PROSTEN TECHNOLOGY HOLDINGS LIMITED

長達科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8026)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

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This announcement, for which the directors (the "Directors") of Prosten Technology Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the 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.

* *For identification purpose only*

HIGHLIGHTS

- The Group recorded profit from operations of HK$877,000 for the six months ended 30 September 2007, as compared to loss from operations for HK$12,992,000 in the corresponding period of 2006.
- Excluding the impact of fair value loss and notional interest expenses of convertible bonds and share-based payments, which are non-cash items, totally amounted to HK$17,101,000, the profit attributable to equity holders of the Company for the six months ended 30 September 2007 would have been shown as HK$1,965,000.
- The gross profit margin increased from 65% to 87% for the six months ended 30 September 2007 compared with the same period of last year.
- The overall operating expenses for the six months ended 30 September 2007 decreased by HK$21,691,000 or 60% to HK$14,625,000 compared with the same period of 2006.
- The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2007.

RESULTS

The Board of Directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months and three months ended 30 September 2007 together with the unaudited comparative figures for the corresponding periods in 2006 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September		**Three months ended 30 September**	
		2007	2006	**2007**	2006
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Turnover	2	**15,881**	35,325	**9,168**	19,088
Cost of sales		**(2,130)**	(12,508)	**(1,255)**	(6,515)
Gross profit		**13,751**	22,817	**7,913**	12,573
Other income		**1,154**	501	**430**	186
Selling expenses		**(2,690)**	(16,385)	**(1,628)**	(8,655)
General and administrative expenses		**(10,150)**	(18,991)	**(5,538)**	(8,984)
Other operating expenses		**(1,188)**	(934)	**(609)**	(390)
Profit/(loss) from operations		**877**	(12,992)	**568**	(5,270)
Fair value loss on derivative component of convertible bonds		**(15,595)**	–	**(16,016)**	–
Finance costs		**(597)**	(6)	**(447)**	(4)
Loss before tax		**(15,315)**	(12,998)	**(15,895)**	(5,274)
Income tax credit	4	**179**	143	**179**	143
Loss for the period attributable to equity holders of the Company	5	**(15,136)**	(12,855)	**(15,716)**	(5,131)
Loss per share	6				
Basic		**(HK2.6 cents)**	(HK2.4 cents)	**(HK2.6 cents)**	(HK0.9 cents)
Diluted		**N/A**	N/A	**N/A**	N/A

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30 September 2007** *HK$'000* **(Unaudited)**	31 March 2007 *HK$'000* (Audited)
Non-current assets			
Fixed assets	7	**3,782**	4,732
Deposits		**2,422**	2,274
Available-for-sale financial assets		**765**	757
		6,969	7,763
Current assets			
Trade receivables	8	**12,721**	6,469
Prepayments, deposits and other receivables		**6,536**	3,659
Financial assets at fair value through profit or loss		**1,415**	2
Amounts due from directors		**1,235**	–
Bank and cash balances		**20,900**	3,040
		42,807	13,170
Current liabilities			
Trade payables	9	**7,297**	8,470
Current tax liabilities		**143**	328
Amounts due to directors		**–**	523
Accruals, deposits received and other payables		**5,529**	6,969
		12,969	16,290
Net current assets/(liabilities)		**29,838**	(3,120)
Total assets less current liabilities		**36,807**	4,643
Capital and reserves			
Share capital	10	**59,677**	59,237
Reserves		**(67,846)**	(54,594)
		(8,169)	4,643
Non-current liabilities			
Convertible bonds		**44,976**	–
		36,807	4,643

