. The lease of land is stated at cost and amortised over the period of the lease whereas the building is stated at cost less accumulated depreciation. In prior years, leasehold land was classified under property, plant and equipment at fair value.

As from 1 October 2005, the buildings are also stated at cost less accumulated depreciation and impairment loss in accordance with HKAS 16 to be consistent with the new policy required to be adopted for the land element.

(b) ***HKAS 32 and 39***

The adoption of HKAS 32 and 39 has resulted in a change in the accounting policy relating to the classification of available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities. With effect from 1 October 2005, club debentures are classified as available-for-sale financial assets, which were stated at cost less any identifiable impairment losses.

(c) ***HKFRS 2***

The adoption of HKFRS 2 has resulted in a change in accounting policy for share-based payments. Prior to the adoption, the Group did not recognise the financial effect of share options until exercised. With effect from 1 October 2005, the Group recognises the fair value of the options determined at the date of grant in accordance with HKFRS 2. In applying HKFRS 2 in the current period, the Group has applied the transitional provision on share options granted before 7 November 2002 and had vested before 1 October 2005. Because there were no unvested share options on 1 October 2005 and no new share options were granted during this period, no retrospective reinstatement is required.

(d) ***HKFRS 3 and HKAS 36***

The adoption of HKFRS 3 and HKAS 36 has resulted in a change in accounting policy for goodwill. In prior years, goodwill arising on acquisition prior to 1 January 2001 was eliminated against the consolidated retained earnings in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired business.

The Group has applied the transitional provision of HKFRS 3, in which goodwill previously eliminated against the retained earnings remains eliminated against the retained earnings and is not recognised in the consolidated income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired. Comparative figures have not been restated in accordance with the transitional provision.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than:

– HKAS 16 – the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;

– HKAS 21 – prospective accounting for goodwill and fair value adjustments as part of foreign operations;

– HKAS 39 – does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis;

– HKFRS 3 – prospectively after 1 October 2005.

3 **Summary of Effects on Adopting the New HKFRSs**

The effect on the adoption of the new accounting policies in consolidated balance sheet and consolidated income statement were summarised as follows:–

(a) Effect on the consolidated balance sheet

As at 30 September 2006

	Effect of adopting HKAS 16 & 17 *HK$'000*	HKAS 39 *HK$'000*
Decrease in club debentures	**–**	**(12,301)**
Increase in available-for-sale financial assets	**–**	**12,301**
Total effects on net assets	**–**	**–**
Reserves		
Increase in accumulated losses	**(27)**	**–**
Increase in investment property revaluation reserve	**27**	**–**
Total effects on equity	**–**	**–**

As at 30 September 2005

	Effect of adopting HKAS 16 & 17 *HK$'000*	HKAS 39 *HK$'000*
Decrease in property, plant and equipment	(11,207)	–
Increase in leasehold land	8,340	–
Decrease in deferred tax liabilities	630	–
Total effects on net assets	(2,237)	–
Reserves		
Decrease in accumulated losses	224	–
Decrease in leasehold land and buildings revaluation reserve	(2,461)	–
Total effects on equity	(2,237)	–

(b) Effect on the consolidated income statement

For the year ended 30 September 2006

	Effect of adopting HKAS 16 & 17 *HK$'000*
Increase in administrative expenses	**(27)**
Loss attributable to equity holders of the Company	**(27)**
Loss per share	**HK(0.0005) cents**

For the year ended 30 September 2005

	Effect of adopting HKAS 16 & 17 *HK$'000*
Increase in administrative expenses	(70)
Decrease in other income	(279)
Decrease in deferred tax	28
Loss attributable to equity holders of the Company	(321)
Loss per share	HK(0.0062) cents

4 **Turnover 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:

	2006 *HK$'000*	2005 *HK$'000*
Sales of goods	**1,011,939**	1,194,444
Provision of repair services	**6,156**	11,730
	1,018,095	1,206,174

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.

	Trading of telecommunication products 2006 *HK$'000*	**Provision of repair services 2006** *HK$'000*	**Consolidated 2006** *HK$'000*
Turnover	**1,011,939**	**6,156**	**1,018,095**
Segment results	**(62,003)**	**(1,687)**	**(63,690)**
Finance costs			**(66)**
Loss before taxation			**(63,756)**
Taxation			**(31,526)**
Net loss for the year attributable to equity holders of the Company			**(95,282)**

	Trading of telecommunication products 2005 *HK$'000* (Restated)	Provision of repair services 2005 *HK$'000* (Restated)	Consolidated 2005 *HK$'000* (Restated)
Turnover	1,188,257	17,917	1,206,174
Segment results	(121,775)	(2,055)	(123,830)
Finance costs			(40)
Loss before taxation			(123,870)
Taxation			(622)
Net loss for the year attributable to equity holders of the Company			(124,492)

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.

