Armitage Technologies Holding Limited
（萬 達 資 訊 科 技 控 股 有 限 公 司）*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2006

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors (the "Directors") of Armitage Technologies Holding Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2006

- Consolidated turnover (inclusive of hardware sales of HK$650,000) at HK$39.6 million was recorded for the period under review. Excluding hardware sales, turnover decreased by 8% compared to HK$44.6 million (inclusive of hardware sales of HK$2.2 million) recorded for the corresponding period last year. The main reason was a temporary suspension of our service to one major customer during the first quarter.

- Turnover from Hong Kong and PRC, exclusive of hardware sales, both decreased by 8% over the corresponding period last year.

- Amortisation of development costs and software amounted to HK$3.6 million.

- Operating expenses decreased by HK$1.1 million. This resulted mainly from a decrease in provision for bad debts during the period.

- Continuing with our strategy in magazine publishing, HK$1.7 million was invested in this area during the period under review.

- Income from magazine publication was HK$748,000, representing an increase of 187% over the corresponding period last year.

- EBITDA from the Company's IT business for the nine months ended 31 December 2006 was HK$3.5 million.

- Overall loss attributable to equity holders of the Company was HK$3.6 million.

* *All figures are approximate*

RESULTS

The board of directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the nine months ended 31 December 2006, together with the comparative unaudited consolidated figures for the corresponding period, as follows:

		For the nine months ended 31 December		For the three months ended 31 December	
		2006	2005	**2006**	2005
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	2	**39,564**	44,602	**14,521**	13,816
Cost of sales and services rendered		**(16,926)**	(17,962)	**(5,478)**	(4,807)
Gross profit		**22,638**	26,640	**9,043**	9,009
Other income		**665**	804	**312**	308
Employee share options benefits		**(152)**	(270)	**(70)**	(31)
Operating expenses		**(25,905)**	(27,036)	**(8,545)**	(9,612)
Operating (loss)/profit		**(2,754)**	138	**740**	(326)
Finance costs		**(945)**	(865)	**(293)**	(315)
(Loss)/profit before income tax		**(3,699)**	(727)	**447**	(641)
Income tax credit/(expense)	3	**90**	(377)	**(59)**	27
(Loss)/profit for the period		**(3,609)**	(1,104)	**388**	(614)
Attributable to:					
Equity holders of the Company		**(3,605)**	(1,104)	**388**	(614)
Minority interests		**(4)**	—	**—**	—
(Loss)/profit for the period		**(3,609)**	(1,104)	**388**	(614)
Dividend		**—**	—	**—**	—
(Loss)/earnings per share (HK cents)					
- Basic	4	**(0.48)**	(0.15)	**0.05**	(0.08)
- Diluted	4	**N/A**	N/A	**N/A**	N/A

Consolidated Statement of Changes in Equity (Unaudited)
For the nine months ended 31 December 2006

	Attributable to equity holders of the Company								
	Share capital	Accumulated losses	Share premium	Special reserve	Capital reserve	Exchange reserve	Employee share-based compensation reserve	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2005 (Audited)	7,500	(16,752)	42,836	3,801	174	(5)	–	–	37,554
Adjustment on adoption of HKFRS 2	–	(2,704)	–	–	–	–	2,704	–	–
At 1 April 2005 (Restated)	7,500	(19,456)	42,836	3,801	174	(5)	2,704	–	37,554
Employee share options benefits	–	–	–	–	–	–	270	–	270
Loss for the nine months ended 31 December 2005	–	(1,104)	–	–	–	–	–	–	(1,104)
At 31 December 2005 (Unaudited)	7,500	(20,560)	42,836	3,801	174	(5)	2,974	–	36,720
At 1 April 2006 (Audited)	7,500	(22,863)	42,836	3,801	–	204	3,068	–	34,546
Exchange reserve arising from translation of financial statements of the PRC subsidiaries	–	–	–	–	–	406	–	4	410
Employee share options benefits	–	–	–	–	–	–	152	–	152
Loss for the nine months ended 31 December 2006	–	(3,605)	–	–	–	–	–	(4)	(3,609)
At 31 December 2006 (Unaudited)	7,500	(26,468)	42,836	3,801	–	610	3,220	–	31,499

Notes:

1. **Basis of preparation**

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and are prepared under the historical cost convention as modified by revaluation of financial assets at fair value through profit or loss.

All figures are approximate.