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Reserves						
	Issued share capital	Share premium account	Statutory reserve fund	Foreign currency translation reserve	Share-based payments reserve	Accumulated losses	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006 (Audited)	51,125	339,275	53	954	283	(371,533)	(30,968)	20,157
Exchange differences arising on consolidation of overseas subsidiaries	–	–	–	433	–	–	433	433
Share issue expenses	–	(133)	–	–	–	–	(133)	(133)
Net income recognised directly in equity	–	(133)	–	433	–	–	300	300
Loss for the period	–	–	–	–	–	(12,855)	(12,855)	(12,855)
Total recognised income and expenses for the period	–	(133)	–	433	–	(12,855)	(12,555)	(12,555)
Issue of shares	5,113	2,045	–	–	–	–	2,045	7,158
Recognition of share-based payments	–	–	–	–	566	–	566	566
At 30 September 2006 (Unaudited)	56,238	341,187	53	1,387	849	(384,388)	(40,912)	15,326
At 1 April 2007 (Audited)	59,237	348,159	53	1,926	1,204	(405,936)	(54,594)	4,643
Exchange differences arising on consolidation of overseas subsidiaries and net income recognised directly in equity	–	–	–	330	–	–	330	330
Loss for the period	–	–	–	–	–	(15,136)	(15,136)	(15,136)
Total recognised income and expense for the period	–	–	–	330	–	(15,136)	(14,806)	(14,806)
Exercise of share options	440	628	–	–	–	–	628	1,068
Recognition of share-based payments	–	–	–	–	926	–	926	926
Transfer	–	–	–	–	(150)	150	–	–
At 30 September 2007 (Unaudited)	59,677	348,787	53	2,256	1,980	(420,922)	(67,846)	(8,169)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(10,272)**	(16,923)
Net cash used in investing activities	**(1,453)**	(966)
Net cash generated from financing activities	**29,585**	7,025
Net increase/(decrease) in cash and cash equivalents	**17,860**	(10,864)
Cash and cash equivalents at beginning of period	**3,040**	17,028
Cash and cash equivalents at end of period	**20,900**	6,164
Analysis of cash and cash equivalents		
Bank and cash balances	**4,689**	2,188
Non-pledged time deposits placed at financial institutions with original maturity of less than three months	**16,211**	3,976
	20,900	6,164

Notes:

1. BASIS OF PREPARATION

The Group's unaudited condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules. They have been prepared under the historical cost convention, as modified by the revaluation of investments which are carried at their fair values.

The preparation of unaudited condensed interim financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies.

The principal accounting policies applied in the preparation of the unaudited condensed interim financial statements are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2007.

In the current period, the Group has applied, for the first time, a number of new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2007. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the new standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the condensed interim financial statements of the Group.

The unaudited condensed interim financial statements have been reviewed by the audit committee of the Company.

2. TURNOVER

The Group's turnover which represents the net involved value of goods sold, after allowances for returns and trade discounts, business tax, where applicable, and services rendered are as follows:

	Six months ended 30 September		**Three months ended 30 September**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Sale of goods	**–**	487	**–**	368
Services income	**15,881**	34,838	**9,168**	18,720
	15,881	35,325	**9,168**	19,088

3. SEGMENT INFORMATION

(a) Primary reporting format – business segments

The Group is currently organized into two operating divisions – provision of solution integration services and provision of wireless mobile value added services. These divisions are the basis on which the Group reports its primary segment information.

(b) Secondary reporting format – geographical segments

No geographical segment information is presented as the Group's revenue and assets are substantially derived from customers and operations based in the People's Republic of China (the "PRC") and accordingly, no further analysis of the Group's geographical segments is disclosed.

Primary reporting format – business segments

	Provision of solution integration services	**Provision of wireless mobile value added services**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)
For the six months ended 30 September 2007			
Turnover	466	15,415	15,881
Segment results	70	8,398	8,468
Other income			1,154
Unallocated expenses			(8,745)
Profit from operations			877
Fair value loss on derivative component of convertible bonds			(15,595)
Finance costs			(597)
Loss before tax			(15,315)

	Provision of solution integration services	**Provision of wireless mobile value added services**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)
For the six months ended 30 September 2006			
Turnover	578	34,747	35,325
Segment results	(144)	1,991	1,847
Other income			501
Unallocated expenses			(15,340)
Loss from operations			(12,992)
Finance costs			(6)
Loss before tax			(12,998)

4. INCOME TAX CREDIT

	Six months ended 30 September		Three months ended 30 September	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current period provision	**–**	–	**–**	–
Overprovision in prior years	**(179)**	(143)	**(179)**	(143)
	(179)	(143)	**(179)**	(143)

Hong Kong Profits Tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the six months and three months ended 30 September 2007 (2006: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

There was no unprovided deferred tax in respect of the six months and three months ended 30 September 2007 and at the balance sheet date (2006: Nil).

5. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 September		Three months ended 30 September	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Depreciation	**994**	1,031	**474**	543
Minimum lease payments under operating leases:				
Land and buildings	**2,807**	3,364	**1,334**	1,690
Motor vehicles	**110**	46	**55**	20
Staff costs	**8,571**	16,018	**4,387**	7,839

6. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to equity holders of the Company for the six months and three months ended 30 September 2007 are based on the loss for the period attributable to equity holders of the Company of HK$15,136,000 (six months ended 30 September 2006: HK$12,855,000) and HK$15,716,000 (three months ended 30 September 2006: HK$5,131,000) respectively and the weighted average number of ordinary shares of 593,718,169 for the six months ended 30 September 2007 (six months ended 30 September 2006: 547,009,563) and 595,046,739 for the three months ended 30 September 2007 (three months ended 30 September 2006: 562,375,000) in issue during the periods.