During the year ended 30 September 2006, more than 90% of the Group's turnover, total assets and capital expenditure were derived from and located in Hong Kong and Macau, as a result of the scaling down of the mobile handsets operations distribution in Taiwan in prior year. Therefore no geographical segment for the current year is presented in the financial statements. The geographical segments for the year ended 30 September 2005 is presented for information purpose.

For the year ended 30 September 2005

	Turnover from external customers (Restated) *HK$'000*	Segment assets (Restated) *HK$'000*	Capital expenditure (Restated) *HK$'000*
Hong Kong and Macau	1,108,563	621,375	1,749
Taiwan	97,611	6,846	178
	1,206,174	628,221	1,927
Unallocated	–	1,155	–
	1,206,174	629,376	1,927

5 **Other Revenue**

	2006 *HK$'000*	2005 *HK$'000*
Interest income	**5,410**	1,819
Compensation of legal and professional fees	**–**	3,424
Dividend income from available-for-sale financial assets	**526**	–
	5,936	5,243

6 **Other Income**

	2006 *HK$'000*	2005 *HK$'000*
Unrealised exchange gain	**513**	–
Gain on disposal of financial assets at fair value through profit or loss	**863**	–
Sundry income	**3,140**	652
	4,516	652

7 **Loss from Operations**

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:–

	2006 *HK$'000*	2005 *HK$'000* (Restated)
Cost of trading inventories sold	**942,556**	1,141,161
Employee benefit expenses	**42,157**	52,291
Retirement benefit costs	**1,849**	1,015
Depreciation		
– owned assets	**2,063**	2,674
– leased assets	**35**	35
Amortisation of leasehold land	**174**	259
Auditors' remuneration		
– current year	**1,706**	1,345
– (over-provision)/under-provision in prior years	**(399)**	2,050
Realised exchange loss	**246**	–
Loss on disposal of financial asset at fair value through profit or loss	**691**	–
Loss on disposal of property, plant and equipment	**10**	76
Provision for impairment loss on trade receivables	**2,939**	78,331
Provision for impairment loss on inventories	**5,064**	2,739
Operating lease rental in respect of rental premises	**10,422**	12,716

8 **Finance Costs**

	2006 *HK$'000*	2005 *HK$'000*
Interest element of finance leases	**14**	18
Interest expenses on secured bank borrowings wholly repayable within five years	**52**	22
	66	40

9 **Taxation**

	2006 *HK$'000*	2005 *HK$'000* (Restated)
Current tax		
Hong Kong profits tax		
Current year	**36**	621
Under-provision in prior years	**115,326**	1
Overseas taxation		
Over-provision in prior years	**(83,496)**	–
	31,866	622
Deferred tax		
Crystallisation of unrealised loss	**(340)**	–
Taxation attributable to the Company and its subsidiaries	**31,526**	622

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits for the year. 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.

Notes:

(i) 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.

(ii) 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 objection has been settled during the year and the outcome of the objection has already been reflected in the financial statements.

10 **Dividends**

The directors do not recommend the payment of any dividend in respect for the year ended 30 September 2006 (2005: HK$Ni1).

11 **Loss Per Share**

The calculation of the basic loss per share is based on the loss attributable to the equity holders of the Company of HK$95,282,000 (2005: HK$124,492,000 restated) and on 5,165,973,933 (2005: 5,165,973,933) shares in issue during the year.

The computations of fully diluted loss per share for 2006 and 2005 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.

12 **Trade Receivables**

As at 30 September 2006, the aging analysis of the trade receivables is as follow:–

	2006 *HK$'000*	2005 *HK$'000*
Current	**287,478**	256,773
One to three months overdue	**14,727**	35,897
More than three months but less than twelve months overdue	**924**	3,042
Over twelve months overdue	**415**	2,656
Less: Provision for impairment loss	**(121,113)**	(122,933)
	182,431	175,435

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.

(ii) The carrying amounts of the Group's trade receivables approximate to their fair values.