2. **Turnover**

The Group is engaged in the provision of information solutions and design, development, sales of application software and magazine publication. Turnover represents revenue recognised in respect of the provision of information solutions and application software sold and advertising income, net of discounts and business tax, during the period. An analysis of the turnover recorded for the period is set out below:

	For the nine months ended 31 December	
	2006	2005
	HK$'000	*HK$'000*
Provision of information solutions		
System development and integration	**17,305**	26,472
Maintenance and enhancement income	**1,554**	718
Sales of application software packages and related maintenance income	**19,957**	17,151
Advertising income	**748**	261
	39,564	44,602

3. **Income tax credit/(expense)**

Income tax credit/(expense) in the unaudited consolidated income statement represents:

	For the nine months ended 31 December	
	2006	2005
	HK$'000	*HK$'000*
Current tax		
Provision for Hong Kong profits tax at 17.5% on the estimated assessable profits for the period	**—**	—
Deferred tax	**90**	(377)
Income tax credit/(expense)	**90**	(377)

4. **(Loss)/earnings per share**

The calculation of basic (loss)/earnings per share for both periods is based on the Group's (loss)/profit attributable to equity holders of the Company and 750,000,000 ordinary shares in issue during both periods.

No diluted (loss)/earnings per share for both periods has been presented as the potential ordinary shares to be issued upon exercise of the outstanding options under the Pre-IPO Share Option Plan are anti-dilutive.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the period ended 31 December 2006 (2005: Nil).

BUSINESS REVIEW

The Group's unaudited consolidated turnover for the nine months ended 31 December 2006 amounted to HK$39.6 million (2005: HK$44.6 million). Excluding hardware sales of HK$650,000 (2005: HK$2.2 million), turnover decreased by 8% compared to the corresponding period last year. Unaudited net loss of HK$3.6 million was recorded for the reporting period (2005: HK$1.1 million).

HONG KONG OPERATIONS

Outsourcing and Information Solutions

The total turnover generated from the outsourcing and information solutions sector for the nine months ended 31 December 2006 was HK$18.9 million, representing a decrease of 31% compared to HK$27.2 million recorded from the corresponding period last year. The intensifying market competition pushes the Group to better utilise and reallocate certain resources to maintain cost effectiveness. The effect of globalisation and the ever changing economic environment affected clients' major decisions in execution of their global plans which lead to indirect influence to the Group's revenue. Despite these difficult market conditions, the Group did well to diversify its existing client base and revenue stream.

Adoption of revolutionary ways to approach current and potential clients has been successful. Extra efforts spent on relationship building have proven to be remunerative. The Group made a breakthrough contact with a major airline operator in Hong Kong and concluded an outsourcing service contract with its e-Business unit. The Group expects more co-operation opportunities will evolve and a continuing relationship will be established. Moreover, the Group commenced a partnership with a leading global provider of geospatial information management software to provide long-term resources and support services to facilitate its projects for public utilities. The first co-operation was work on an upgrade project of Geographic Information System for a prominent telecommunications service provider in Hong Kong. The Group will endeavor to build a solid alliance with this partner to leverage our resources at Hong Kong and Shenzhen offices in order to provide steady supportive task forces for other forthcoming projects in the region.

During the third quarter of this financial year, the Group implemented an outsourcing project for a 3rd-Party Logistics Centre and a number of fixed price projects for various terminal operators. These projects strengthen the Group's business in the transportation and logistics sector.

Application Software

The turnover generated from the Group's proprietary ERP application software package Armitage Industrial Management System ("***AIMS***"), together with its previous version ***Konto 21*** was HK$6.6 million for the nine months ended 31 December 2006 (2005: HK$5.2 million), representing an increase of 27%. The favorable performance was largely attributable to the industrial focus in the development of ***AIMS***. A number of licenses were sold to customers in consumer electronics and metal accessories industries during the third quarter of this financial year. Positive feedback of ***AIMS*** and growing recognition in the consumer electronics sector has motivated the sales team to strive for better achievement. The Group will continuously concentrate on the industrial focus direction to grow ***AIMS*** business.

PRC OPERATIONS

Application Software

Pegasus Hotel Management System ("***Pegasus***")

During the reporting period, turnover generated from the Group's proprietary hotel management system ***Pegasus*** for the nine months ended 31 December 2006 was HK$10.3 million (2005: HK$9.7 million), excluding hardware sales of HK$494,000 (2005: HK$859,000). This was a growth of 11% compared to the corresponding period last year.

Overall performance was much improved compared to the corresponding period last year, a total of 136 licences were sold throughout the PRC. Efforts spent in expanding the sales and services teams in the Fujian and Sichuan Province were rewarding. Significant improvement was achieved in Fujian province. However, the result attained in Hubei and Shandong provinces were behind expectation. The Group will investigate the core problem and identify appropriate corrective actions to further enhance our bottom line. The Group commenced discussion with a western hotel management company to explore a potential partnership using ***Pegasus*** in the PRC hotels they manage.