Diluted loss per share

The diluted loss per share for the six months and three months ended 30 September 2007 and 2006 were not presented, as the exercise of the share options and the conversion of the convertible bonds would result in a decrease in loss per share.

7. FIXED ASSETS

The movements of fixed assets of the Group were as follows:

	30 September 2007	31 March 2007
	HK\$'000	*HK\$'000*
	(Unaudited)	(Audited)
Carrying amount, beginning of period/year	**4,732**	5,007
Additions	**41**	2,158
Disposals	**(2)**	(8)
Write off	**(46)**	(312)
Depreciation	**(994)**	(2,282)
Exchange differences	**51**	169
Carrying amount, end of period/year	**3,782**	4,732

8. TRADE RECEIVABLES

Trade receivables, which generally have credit terms pursuant to the provisions of the relevant contracts, are recognised and carried at original invoice amount, and an estimate for doubtful debts is made and deducted when collection of the full amount is no longer probable. Bad debts are written off as incurred.

The aging analysis of the Group's trade receivables, net of allowances, is as follows:

	30 September 2007	31 March 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 90 days	**9,154**	3,505
91 – 180 days	**235**	2,809
181 – 365 days	**3,173**	125
Over 365 days	**159**	30
	12,721	6,469

9. TRADE PAYABLES

The aging analysis of the Group's trade payables is as follows:

	30 September 2007	31 March 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 90 days	**13**	362
91 – 180 days	**–**	14
181 – 365 days	**–**	119
Over 365 days	**7,284**	7,975
	7,297	8,470

10. SHARE CAPITAL

	30 September 2007 Number of Shares	**HK$'000 (Unaudited)**	31 March 2007 Number of Shares	*HK$'000* (Audited)
Authorised:				
Ordinary shares of HK$0.10				
(31 March 2007: HK$0.10) each	**2,500,000,000**	**250,000**	2,500,000,000	250,000
Issued and fully paid:				
Ordinary shares of HK$0.10				
(31 March 2007: HK$0.10) each				
At beginning of period/year	**592,375,000**	**59,237**	511,250,000	51,125
Issue of shares on placements	**–**	**–**	81,125,000	8,112
Issue of shares on exercise of share options	**4,400,000**	**440**	–	–
At end of period/year	**596,775,000**	**59,677**	592,375,000	59,237

11. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and motor vehicles under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 30 September 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2007 ***HK$'000*** **(Unaudited)**	31 March 2007 *HK$'000* (Audited)
Land and buildings:		
Within one year	**4,484**	3,977
In the second to fifth years, inclusive	**246**	2,127
	4,730	6,104
Motor vehicles:		
Within one year	**19**	23
	4,749	6,127

12. COMMITMENTS

The Company had no significant commitment at the balance sheet date (31 March 2007: Nil).

13. CONTINGENT LIABILITIES

As at 30 September and 31 March 2007, the Group has no material contingent liabilities.

14. RELATED PARTY TRANSACTIONS

During the period, the Group had the following transactions with related parties:

	Note	**Six months ended 30 September 2007** *HK$'000* **(Unaudited)**	2006 *HK$'000* (Unaudited)
Rental expenses paid	(i)	**128**	262
Handling services fee paid	(ii)	–	435
Rental expenses paid	(iii)	–	207

(i) The rentals were paid in respect of the Group's leased motor vehicles to a related company, of which a shareholder of the related company is the sister-in-law of Mr. Yip Heon Ping, a former director of the Company and a director during part of the period under review. The directors of the Company have confirmed that the monthly rentals were calculated by reference to the then prevailing open market rental value.

(ii) Handling services fee paid represented the fee charged on services provided by a related company in handling the Group's mobile value added services, of which shareholders of the related company are the father-in-law and sister-in-law of Mr. Yip Heon Ping, a former director of the Company and a director during part of the period under review. The fee was charged according to the terms of an agreement dated 20 August 2003.

(iii) The rentals were paid in respect of the Group's leased staff quarter situated in Hong Kong to Mr. Yip Heon Wai, a director of the Company, and his wife. The directors of the Company confirmed that the monthly rental was calculated by reference to the then prevailing open market rental value.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's turnover for the six months ended 30 September 2007 was HK$15,881,000, representing a decrease of 55% over the corresponding period in 2006. The significant decline was due to the cessation of wireless value added services of SMS, WAP, IVRS and MMS since February 2007 which accounted for HK$34,747,000 of turnover in the first two quarters of last year. During the period under review, the mobile music search services remained the major source of income of the Group, and the Group believes that it will be able to sustain the revenue growth in the coming quarters.