13 Trade Payables

As at 30 September 2006, the aging analysis of the trade payables is as follows:–

	2006 HK$'000	2005 HK$'000
Trade payables:		
Within 0-30 days	**70,040**	73,067

The carrying amount of the Group's trade payables approximate to their fair values.

14 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 three years.

As at 30 September 2006, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2006 HK$'000	2005 HK$'000
Within one year	**15,816**	8,190
In the second to fifth years, inclusive	**10,572**	3,329
	26,388	11,519

15 Contingent Liabilities

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.

16 Comparative Figures

Following the adoption of new HKASs and HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified/restated to conform with the current year's presentation and accounting treatment.

BUSINESS REVIEW AND OUTLOOK

Financial Highlights

For the year ended 30 September 2006, the Group recorded a turnover of approximately HK$1,018 million (2005: HK$1,206 million), representing a decrease of approximately 15% from the previous year.

The year was marked by continued fierce competition in the 3G market. While manufacturers raced to win consumers by incorporating the latest technologies and features into their 3G handsets, further declines in handset prices resulted in squeezed margins. To address the prevailing unfavourable market conditions in the 3G arena, the Group has proactively pursued business in the 2G sector. The success of such strategy was reflected by a slight decrease in gross profit margin from approximately 4.0% in previous year to approximately 3.8% in the current year.

The Group's net loss before taxation for the year was approximately HK$63 million (2005: HK$124 million). The decrease in current year's loss before taxation was mainly attributable to the reduction in the impairment loss of trade receivables recognised. As a result of the settlement of the estimated assessment with the Inland Revenue Department, additional taxation was incurred. Net loss for the year of approximately HK$95 million (2005: HK$124 million) was recorded.

Hong Kong and Macau

Despite occasional minor fluctuations in mainland Chinese tourist arrivals, Hong Kong has already secured its position as a preferred destination for Chinese consumers shopping for high-end electronic products. This is largely attributable to Hong Kong retailers' customary practice of providing proof of authenticity and offering merchandise on the cutting edge of market trends at very competitive and transparent pricing.

This advantage is particularly important in the distribution of mobile handsets because, as mobile telecommunication becomes increasingly popular, gradually transforming into a commodity, the impetus for further hardware sales demands innovations from the network operators to create value-added services that subscribers want and, on the part of the manufacturers, to rapidly bring to market new models that can deliver the new services.

During the year the Group experienced moderate growth in 2.5G handset sales, with this segment still dominate the overall handset market.

Nonetheless, 3G mobile telecommunication currently is still struggling to launch variety of contents which can change subscribers usage pattern. Most of the 3G handsets were sold only for voice purpose. In fact 3G handset sales during the period were largely driven by promotion programmes blended with heavy purchase subsidies offered by network operators.

The market for 2G handsets, meanwhile, did not shrink as much as most observers had originally expected. On the contrary, strenuous effort made by the Group's major supplier in perfecting handset designs, such as the world's first handset equipped with a 10-megapixel digital camera, handsets compatible with more 2G protocols to enhance the roaming functions, handsets with Digital Multimedia Broadcasting ("DMB") functions to enable smoother video playback, and handsets ready for High-Speed Downlink Packet Access ("HSDPA" or "3.5G"), helped it strengthen its brand equities of sophistication and style. Its brand position has in turn helped it increase its customer franchise.

The Group will continue this two-pronged strategy, placing balanced emphasis on marketing 2G and 3G handsets, and leveraging the supplier's image as a beacon of technology, style and reliability.

Sales Mix and Profit Margins

During the year, the Group recorded a turnover of approximately HK$1,018 million (2005: HK$1,206 million). The decrease in overall sales was mainly due to the scaling down of the mobile handset distribution operations in Taiwan in prior year.

The Group's gross margin has just slightly decreased to approximately 3.8% this year (2005: 4.0%). This was mainly attributable to the successful strategy of pursing steady business growth in the mature 2G market, while maintaining a presence in the still developing 3G sector.

Short product shelf-lives continued to be a challenge, calling for more intense effort by the product developers, the suppliers, and the Group as marketer, to accurately gauge the rapid changes in customer preferences and expectations, so as to release models at the right timing, pricing and in the right volume to tap optimum demand with higher precision.