The simplified version of ***Pegasus*** was released in December 2006. The initial response was good; a number of implementations were carried out since its launch. Due to the differences between the standard and simplified versions, a separate team was established to market this simplified version to serve this different target segment. Moreover, the Group has started negotiations with various universities to provide solutions to their in-house hostels, inclusive of central system.

Industrial and Finance System ("***IFS***")

Turnover generated from ***IFS*** for the nine months ended 31 December 2006 amounted to HK$1.6 million, a decrease of 57% compared to the corresponding period last year (2005: HK$3.7 million). However, turnover recorded in this quarter was HK$1.2 million, a significant improvement to the HK$408,000 recorded for the first two quarters of this financial year. Revenue was mainly derived from sales of additional licences and requests for implementation and enhancement services by existing and recurrent customers. Some potential new customers delayed their buying decisions. The Group will endeavor to conclude these sales contracts in the next quarter.

Magazine Publication

Revenue generated from the advertisement sales of the group's hotel guest room magazine ***e²Smart*** for the reporting period was HK$748,000, an increase of 187% when compared to HK$261,000 recorded for the corresponding period last year. With the watch industry contributing the largest amount of income for the magazine, ***e²Smart*** successfully acquired new international brand watch clients, such as the sponsorship of a sub-feature story by the official timekeeper of 15th Asian Games Doha 2006 and a contract from one of the top four watch brands in the industry. This achievement was due to the successful establishment of the Group's Shanghai office. ***e²Smart***'s recognition by various prominent organisations in PRC is further exemplified by an invitation from a European tourism board, among a dozen recognised media in China, to their annual media trip to this country. Moreover, ***e²Smart*** was also chosen as one of a selected media for an international golf championship held in Shenzhen. We were also chosen as the media partner at a luxury product summit held in Guangzhou. Strategically well-positioned, with its unique up-scale distribution channel, ***e²Smart*** further consolidates the Group's client profile for the advertising of luxurious products.

The decision to publish an extra issue for Christmas 2006 to generate more revenue resulted in encouraging results, and this further consolidates the Group's belief in publishing special issues and supplements in the coming year.

With recognition gained from various international brand names and the considerable attention to and advertisement placement from the Christmas special issue, the Group believes that advertisement sales will rise steadily.

FUTURE PROSPECTS

HONG KONG OPERATIONS

Outsourcing and Information Solutions

Widely recognised expertise in the transportation and logistics industry reinforced the Group's confidence to approach potential clients in this sector. The Group will sharpen its focus on transportation and enterprise customers to reveal potential prospects. The Group is in the final stage of negotiation for a tender on an Information Management System of an existing education institution client. Furthermore, the Group has been discussing closely with a major airline operator in Hong Kong for other co-operation opportunities. The Group will put more efforts in relationship building with existing and potential clients to explore business prospects.

Application Software

Quality products are always a key element to success. The Group values the importance of customer satisfaction and will persistent in its enhancement of ***AIMS*** via regular updates and releases in order to meet customer requirements. To broaden the business of ***AIMS***, the Group will establish a task force in the next quarter which specialises in penetrating PRC private enterprise customers in the Pearl River Delta region. The Group considers this market to have a good potential and is challenging to enter this foray. In addition, the distribution agreement with ***Datel Protex AOMS***, an ERP system for garments and footwear, was formally signed in this quarter. The Group will put more resources to broaden its business scope so as to gain a foothold in the garment industry. Several deals for ***AIMS*** and ***Datel Protex AOMS*** are under close negotiation.

With the reseller agreement with Infor, the Group is now able to distribute its products on EAM (Enterprise Asset Management), BI (Business Intelligence) and Warehouse Management. The Group is under preliminary discussion with two major airport operators in the region which are considering adoption of Infor's EAM system.

PRC OPERATIONS

Application Software

Pegasus Hotel Management System ("***Pegasus***")

The recent opening of the Qinghai/Tibet Railway has accelerated the growth of the tourism industry in Chengdu and Chongqing, and has brought about substantial needs for well-established hotel management systems to support the overwhelming tourism business. With this favorable market element, the Group will exert extra efforts to build up close relationship with more alliances and partners to grasp these huge opportunities. Moreover, more resources will be injected to carry out a range of marketing activities with the aim of advertising the brand awareness of ***Pegasus***.

In order to provide a selection of choices for customers with different needs, a simplified version of ***Pegasus*** was developed and introduced in an attempt to meet the demands of smaller scale hotels and hostels. The Group will liaise closely with hotel booking companies, web sites and electrical and telephone services providers to market this simplified version.