For the three months ended 30 September 2007, the turnover of the Group amounted to HK$9,168,000, down 52% from the same period in 2006. The large decrease was mainly attributed to the Group ceased to provide SMS, WAP, IVRS and MMS services during the fourth quarter of last financial year.

During the first half of this financial year, the Group maintained a high gross profit margin of 87%, which represents a great improvement over the gross margin of 65% as recorded in the corresponding period in prior year.

During the six-month period under review, through continuous efforts to tighten the Group's budget controls over the operational expenditures for all teams, the Group successfully cut its overall operating expenses (including selling expenses, general and administrative expenses, other operating expenses and finance costs) by 60% to HK$14,625,000 when compared to the corresponding period in last year. The selling expenses in the first half year was substantially decreased by HK$13,695,000 comparing to the same period in last year. It was mainly attributed to the decrease in marketing and promotion activities spending from the wireless value added services businesses of SMS, WAP, IVRS and MMS and the staff costs in sales team. Also, the general and administrative expenses was reduced by HK$8,841,000 or 47% to HK$10,150,000 when compared with the same period last year. The reduction was mainly due to the decrease of staff costs.

The loss for the period attributable to equity holders of the Company for the six months ended 30 September 2007 amounted to HK$15,136,000, increased by HK$2,281,000 as compared to that of last year. Excluding the net impact of fair value loss on derivative component of convertible bonds and notional interest expenses on liability component of convertible bonds of HK$16,176,000, the profit attributable to equity holders of the Company for the half year period would have been shown as HK$1,040,000.

Financial Position, Liquidity, Gearing Ratio and Financial Resources

The total equity of the Group as at 30 September 2007 was HK$(8,169,000)(31 March 2007: HK$4,643,000). The Group has net current assets of HK$29,838,000 (31 March 2007: net current liabilities of HK$3,120,000). The Group's current ratio, as a ratio of current assets to current liabilities, was approximately 3.3 as at 30 September 2007 (31 March 2007: 0.8). As at 30 September 2007, the gearing ratio of the Group, as a ratio of total borrowings of total equity, was -551% (31 March 2007: 0%).

For the six-month period under review, the Group financed its operations mainly with its revenue from operations and the net proceeds from the issue of convertible bonds and new ordinary shares during the period. The Group had bank and cash balances of HK$20,900,000 as at 30 September 2007 (31 March 2007: HK$3,040,000).

Capital Structure

The shares of the Company were listed on GEM on 28 March 2000. The change of the Company's capital structure during the period under review was set out as follows.

Issue of Convertible Bonds under General Mandate

Pursuant to a convertible bonds subscription agreement dated 30 April 2007, the Company issued certain five-year HK$28,800,000 zero-coupon convertible bonds ("Convertible Bonds") (which may be converted into shares to be allotted and issued under general mandate) to a subscriber which is an existing shareholder of the Company. The Convertible Bonds are convertible into new shares at the conversion price initially of HK$0.96 per share (subject to adjustment) at any time during the five years commencing from the date of first issue of the Convertible Bonds (the "Convertible Bonds Subscription").

If the holder(s) of the Convertible Bonds exercise the conversion right attached to the Convertible Bonds in full at the initial conversion price of HK$0.96 per share, a total of 30,000,000 shares will be issued, representing about 5.06% of the issued share capital of the Company before exercise the conversion right and representing approximately 4.82% of the issued share capital of the Company as enlarged by such issue. If the holder(s) of the Convertible Bonds exercise the conversion right attached to the Convertible Bonds in full at the adjusted conversion price of HK$0.50 per share, a total of 57,600,000 shares will be issued, representing about 9.72% of the issued share capital of the Company before exercise the conversion right and representing approximately 8.86% of the issued share capital of the Company as enlarged by such issue.

The net proceeds from the issue of the Convertible Bonds was approximately HK$28,000,000. The Convertible Bonds Subscription was completed on 6 June 2007. There was no movement in the number of these Convertible Bonds during the period.

Significant Investments and Disposals

There were no material acquisitions and disposals of subsidiaries by the Company during the period under review.

Foreign Currency Exchange Exposure and Treasury Policies

As most of the Group's trading transactions, monetary assets and liabilities were denominated in Renminbi, United States dollars and Hong Kong dollars, the impact of the foreign exchange exposure of the Group was considered to be minimal and there was no significant adverse effect on the normal operations of the Group. As at 30 September 2007, no related hedges were made by the Group.

Contingent Liabilities

As at 30 September 2007, the Group has no material contingent liabilities.

Employees and Remuneration Policy

As at 30 September 2007, the Group had a total of 126 employees. The Group's remuneration policy is basically determined by the performance of individual employees and the market condition. In addition to salaries, employee benefits included medical scheme, pension contributions and share option schemes.

