TAI SHING

Tai Shing International (Holdings) Limited
泰盛國際（控股）有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8103)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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 of Tai Shing International (Holdings) Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of given information with regard to Tai Shing International (Holdings) Limited. 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*

RESULTS

The board of directors (the "Board") of Tai Shing International (Holdings) Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2008, together with the audited comparative figures for the corresponding year in 2007.

Consolidated Income Statement
For the year ended 31 March 2008

	Notes	**2008** *HK$'000*	2007 *HK$'000*
Turnover	*3*	**52,835**	64,706
Cost of services		**(50,528)**	(52,981)
Gross profit		**2,307**	11,725
Other operating income	*3*	**6,410**	6,896
Selling and distribution expenses		**(3,622)**	(6,604)
Administrative expenses		**(13,351)**	(10,035)
Other operating expenses	*4*	**(10,736)**	(4,066)
Finance costs	*5*	**(333)**	—
Share of results of associates		**(1)**	—
Loss before taxation		**(19,326)**	(2,084)
Income tax expense	*7*	**(527)**	(380)
Loss for the year	*8*	**(19,853)**	(2,464)
Loss per share — basic	*10*	**HK(20.59) cents**	HK(2.70) cents

Consolidated Balance Sheet
At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Plant and equipment		**5,270**	6,894
Intangible asset		**—**	2,804
Interests in associates		**5**	—
		5,275	9,698
Current assets			
Inventories		**—**	181
Trade and other receivables	*11*	**50,437**	35,916
Amounts due from customers for contract work		**17,452**	14,076
Tax recoverable		**168**	228
Financial assets at fair value through profit or loss		**574**	328
Pledged bank deposits		**2,210**	926
Bank balances and cash		**15,651**	10,146
		86,492	61,801
Current liabilities			
Amounts due to customers for contract work		**10,450**	8,171
Trade and other payables	*12*	**33,517**	31,957
Receipts in advance		**12,123**	2,149
Warranty provision		**490**	858
Amount due to a substantial shareholder		**9,427**	4,028
Amounts due to associates		**282**	—
Bank borrowing		**8,946**	—
		75,235	47,163
Net current assets		**11,257**	14,638
Net assets		**16,532**	24,336
Capital and reserves			
Share capital	*13*	**5,460**	4,550
Reserves		**11,072**	19,786
Total equity		**16,532**	24,336

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Share capital	Share premium	General reserve *(Note a)*	Capital reserve *(Note b)*	Exchange translation reserve	Accumulated profits (losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2006	4,550	14,049	466	1,200	235	4,603	25,103
Exchange difference arising on translation of overseas operation	—	—	—	—	1,697	—	1,697
Loss for the year	—	—	—	—	—	(2,464)	(2,464)
Transfer	—	—	758	—	—	(758)	—
Total recognised income and expenses for the year	—	—	758	—	1,697	(3,222)	(767)
At 31st March 2007	4,550	14,049	1,224	1,200	1,932	1,381	24,336
Exchange difference arising on translation of overseas operation	—	—	—	—	2,283	—	2,283
Loss for the year	—	—	—	—	—	(19,853)	(19,853)
Transfer	—	—	680	—	—	(680)	—
Total recognised income and expenses for the year	—	—	680	—	2,283	(20,533)	(17,570)
Issue of shares upon placement of shares	910	9,320	—	—	—	—	10,230
Share issue expenses	—	(464)	—	—	—	—	(464)
At 31st March 2008	5,460	22,905	1,904	1,200	4,215	(19,152)	16,532

Notes:

(a) General reserve

According to the relevant rules and regulations of the People's Republic of China (the "PRC"), the Group's subsidiary in the PRC should allocate part of its profit after taxation to general reserve, which can be used for making good losses and to convert into paid-up capital.

(b) Capital reserve

The capital reserve represents waiver of amount due to a shareholder of the Company during the year ended 31st March 2003. As the waived amount is in substance equivalent to a capital contribution to the Company, hence, it was accounted for as capital reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), and the functional currency of the Company is Renminbi ("RMB").