Retail Operations

The Group's retail operations generated sales of approximately HK$27 million (2005: HK$42 million) during the year. The decrease was mainly due to the closing down of one of the brand shops in prior year as a result of increasing rental cost. This operation is under constant review to achieve a more reasonable balance between maintaining the branding of the Group and its major supplier without coming under heavy cost pressure.

Liquidity, Financial and Working Capital Resources

As at 30 September 2006, the Group's net inventories have maintained at a stable level of approximately HK$39 million in 2006 and 2005, a direct result of continuous management efforts in accurately forecasting the lifecycles of new products in order to keep a low inventory level and increase the flexibility to accommodate rapid changes in the market.

As at 30 September 2006, the Group's impairment loss of approximately HK$3 million has been made for the year (2005: HK$78 million). Net trade receivables were approximately HK$183 million (2005: HK$175 million).

The Group's cash reserves as at year end stood at approximately HK$152 million (2005: HK$262 million), of which approximately HK$37 million was pledged to obtain banking facilities (2005: HK$Nil). The current ratio decreased from 2.71 in 2005 to 2.09 this year while the liquid ratio was approximately 1.9 (2005: 2.53).

As at 30 September 2006, the Group has utilised banking facilities of approximately HK$54 million (2005: HK$Nil). The bank borrowings were secured by fixed deposits of approximately HK$37 million (2005: HK$Nil) and listed securities of approximately HK$67 million (2005: HK$Nil). As a result, the gearing ratio of the Group increased to 17% (2005: 0.02%).

As it has in previous years, the Group will continue to adopt 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

Korea is leading in technology, infrastructure, hardware and applications in mobile telecommunications. It will continue to reinforce the image of the Group's major supplier as a customer window on future technologies.

Coupling the supplier's consistent performance in product quality and reliability with the Group's sustained efforts in improving staff training, distribution logistics and comprehensive after-sales service, the mobile handsets the Group distributes in Hong Kong and Macau should continue to command a premium in pricing without risking reduction in appeal and attractiveness to customers.

In coming years, the competitive advantage of first-tier manufacturers possessing proprietary design and technology capabilities will marginalise lower-tier peers without a strong edge.

The Group believes that all these combined efforts and factors not only strengthen the Group's position in the market but will also expect to have a reasonable growth in coming years.

Meanwhile, the Group will strengthen its communication and cooperative relationships with major local network operators to better tie-in releases of new models with their promotion campaigns.

Employee information

As at 30 September 2006, the Group employed a work force of 79 (2005: 89). Staff costs, including salaries and bonuses, were approximately HK$44 million (2005: HK$52 million).

The Group has competitive remuneration policy to ensure it will motivate and retain existing employees as well as attract potential employees.

The remuneration packages mainly include salary payments, group medical insurance plan and discretionary bonuses awarded on a performance basis. The Group provides pension schemes for employees as part of their staff benefits.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30 September 2006.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 30 September 2006, 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 and Chief Executive Officer ("CEO") of the Company are currently carried on by the same person. 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.

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.

While the other Directors shall retire by rotation at the annual general meeting of the Company at least once every three years, the CEO is not subject to retirement by rotation at the annual general meeting of the Company under Article 116 of the articles of association of the Company. 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.

With regard to the other deviations from Code Provisions B.1.1 to B.1.5 and C.3.4 as disclosed in the Company's 2006 Interim Report, the Board has taken appropriate actions, details of which are explained below, and the Company is now in compliance with the requirements set out in such relevant Code Provisions.

Code Provisions B.1.1 to B.1.5

Code Provisions B.1.1 to B.1.5 provide that a remuneration committee should be established with specific written terms of reference which deal clearly with its authority and duties. These Code Provisions also state other relevant requirements in relation to a remuneration committee.

The Company established its Remuneration Committee on 27 July 2006 in compliance with these Code Provisions. Its written terms of reference are now made available to shareholders upon request and also published on the Company's website.

Code Provision C.3.4

Code Provision C.3.4 provides that the audit committee should make available its terms of reference, explaining its role and authority delegated to it by the Board.

Throughout the year, the written terms of reference of the Audit Committee of the Company, in compliance with the requirements set out in the relevant Code Provisions, are available to shareholders upon request. At the date of the 2006 Interim Report, such written terms of reference have also been published on the Company's website.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audited annual results of the Group for the year ended 30 September 2006 have been reviewed by the Audit Committee of the Company.

By Order of the Board
SY Ethan, Timothy
Chairman

Hong Kong, 21 December 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.