Business Review and Outlook

For the three months ended 30 September 2007, the Group continued to focus on expanding the wireless mobile music search services business. The revenue from mobile music search services amounted to HK$9,021,000, representing a significant increase by HK$2,627,000 or 41% compared with the first quarter of this fiscal year. Such revenue accounted for over 98% of the Group's total turnover. The Group adopted stringent cost control measures, thereby reducing the overall operating expenses by 54% or HK$9,811,000, as compared to the corresponding period in 2006.

Currently, the number of music search users already exceeded 50 million, which successfully built up a solid foundation for Group's mobile users base. During the period under review, the Group strived to strengthen its nationwide distribution network further in order to stimulate the music search penetration rate both in the volume of SMS and the music download rate in all major provinces or cities. The Group believes that capturing higher market share, building up customer loyalty and deepening market penetration will cause a high volume of SMS and download rate, then it will enable the Group maintain a fast and high turnover growth. Nevertheless, while continuing to pursue a pro-active strategy in marketing the mobile music search services, the Group has adopted a prudent and cost-saving approach in allocating its resources because of the challenging conditions of the external markets.

Looking forward, the Group will continue to increase efforts in building the music search user base and brand awareness of mobile music search. Also, the Group will continue to explore other possibilities in developing different distribution models with a view to create higher added value for both the mobile users and business partners, and hence higher and steady revenue for the Group. The Group will continue to expand its sales and marketing team to enable itself to become one of the largest and leading wireless mobile music search services providers in China. At the same time, the management will continue to execute and reinforce tight measures in cost control and internal control in order to reduce its operating costs so as to improve the profitability of its operations.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2007, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the code of conduct regarding securities transactions by Directors adopted by the Company, to be notified to the Company and the Exchange, were as follows:

Long positions in the ordinary shares of the Company

Name of Director	Notes	**Capacity and nature of interest**	**Number of ordinary shares**	**Percentage of the Company's issued share capital** Note (3)
Mr. Yip Heon Wai	(1)	Interest of a controlled corporation	100,000,000	16.76%
Mr. Yip Heon Keung	(2)	Interest of controlled corporations	404,280,619	67.74%

Notes:

(1) These shares are held by Uniright Group Limited ("Uniright") and its entire issued share capital is held by Mr Yip Heon Wai and Mr. Yip Heon Keung in equal shares. By virtue of the SFO, Mr. Yip Heon Wai is deemed to be interested in 100,000,000 shares of the Company held by Uniright.

(2) Among these shares, an aggregate of 304,280,619 shares are held through Greenford Company Limited, Century Technology Holding Limited and Bakersfield Global Corporation as trustees of The Greenford Unit Trust, The Century Unit Trust and The Bakersfield Unit Trust, respectively. All the units of which are held by Ace Central Group Limited ("Ace Central") as the trustee of The New Millennium Trust, a discretionary family trust and Mr. Yip Heon Keung is the sole director and sole shareholder of Ace Central. 100,000,000 shares are held by Uniright and its entire issued capital is held by Mr. Yip Heon Wai and Mr. Yip Heon Keung in equal shares. By virtue of the SFO, Mr. Yip Heon Keung is deemed to be interested in 304,280,619 shares of the Company held by Ace Central and 100,000,000 shares of the Company held by Uniright, respectively.

(3) Based on 596,775,000 shares in issue as at 30 September 2007.

(4) Mr. Yip Seng Mun and Mr. Yip Heon Ping, former Directors, have retired as Directors of the Company but remained as members of an advisory committee of a subsidiary of the Group since 6 June 2007.

Long positions in the underlying shares of the Company

Share Options

The interests of the Directors in the share options of the Company are separately disclosed in the section "Share option schemes" below.

In addition to the above, certain Directors had non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the requirement for a minimum number of shareholders.

Save as disclosed above, as at 30 September 2007, none of the Directors or chief executive of the Company had, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Exchange pursuant to the Code of Conduct.

SHARE OPTION SCHEMES

The Company's share option scheme which was adopted on 7 March 2000 (the "Old Scheme") was terminated and replaced by a new share option scheme approved by the shareholders at the extraordinary general meeting of the Company held on 9 April 2002 (the "New Scheme"). The options granted under the Old Scheme remain exercisable within their respective exercise periods.

A summary of the Old Scheme and the New Scheme is set out below:

(a) Old Scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the Company's Directors and employees of the Group. Under the Old Scheme, the Board was authorised, at its absolute discretion, to grant options to the Company's Directors and employees of the Group, to take up options to subscribe for ordinary shares of the Company. The Old Scheme became effective for a period of 10 years commencing on the listing of the Company's shares on GEM of the Exchange on 28 March 2000.