As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

The principal activities of the Group are research, development and provision of integrated management information system.

2. BASIS OF PREPARATION AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1st April 2007.

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Interpretation ("INT") 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-INT 8	Scope of HKFRS 2
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment
HK(IFRIC)-INT 11	HKFRS 2: Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendment and interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 1 (Amendment)	Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 23 (Revised)	Borrowing Cost[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 (Amendment)	Financial Instruments: Presentation[1]
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combination[4]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-INT 12	Service Concession Arrangements[2]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[3]
HK(IFRIC)-INT 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

[1] Effective for annual periods beginning on or after 1st January 2009.
[2] Effective for annual periods beginning on or after 1st January 2008.
[3] Effective for annual periods beginning on or after 1st July 2008.
[4] Effective for annual periods beginning on or after 1st July 2009.

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND OTHER OPERATING INCOME

Turnover represents the net amounts received and receivable for services provided (net of sales tax) and revenue arising from system development contracts during the year.

An analysis of the Group's turnover for the year are as follows:

	2008	2007
	HK$'000	*HK$'000*
Turnover		
Systems development	**51,160**	60,985
Professional service fees	**1,675**	3,721
	52,835	64,706
Other operating income		
Gain on disposal of financial assets at fair value through profit or loss	**390**	405
Gain on disposal of plant and equipment	**182**	—
Fair value gains on financial assets at fair value through profit or loss	**—**	12
Value added tax refund *(Note)*	**3,741**	4,089
Deemed gain on disposal of subsidiaries	**30**	—
Reversal of impairment loss in respect of trade receivables	**516**	63
Reversal of impairment loss in respect of other receivables	**1,062**	1,960
Interest income	**120**	116
Sundry income	**369**	251
	6,410	6,896

Note: A tax concession has been granted by the PRC tax authorities to the Company's subsidiary, Beijing Tongfang Electronic Science & Technology Company Limited ("Beijing Tongfang") for the sales of certain self-developed computer software products. Under this concession, Beijing Tongfang is entitled to a refund of value added tax paid in excess of an effective rate of 3%. The amount of value added tax refund is recognised as other operating income.

4. OTHER OPERATING EXPENSES

	2008	2007
	HK$'000	*HK$'000*
Impairment loss recognised in respect of trade receivables	**4,000**	3,180
Impairment loss recognised in respect of other receivables	**3,603**	886
Impairment loss recognised in respect of intangible asset	**2,945**	—
Fair value losses on financial assets at fair value through profit or loss	**188**	—
	10,736	4,066

5. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest on bank borrowing due within one year	**333**	—

6. SEGMENT INFORMATION

(a) Primary reporting format — business segments

For management purposes, the Group is currently organised into two operating divisions — systems development and professional services. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Systems development — Provision of systems development, maintenance and installation as well as consulting service

Professional services — Provision of information technology engineering and technical support services

	Systems development		**Professional services**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER						
Revenue from external customers	**51,160**	60,985	**1,675**	3,721	**52,835**	64,706
RESULT						
Segment results	**(8,083)**	1,745	**677**	1,497	**(7,406)**	3,242
Interest income					**120**	116
Unallocated income and expenses					**(11,706)**	(5,442)
					(18,992)	(2,084)
Share of results of associates					**(1)**	—
Finance costs					**(333)**	—
Income tax expense					**(527)**	(380)
Loss for the year					**(19,853)**	(2,464)

	Systems development		Professional services		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS						
Segment assets	**69,903**	55,103	**1,377**	3,563	**71,280**	58,666
Interests in associates					**5**	—
Unallocated corporate assets					**20,482**	12,833
Total assets					**91,767**	71,499
LIABILITIES						
Segment liabilities	**48,257**	29,682	**647**	939	**48,904**	30,621
Unallocated corporate liabilities					**26,331**	16,542
Total liabilities					**75,235**	47,163
Other segment information						
Capital expenditure	**642**	3,653	**20**	149	**662**	3,802
Unallocated capital expenditure					**—**	3
					662	3,805
Depreciation	**883**	796	**25**	120	**908**	916
Unallocated depreciation					**991**	983
					1,899	1,899
(Gain) loss on disposal of plant and equipment	**—**	57	**—**	10	**—**	67
Unallocated (gain) loss on disposal of plant and equipment					**(182)**	6
					(182)	73
Impairment losses recognised in respect of trade and other receivables	**4,407**	3,902	**—**	—	**4,407**	3,902
Unallocated impairment losses recognised in respect of trade and other receivables					**3,196**	164
					7,603	4,066
Impairment losses recognised in respect of intangible asset	**2,945**	—	**—**	—	**2,945**	—