Industrial and Finance System ("***IFS***")

The market environment of ***IFS*** is tough. The Group will make strenuous efforts to explore new sales opportunities with potential prospects. A number of maintenance and enhancement contracts are under initial discussion. The Group expects additional licences sales and extra sites implementation contracts from existing customers. The Group also expects to sign at least one service contract from new customers in the coming quarter.

Magazine Publication

After the evaluation for the past two years of the Guangzhou advertising industry, which proved that it is not an appropriate strategic market for prestigious brands, the Group decided to shift the sales force to Shanghai to expand the current team. The immense spending power of the Shanghai affluent group as well as the establishment of world-wide luxurious brands' headquarters in Shanghai further consolidated the Group's belief that Shanghai must be our target market in the coming years. To put this into execution, a well-experienced part-time consultant will be stationed at our Shanghai office to manage and cultivate the sales team. Recent market research findings show that China is now the world's third largest consumer of luxury goods, therefore the potential of the Chinese media industry is huge and should be exploited. Management is convinced that it has made the right move in this publication business.

During the past year, ***e²Smart*** successfully increased its distribution hotels in Hong Kong as well as placements in private clubs and airport VIP lounges. Recognising the distribution network as an important asset of ***e²Smart***, greater emphasis will be placed in the coming year concerning the circulation network in Beijing and Shanghai. This move is aimed to increase additional income and the acknowledgement of high potential clients derived from enhanced distribution network and readership. Starting from January 2007, ***e²Smart*** was placed at a five-star casino hotel in Macau. It is the Group's initial step to enter the fast-growing Macau market, and more efforts will be put in to promote ***e²Smart*** to potential tourism clients in this enclave.

FINANCIAL REVIEW

Consolidated results of operations

For the nine months ended 31 December 2006, the Group recorded a total turnover at HK$39.6 million (2005: HK$44.6 million). Excluding revenue generated from hardware sales of HK$650,000 (2005: HK$2.2 million), turnover decreased by 8% compared to the corresponding period last year.

Turnover generated from Hong Kong operations was HK$27.7 million (2005: HK$30.1 million). Exclusive of hardware sales of HK$156,000 (2005: HK$141,000), representing a decrease of 8% compared to the corresponding period last year.

Turnover generated from PRC operations was HK$11.9 million (2005: HK$14.6 million). Exclusive of hardware sales of HK$494,000 (2005: HK$2.2 million), representing a decrease of 8% compared to the corresponding period last year was recorded.

The Group's core business is provision of IT services and sales of application software. The EBITDA (earnings before interest, income tax, minority interests, depreciation and amortisation) for the nine months ended 31 December 2006 from its IT businesses, excluding one-off provisions, was HK$3.5 million (2005: 5.6 million).

Gross Profit

The gross profit margin of the Group was 57% (2005: 59%), a slightly decrease compared to the corresponding period last year.

Operating Expenses

During the period under review, operating expenses decreased by 4%, or HK$1.1 million because the Group exerted extra efforts in chasing accounts receivable to minimise the provision for bad debts during the period.

Loss attributable to equity holders of the Company was HK$3.6 million (2005: HK$1.1 million).

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

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2006, the interests or short positions of the directors of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the ordinary shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 3)*
Mr. Lee Shun Hon, Felix	Personal	203,263,790	27.10%
	Family	90,988,246 *(Note 1)*	12.13%
Dr. Liao, York	Corporate	29,988,007 *(Note 2)*	4.00%

Notes:

1. These shares are held by Mr. Lee Shun Hon, Felix's wife, Ms. Leung Mee Chun, Stella, his son, Mr. Lee Wai Yip, Alvin and his daugther Ms. Lee Sze Yee, Joyce and therefore Mr. Lee Shun Hon, Felix is deemed to have an interest in these shares in which Ms. Leung Mee Chun, Stella, Mr. Lee Wai Yip, Alvin and Ms. Lee Sze Yee, Joyce are interested.

2. These shares are held by Winbridge Company Limited ("Winbridge"), which is owned as to 99% by Dr. Liao, York and therefore Dr. Liao, York is deemed to have an interest in these shares in which Winbridge is interested.