(b) New Scheme

The New Scheme became effective for a period of 10 years commencing on 23 April 2002. Under the New Scheme, the Directors may, at their sole discretion, grant to any eligible participants options to subscribe for ordinary shares of the Company at the higher of (i) the closing price of shares of the Company on GEM as stated in the Exchange's daily quotation sheet on the date of the offer of grant; or (ii) the average closing price of the shares of the Company on GEM as stated in the Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the share. The offer of a grant of options may be accepted within 21 days from the date of the offer. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The exercise period of the options granted is determinable by the Directors, and commences after certain vesting period and ends in any event not later than 10 years from the respective date when the share options are granted, subject to the provisions for early termination thereof.

At the annual general meeting of the Company held on 25 July 2006 (the "AGM"), an ordinary resolution was passed by the shareholders to approve the refreshing of the 10% general limit on the grant of share options under the New Scheme.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the New Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of the AGM.

The maximum number of securities to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the relevant class of securities of the Company in issue from time to time.

Options to subscribe for shares of the Company under the Old Scheme

Details of the outstanding share options during the six-month period are as follows:

Name or category of participant	Number of share options: At 1 April 2007	Transferred during the period	Exercised during the period	Lapsed during the period	At 30 September 2007	Date of share options re-granted*	Exercise period of share options re-granted	Exercise price of share options re-granted** HK$
Directors								
Mr. Yip Seng Mun#	6,000,000	(6,000,000)	–	–	–	22 August 2001	22 August 2001 to 21 August 2011	0.40
Mr. Yip Heon Ping#	6,300,000	(6,300,000)	–	–	–	22 August 2001	22 August 2001 to 21 August 2011	0.40
Mr. Yip Heon Wai##	5,300,000	–	–	–	5,300,000	22 August 2001	22 August 2001 to 21 August 2011	0.40
Mr. Yip Heon Keung	5,300,000	–	–	–	5,300,000	22 August 2001	22 August 2001 to 21 August 2011	0.40
	22,900,000	(12,300,000)	–	–	10,600,000			
Other employees of the Group								
In aggregate	4,465,000	12,300,000	(2,000,000)	–	14,765,000	22 August 2001	22 August 2001 to 21 August 2011	0.40
	27,365,000	–	(2,000,000)	–	25,365,000			

Options to subscribe for shares of the Company under the New Scheme

Details of the outstanding share options during the six-month period are as follows:

Name or category of participant	Number of share options: At 1 April 2007	Granted during the period	Exercised during the period	Lapsed during the period	At 30 September 2007	Date of share options granted*	Exercise period of share options granted	Exercise price of share options granted** HK$
Director###	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other employees of the Group								
In aggregate	800,000	–	–	–	800,000	22 May 2002	22 May 2002 to 21 May 2012	0.26
In aggregate	1,850,000	–	–	–	1,850,000	26 March 2004	26 March 2004 to 25 March 2014	0.10
In aggregate	9,280,000	–	(400,000)	(300,000)	8,580,000	10 May 2006	10 May 2006 to 9 May 2016	0.17
Others								
In aggregate	1,200,000	–	(1,000,000)	–	200,000	26 March 2004	26 March 2004 to 25 March 2014	0.10
In aggregate	3,000,000	–	(1,000,000)	–	2,000,000	24 June 2005	24 June 2005 to 23 June 2015	0.10
In aggregate	200,000	–	–	(200,000)	–	10 May 2006	10 May 2006 to 9 May 2016	0.17
In aggregate	1,000,000	–	–	–	1,000,000	29 June 2006	29 June 2006 to 28 June 2016	0.38
In aggregate	–	20,000,000	–	–	20,000,000	6 July 2007	6 July 2007 to 5 July 2017	0.396
	17,330,000	20,000,000	(2,400,000)	(500,000)	34,430,000			

\# Mr. Yip Seng Mun and Mr. Yip Heon Ping, former Directors, have retired as Directors of the Company but remained as members of an advisory committee of a subsidiary of the Group since 6 June 2007. Pursuant to the Old Scheme, they are still entitled to their share options to subscribe for 6,000,000 shares and 6,300,000 shares of the Company respectively in their capacity as employees of the Group.

\## In addition to the options to subscribe for up to 5,300,000 shares personally held by Mr. Yip Heon Wai, he is also deemed to be interested in the share options held by his spouse (in her capacity as an employee of the Company) to subscribe for 4,300,000 shares of the Company at an exercise price of HK$0.40 within the meaning of Part XV of the SFO, and whose exercise period is from 22 August 2001 to 21 August 2011.