(b) Secondary reporting format — geographical segments

For the two years ended 31st March 2008 and 2007, over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical segments is disclosed.

7. INCOME TAX EXPENSE

	2008	2007
	HK$'000	*HK$'000*
PRC Enterprise Income Tax		
Current tax	**527**	375
Under-provision in previous years	**—**	5
	527	380

(i) Hong Kong Profits Tax has not been provided for in the consolidated financial statements as there was no estimated assessable profit derived from Hong Kong in both years.

(ii) Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

(iii) In accordance with the relevant regulations, approvals from relevant local tax bureaus and Foreign Enterprise Income Tax Law in the PRC, Beijing Tongfang qualified as an advanced technology enterprise and is subject to a preferential Enterprise Income Tax rate of 10% (2007: 10%) which was effective from 1st January 2007 to 31st December 2009.

For the period from 1st January 2004 to 31st December 2006, Beijing Tongfang was subject to PRC Enterprise Income Tax at 15% on its taxable income and is granted a 50% relief.

(iv) On 16th March 2007, the PRC promulgated the Law of the People's Republic of China on enterprise income tax (the "New Law"). On 6th December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Pursuant to the New Law and Implementation Regulations, the Enterprise Income Tax for both domestic and foreign-invested enterprises will be unified at 25% effective from 1st January 2008. There will be a transitional period for the PRC subsidiary that are currently entitled to preferential tax treatments granted by the relevant tax authorities. PRC subsidiary currently subject to an Enterprise Income Tax rate lower than 25% will continue to enjoy the lower tax rate and be gradually transitioned to the new unified rate of 25% within five years after 1st January 2008. The tax rate applicable to the PRC subsidiary is subject to the approval by the tax authority.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2008	2007
	HK$'000	*HK$'000*
Auditor's remuneration	**450**	800
Depreciation	**1,899**	1,899
Exchange loss	**156**	6
Loss on disposal of plant and equipment	**—**	73
Operating lease charges in respect of land and buildings	**2,079**	2,278
Research and development expenditure	**504**	499
Staff costs (excluding directors' emoluments)		
Wages, salaries and other benefits	**19,313**	17,535
Retirement benefits scheme contributions	**2,181**	1,209
	21,494	18,744
Write down of inventories	**190**	—

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31st March 2008, nor has any dividend been proposed since the balance sheet date (2007: Nil).

10. LOSS PER SHARE — BASIC

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of approximately HK$19,853,000 (2007: loss of approximately HK$2,464,000) and based on the weighted average number of 96,414,000 (2007: 90,995,000) ordinary shares in issue during the year.

There were no dilutive potential shares in issue during the two years ended 31st March 2008 and 2007. Accordingly, no diluted loss per share has been presented for both years.

11. TRADE AND OTHER RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade and bills receivables	**44,587**	27,943
Less: Impairment loss recognised in respect of trade receivables	**(11,599)**	(7,225)
	32,988	20,718
Retention receivables	**4,222**	4,905
Prepayments, deposits and other receivables	**26,315**	19,730
Less: Impairment loss recognised in respect of other receivables	**(13,088)**	(9,437)
	50,437	35,916

Trade receivables are due for settlement in accordance with the terms of the underlying agreements with the customers. Trade receivables with balances that are more than 9 months overdue are requested to settle all outstanding balances before any further credit is granted.