3. Based on 750,000,000 shares of the Company in issue as at 31 December 2006.

(b) **Long positions in underlying shares of equity derivatives of the Company**

A summary of the share options granted to the directors pursuant to the Pre-IPO Share Option Plan adopted on 26 February 2003 is as follows:

Name	Type of interests	Exercisable period	Exercise price	Number of underlying shares
Mr. Lee Shun Hon, Felix	Personal	18 September 2004 to 17 March 2007	HK$0.35	493,333
		18 September 2005 to 17 March 2007	HK$0.35	493,333
		18 September 2006 to 17 March 2007	HK$0.35	493,334
				1,480,000
Mr. To Yung Yui, Steve	Personal	18 September 2004 to 17 March 2007	HK$0.35	273,334
		18 September 2005 to 17 March 2007	HK$0.35	273,333
		18 September 2006 to 17 March 2007	HK$0.35	273,333
				820,000
Ms. Jim Sui Fun	Personal	18 September 2004 to 17 March 2007	HK$0.35	233,333
		18 September 2005 to 17 March 2007	HK$0.35	233,334
		18 September 2006 to 17 March 2007	HK$0.35	233,333
				700,000
Dr. Liao, York	Personal	18 September 2004 to 17 March 2007	HK$0.10	2,400,000
		18 September 2005 to 17 March 2007	HK$0.10	2,400,000
		18 September 2006 to 17 March 2007	HK$0.10	2,400,000
				7,200,000
				10,200,000

Save as disclosed herein, as at 31 December 2006, none of the directors 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to any directors of the Company, as at 31 December 2006, other than the directors as disclosed above, the persons or companies who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Long positions in the ordinary shares of the Company

Name	**Type of interests**	**Number of shares**	**Approximate percentage of the issued share capital** *(Note 3)*
Kingspecial Investments Limited	Corporate	114,578,176 *(Note 1)*	15.28%
Mr. Lee Shun Kwong	Corporate	34,373,452 *(Note 2)*	4.58%
	Personal	22,212,000	2.96%

Notes:

1. The issued share capital of Kingspecial Investments Limited is beneficially owned as to 30% by Mr. Lee Shun Hon, Felix, as to 30% by Mr. Lee Shun Kwong and as to 30% by Dr. Lee Shun Hung, Kelvin (both of whom are brothers of Mr. Lee Shun Hon, Felix) and as to 10% by Mrs. So Li Hang Lin, the sister of Mr. Lee Shun Hon, Felix.

2. Mr. Lee Shun Kwong has an attributable interest of 34,373,452 shares through his shareholding interest of 30% in Kingspecial Investments Limited.

3. Based on 750,000,000 shares of the Company in issue as at 31 December 2006.

Save as disclosed herein, so far as is known to the directors of the Company, as at 31 December 2006, no other persons or companies had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

SHARE OPTIONS

Pursuant to the written resolutions passed by all the shareholders of the Company on 26 February 2003, the Company had adopted two share option schemes, namely Share Option Scheme and Pre-IPO Share Option Plan.

As at 31 December 2006, no options under the Share Option Scheme has been granted or agreed to be granted.

As at 31 December 2006, options under Pre-IPO Share Option Plan to subscribe for an aggregate of 27,188,000 shares have been granted to a total of 41 directors and employees of the Group, details as follows:

			Number of shares under option		
Grantees	**Date of grant**	**Exercise Price**	**As at 1 April 2006**	**Lapsed during the period**	**As at 31 December 2006**
Directors, senior management and other employees	26 February 2003	HK$0.35	21,554,000	(1,566,000)	19,988,000
A non-executive director	26 February 2003	HK$0.10	7,200,000	–	7,200,000
			28,754,000	(1,566,000)	27,188,000

The grantees shall be entitled to exercise the above share options granted according to the following time schedule:

Exercisable period	**Maximum percentage under option exercisable**
18 September 2004 to 17 March 2007	33⅓%
18 September 2005 to 17 March 2007	66⅔%
18 September 2006 to 17 March 2007	100%

COMPETING INTERESTS

None of the directors, the substantial shareholders or the management shareholders (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive directors, namely Professor Tsang Hin Pok, Herbert, Mr. Anthony Francis Martin Conway, and Mr. Chan Hang.

Up to the date of approval of the Group's unaudited results for the nine months ended 31 December 2006, the Audit Committee has held three meetings and has reviewed the draft third quarterly report and accounts for the nine months ended 31 December 2006 prior to recommending such report and accounts to the Board for approval.

On behalf of the Board
Lee Shun Hon, Felix
Chairman

Hong Kong, 9 February 2007

As at the date of this announcement, the Company's executive directors are Mr. Lee Shun Hon, Felix, Mr. To Yung Yui, Steve and Ms. Jim Sui Fun; non-executive director is Dr. Liao, York; independent non-executive directors are Mr. Anthony Francis Martin Conway, Professor Tsang Hin Pok, Herbert and Mr. Chan Hang.

This announcement will remain on the GEM website at http//www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting.

* *For identification purpose only*