\### None of the Directors were granted share options under the New Scheme to subscribe for shares of the Company.

* The time of acceptance of the share options was within 21 days from the options offer date. The share options granted are subject to certain vesting period and vary for each category of participant as specified under the respective share option schemes.

** The exercise price of the share options was subject to some adjustments in the case of rights or bonus issues, or other similar changes in the Company's share capital.

As at 30 September 2007, the Company had outstanding options to subscribe for up to 25,365,000 shares and 34,430,000 shares under the Old Scheme and the New Scheme, respectively.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2007, shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Interest or short positions in the ordinary shares or underlying shares of the Company

Name of shareholder	Notes	**Capacity and nature of interest**	**Number of ordinary shares or underlying shares** Note (12)	**Percentage of the Company's issued share capital** Note (13)
Greenford Company Limited	(1)	Directly beneficially owned	122,597,702 (L)	20.54%
Century Technology Holding Limited	(2)	Directly beneficially owned	122,597,701 (L)	20.54%
Bakersfield Global Corporation	(3)	Directly beneficially owned	59,085,216 (L)	9.90%
Ace Central Group Limited (as trustee of The New Millennium Trust)	(4)	Trustee of a discretionary family trust & through controlled corporations	304,280,619 (L)	50.99%
Mr. Yip Heon Ping	(1), (4) & (5)	Object of a discretionary family trust & through a controlled corporation	310,580,619 (L)	52.04%
Mr. Yip Seng Mun	(2), (3), (4) & (6)	Founder of a discretionary family trust, beneficially owned & through controlled corporations	310,280,619 (L)	51.99%
Knicks Capital Inc.	(7)	Directly beneficially owned	51,125,000 (L)	8.57%
Mr. Zhang Xingsheng	(7) & (8)	Beneficially owned & through a controlled corporation	51,625,000 (L)	8.65%
Uniright Group Limited	(9) & (11)	Directly beneficially owned	100,000,000 (L) 57,142,857 (S)	16.76% 9.58%
Tallmany Enterprises Limited	(10) & (11)	Directly beneficially owned	244,742,857 (L)	41.01%

Notes:

1. Greenford Company Limited is a company incorporated in the British Virgin Islands and its entire issued share capital is held by Mr Yip Heon Ping, a former Director of the Company and a Director during part of the period under review.

2. Century Technology Holding Limited is a company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned by Mr Yip Seng Mun, a former Director of the Company and a Director during part of the period under review.

3. Bakersfield Global Corporation is a company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned by Mr Yip Seng Mun, a former Director of the Company and a Director during part of the period under review.

4. An aggregate of 304,280,619 shares are held through Greenford Company Limited, Century Technology Holding Limited and Bakersfield Global Corporation as trustees of The Greenford Unit Trust, The Century Unit Trust and The Bakersfield Unit Trust, respectively. All the units of which are held by Ace Central Group Limited as the trustee of The New Millennium Trust, a discretionary family trust established with Mr Yip Seng Mun as the founder and Mr Yip Heon Ping as one of the discretionary objects for the time being. Both of them are the former Directors of the Company and Directors during part of the period under review.

   Mr Yip Heon Keung, a Director of the Company, is the sole director and sole shareholder of Ace Central Group Limited.

5. By virtue of the SFO, Mr. Yip Heon Ping is deemed to be interested in 304,280,619 shares of the Company as one of the discretionary objects of The New Millennium Trust. In addition, he is also entitled to his share options to subscribe for 6,300,000 shares of the Company in his capacity as an employee of the Group.

6. By virtue of the SFO, Mr. Yip Seng Mun is deemed to be interested in 304,280,619 shares of the Company as the founder of the New Millennium Trust and personally interested in 2,000,000 shares of the Company. In addition, he is also entitled to his share options to subscribe for 4,000,000 shares of the Company in his capacity as an employee of the Group.

7. Knicks Capital Inc. is a company incorporated in the British Virgin Islands and its entire issued share capital is held by Mr. Zhang Xingsheng.

8. Mr. Zhang Xingsheng is also personally interested in 500,000 shares of the Company.

9. Uniright Group Limited ("Uniright") is a company incorporated in the British Virgin Islands and its entire issued share capital is held by Mr Yip Heon Wai and Mr Yip Heon Keung in equal shares, both being Directors of the Company.

10. Tallmany Enterprises Limited ("Tallmany") is a company incorporated in the British Virgin Islands and currently holds 30,000,000 shares of the Company. It is a wholly owned subsidiary of China Broadband Capital Partners, L.P., a fund established in the Cayman Island as an exempted limited partnership (the "Fund"). CBC Partners, L.P. ("CBC Partners") holds approximately 1.01% of the issued share capital of the Fund, which in turn is ultimately wholly owned by Dr. Edward Tian indirectly. Dr. Xu Zhiming, a Director of the Company, is the sole director of Tallmany.