An aged analysis of trade and bills receivables, net of impairment loss recognised is as follows:

	2008	2007
	HK$'000	*HK$'000*
0-30 days	**6,911**	2,585
31-90 days	**4,220**	1,310
Over 90 days	**21,857**	16,823
	32,988	20,718

As at 31 March 2008, amounts of approximately HK$4,222,000 (2007: HK$3,182,000) included in retention receivables are due for settlement after more than 12 months.

The fair values of the Group's trade and other receivables at the balance sheet date approximated to the corresponding carrying amounts due to their short-term maturities.

12. TRADE AND OTHER PAYABLES

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**13,909**	12,730
Other payables	**19,608**	19,227
	33,517	31,957

An aged analysis of trade payables is as follows:

	2008	2007
	HK$'000	*HK$'000*
0-30 days	**838**	829
31-90 days	**53**	189
Over 90 days	**13,018**	11,712
	13,909	12,730

Included in other payables are amounts in total of approximately HK$356,000 (2007: HK$236,000) representing accrued directors' fees due to the Company's directors.

The fair values of the Group's trade and other payables at the balance sheet date approximated to the corresponding carrying amounts due to their short-term maturities.

13. SHARE CAPITAL

Ordinary shares of HK$0.05 each	*Number of shares*	*HK$'000*
Authorised:		
At 1st April 2006, 31st March 2007 and 31st March 2008	4,000,000,000	200,000
Issued and fully paid:		
At 1st April 2006 and 1st April 2007	90,995,000	4,550
Issue of shares *(Note 1)*	18,195,000	910
At 31st March 2008	109,190,000	5,460

Notes :

1. On 14th December 2007, pursuant to a placing and subscription agreement, the Company placed out 18,195,000 new ordinary shares of HK$0.05 each in the Company at a price of HK$0.562 per share to independent third parties. A sum of approximately HK$9,766,000 net of placement expenses was raised and used as working capital of the Group.

2. The ordinary shares issued above ranked pari passu with the then existing ordinary shares of the Company in all respects.

14. COMPARATIVE FIGURES

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

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

During the year under review, the Group recorded a consolidated turnover of approximately HK$52.8 million which represented a decrease of approximately 18.4% as compared with that of the corresponding year. The decrease is principally due to the keen competition within the industry arising from the increase in the number of small scale system development solution providers in the sector.

Beijing Tongfang is principally engaged in research, development and provision of integrated management information system for power plants and for banks. During the year under review, contracts completed included management information system provided to Guangzhou Zhujiang LNG Power Plant, Datang Sanmenxia Electric Power Co, Ltd., Zhanjiang Power Supply Bureau and Yunfu Power Supply Bureau of Guangdong Power Grid Corporation.

Throughout the year, the Group has continued to focus on the business development of Beijing Tongfang. However, due to the keen competition within the industry, the revenue generated by Beijing Tongfang has gradually declined and the business segment has only recoded marginal profit for the year under review. In view of this and leveraging on its technical expertise in the system integration sector, the Group has extended to carry out the security and surveillance business in the PRC through its associated company, Tai Shing (Hong Kong) Limited.

BUSINESS OUTLOOK

Under the keen market competition environment and with a view to extending the Group's business, the Directors have identified to pursue further in the security and surveillance industry (the "SSI") in the PRC as it is expected that demand for SSI related products and services will continue to grow in the near future.

Looking ahead, apart from the provision of integrated management information system, the Group will further explore and dedicate resources to its strategic investments in the SSI in the PRC so as to improving the overall performance of the Group.