11. Tallmany is also the holder of the Convertible Bonds issued by the Company on 6 June 2007. If the convertible rights attached to the Convertible Bonds are exercised in full at the initial conversion price of HK$0.96 per share, Tallmany will become interested in a total of 30,000,000 shares of the Company. If the convertible rights attached to the Convertible Bonds are exercised in full at the adjusted conversion price of HK$0.50 per share, Tallmany will become interested in a total of 57,600,000 shares of the Company.

    Simultaneously, Tallmany is also the holder of the zero-coupon exchangeable bonds in the principal amount of HK$30,000,000 due 2012 ("Exchangeable Bonds") issued by Uniright on 6 June 2007. If the exchange rights attached to the Exchangeable Bonds are exercised in full at the initial exchange price of HK$1.00 per share, a total of 30,000,000 shares of the Company will be transferred by Uniright to Tallmany. If the exchange rights attached to the Exchangeable Bonds are exercised in full at the adjusted exchange price of HK$0.525 per share, a total of 57,142,857 shares of the Company will be transferred by Uniright to Tallmany.

    It is agreed between the parties to the Exchangeable Bonds subscription agreement ("EB Subscription Agreement") that at completion, Uniright, as a chargor, shall deliver to Tallmany, as a chargee, a duly executed share charge in respect of the charging of 100,000,000 ordinary shares of the Company ("Shares") by Uniright in favor of Tallmany ("Share Charge"). On 6 June 2007, being the completion date of the EB Subscription Agreement, Uniright executed and delivered the Share Charge to Tallmany. Subject to the terms and conditions set out therein, Uniright pledged 100,000,000 Shares to Tallmany as the collateral created by this Share Charge.

12. The letter "L" denotes long position in the ordinary shares of the Company. The letter "S" denotes short position in the underlying shares of the Company.

13. Based on 596,775,000 shares in issue as at 30 September 2007.

Save as disclosed above, as at 30 September 2007, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) have any interests in a business which competes or may compete with the business of the Group, or has any other conflict of interest with the Group during the period under review.

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

During the six months ended 30 September 2007, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

Save as the deviation disclosed below, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices as contained in Appendix 15 of the GEM Listing Rules ("Code on CG Practices") throughout the period under review.

With respect to the deviation, the Code provision A.2.1. provides that the roles of Chairman and Managing Director should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Managing Director should be clearly established and set out in writing. During the period under review, given that the size of the Group was relatively small, Mr. Yip Heon Wai served the dual role of Chairman and Managing Director following his appointment as the Chairman of the Company on 6 June 2007. The Board considers that the same person assuming dual roles could help to command control of the Group's operations. Notwithstanding the above, the Board will review the current organization structure from time to time and will make appropriate changes when necessary.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to specific enquiry made by the Company, each of the Directors gave confirmation that he/she complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the six months ended 30 September 2007.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") on 7 March 2000 and has formulated and from time to time amended its written terms of reference in accordance with the provisions set out in the Code on CG Practices. The terms of reference of the Audit Committee are available on the Company's website.

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors of the Company, namely Mr. James T. Siano (Chairman of the Audit Committee), Ms. Tse Yuet Ling, Justine and Ms. Lai May Lun.

The primary duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the auditors of the Company.

The Audit Committee has reviewed the draft of this announcement and has provided advice and comments thereon.

REMUNERATION COMMITTEE

In accordance with the Code on CG Practices, the Company established its remuneration committee ("Remuneration Committee") on 17 June 2005 with written terms of reference. The terms of reference of the Remuneration Committee are available on the Company's website.

The Remuneration Committee comprises two independent non-executive Directors of the Company, namely Ms. Tse Yuet Ling, Justine (Chairman of the Remuneration Committee), Ms. Lai May Lun and one executive Director, Mr. Yip Heon Keung.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

By Order of the Board
Yip Heon Wai
Chairman

Hong Kong, 13 November 2007

As at the date of this announcement, the Board comprises Mr. Yip Heon Wai and Mr. Yip Heon Keung (both of them are executive Directors); Dr. Xu Zhiming and Mr. Zhang Ying (both of them are non-executive Directors); Mr. James T. Siano, Ms. Tse Yuet Ling, Justine and Ms. Lai May Lun (all of them are independent non-executive Directors).

This announcement will remain on the "Latest Company Announcement" page of the GEM website at www.hkgem.com for at least 7 days from the day of its posting and on the Company's website at www.prosten.com.