I would like to thank the Board of Directors and all the Company's employees for their contribution and dedication to the Group's business development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the year ended 31 March 2008, the Group recorded a turnover of HK$52.8 million (2007: HK$64.7 million) representing a decrease of approximately 18.4% as compared with the year ended 31 March 2007. The decrease was principally caused by the keen competition within the industry. As a result of the general increase in overheads, the general and administrative expenses were approximately HK$13.4 million as compared to HK$10.0 million of the previous corresponding year, representing an increase of approximately 34%. Other operating expenses were increased to HK$10.7 million (2007: HK$4.1 million) which were mainly due to the increase in provision of trade and other receivables of approximately HK$3.5 million and recognised impairment loss on intangible asset of approximately HK$2.9 million. Loss attributable to the shareholders amounted to approximately HK$19.9 million (2007: loss of HK$2.5 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2008, shareholders' funds of the Group amounted to approximately HK$16.5 million (2007: HK$24.3 million). Current assets amounted to approximately HK$86.5 million (2006: HK$61.8 million), of which approximately HK$15.7 million (2007: HK$10.1 million) were cash and cash equivalents. Current liabilities were approximately HK$75.2 million (2007: HK$47.2 million) mainly comprised of trade and other payables, amounts due to customers for contract work and receipts in advance. Total borrowings of the Group as at 31 March 2008 were approximately HK$8.9 million (2007: nil) which were unsecured short-term bank loan with an effective interest rate of 8.019% (2007: nil).

On 14 December 2007, the Company issued 18,195,000 new ordinary shares of HK$0.05 each in the Company at a price of HK$0.562 per share to independent third parties raising net proceeds of HK$9.47 million for working capital of the Group. The new shares issued rank pari passu with other shares in issue in all respect. Save for the abovementioned, during the year under review, there was no material changes on the capital structure of the Company. The Group further confirms that it does not have any impending capital expenditure commitments.

GEARING RATIO

The gearing ratio calculated on the basis of total liabilities over the total shareholders' fund as at 31 March 2008 was 455% (2007: 194%).

FOREIGN CURRENCY EXPOSURE

During the year ended 31 March 2008, the Group experienced only immaterial exchange rate fluctuations, as the Group's operations were mainly denominated in Hong Kong dollars and Renminbi. As the risk on exchange rate difference considered being minimal, the Group did not employ any financial instruments for hedging purposes.

NEW PRODUCTS AND SERVICES

Throughout the year, apart from focusing on the business development of Beijing Tongfang, the Group has extended to carry out the security and surveillance business in the PRC through its associated company, Tai Shing (Hong Kong) Limited.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Pursuant to a directors' resolution of Acon Enterprises Limited ("Acon") (formerly a wholly-owned subsidiary of the Company) passed on 1st February 2008, 7,000 new ordinary shares ("New Shares") in Acon were issued and alloted to the Company and independent third parties. Upon the allotment of the New Shares of Acon, the Company's holding of equity interests in Acon was diluted to 25.5% and the Company was deemed to have disposed of 74.5% interest in Acon and its subsidiary (the "Acon Group") and Acon Group became associates of the Group. Save for the abovementioned, as at 31 March 2008 and up to the date of this announcement, the Group did not have any other significant investments, material acquisitions or disposal of subsidiaries.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 March 2008, the Group had no known plans for material investments or capital assets.

SEGMENT INFORMATION

The Group is principally engaged in two business segments. The Group presents its segmental information based on the nature of the products and services provided.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format. The Group reports its businesses in two business segments namely:

- systems development; and

- professional services.

Turnover generated from PRC represented over 90% of the total turnover of the Group for the year ended 31 March 2008 and 2007.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2008, the Group had hired 4 and 178 (2007: a total of 230) employees in Hong Kong and PRC respectively including the executive directors of the Company. Total staff costs including directors' remuneration for the year under review amounting to approximately HK$21.9 million (2007: HK$19.2 million). The increase was mainly due to the general rise in the wages and salaries for the PRC employees in the information technology sector. The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees.

The Group had not made any changes to its remuneration policy and no bonuses were granted to any of its executive directors or employees for the year ended 31 March 2008.

CHARGES ON GROUP'S ASSETS AND CONTINGENT LIABILITIES

(a) At 31 March 2008, the Group's bank deposits of approximately HK$2,210,000 (2007: HK$926,000) were pledged to two banks for bank guarantees of approximately HK$2,210,000 (2007: HK$3,203,000) issued to certain customers on the performance of contracts under systems development. As at 31 March 2007, corporate guarantee executed by an investee company of Tongfang Co., Ltd. was also issued to one of the banks in respect of bank guarantees issued of approximately HK$3,148,000 (2008: nil).

    The directors consider that it is not probable that a claim will be made against the Group under any of the above bank guarantees.

(b) On 19 April 2006, a High Court Action No.858 of 2006 was commenced by Chan Kar Kui, Wong Calvin Ting Chi, Chan Wai Phan, Chan Man Wan and Kwok King Chuen (the "Plaintiffs") against the Company for specific performance of the agreement entered into between the Plaintiffs and the Company's former director, To Cho Kei, on behalf of the Company, in around May/June 2000 to purchase from the Plaintiffs all their shareholdings in Epplication.Net Limited ("Epplication.Net") at a consideration of HK$6,800,000 being twice of the actual amount that the Plaintiffs expended on Epplication.Net by way of transfer or allotment of the shares of the Company of the equivalent value, or alternatively, damages with interests and costs. The Company has filed a defence denying the allegation as the Company has no record of any agreement for the purchase of the Plaintiffs' shareholdings in Epplication.Net and the Plaintiffs have not produced any documentary evidence to support their claim. The directors of the Company believe that the Company has strong defence in this action and therefore, no provision for liabilities was made. The Court will hear the Company's application to strike out the Action for Want of Prosecution on 8 July 2008.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with 5.28 and 5.33 of the Listing Rules. The Audit Committee comprises four Independent Non-executive Directors of the Company, one of them has the appropriate professional qualifications, accounting or related financial management expertise. The Audit Committee is chaired by Mr. Chung Shui Ming, Timpson and the other members are Professor Ip Ho Shing, Horace, Mr. Yan Yonghong and Mr. Peng Lijun.

The Audit Committee reviews the internal accounting procedures, considers and reports to the Board with respect to other auditing and accounting matters, including selection of independent auditors, fees to be paid to the independent auditors and the performance of the independent auditors.

The Audit Committee held 4 meetings in the financial year ended 31 March 2008. The attendance records of the Audit Committee meetings are set out below:

Name of Member	**Attended**
Mr. Chung Shui Ming, Timpson *(Chairman)*	4/4
Professor Ip Ho Shing, Horace	4/4
Mr. Yan Yonghong	3/4
Mr. Peng Lijun	3/4

For 2007/08, the Audit Committee reviewed with senior management and the auditors of the Company their audit findings, the accounting principles and practices adopted by the Company, legal and regulatory compliance, and financial reporting matters (including the unaudited quarterly and interim results and audited financial statements for the year ended 31 March 2008).

The audited consolidated results of the Group for the year ended 31 March 2008 have been reviewed by the Audit Committee.

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

For the year ended 31 March 2008, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands.

BOARD PRACTICES AND PROCEDURES

The Company had complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2008.

The Company has received written confirmations in respect of independence from each of the independent non-executive Directors of the Company in compliance with Rule 5.09 of the GEM Listing Rules, and all the independent non-executive Directors are considered to be independent.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTION BY DIRECTORS

Having made specific enquiry of all Directors of the Company, during the year under review, the Directors have complied with the required standard of dealings regarding securities transaction by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). The Company adopted the Required Standard of Dealings as the code of conduct regarding the securities transaction by the Directors of the Company.

AUDITOR

The financial statements for the two financial years ended 31 March 2006 and 2007 were audited by RSM Nelson Wheeler. SHINEWING (HK) CPA Limited was first appointed as auditor of the Company in April 2008 after the resignation of RSM Nelson Wheeler.

A resolution to re-appoint SHINEWING (HK) CPA Limited will be put at the forthcoming annual general meeting.

On behalf of the Board
Li Wenli
Chief Executive Officer and Executive Director

Hong Kong, 26 June 2008

As at the date of announcement, the Board comprises the following directors:

Executive Directors:
Mr. Ho Cho Hang
Ms. Li Wenli

Non-executive Director:
Mr. Luk Yat Hung *(Chairman)*

Independent Non-executive Directors:
Mr. Chung Shui Ming, Timpson
Professor Ip Ho Shing, Horace
Mr. Yan Yonghong
Mr. Peng Lijun

This announcement will remain on the "Latest Company Announcement" page of the GEM website for at least 7 days from its date of publication.