TAI SHING

Tai Shing International (Holdings) Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)

2007 Annual Report

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 the 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.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Tai Shing International (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 Stock Exchange for the purpose of given information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Ms. Li Wenli
Mr. Ho Cho Hang

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

COMPANY SECRETARY

Mr. Young Wai Ching, ACCA, AHKSA

QUALIFIED ACCOUNTANT

Mr. Young Wai Ching, ACCA, AHKSA

COMPLIANCE OFFICER

Ms. Li Wenli

AUTHORISED REPRESENTATIVES

Mr. Ho Cho Hang
Mr. Young Wai Ching, ACCA, AHKSA

AUDIT COMMITTEE

Mr. Chung Shui Ming, Timpson (Chairman)
Professor Ip Ho Shing, Horace
Mr. Yan Yonghong
Mr. Peng Lijun

REMUNERATION COMMITTEE

Professor Ip Ho Shing, Horace (Chairman)
Mr. Chung Shui Ming, Timpson

AUDITOR

RSM Nelson Wheeler
Certified Public Accountants
7/F., Allied Kajima Building
138 Gloucester Road
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

24th Floor
Prosperous Commercial Building
54-58 Jardine's Bazaar
Causeway Bay
Hong Kong

LEGAL ADVISER

P.C Woo & Co.

PRINCIPAL BANKER

Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR

Butterfield Bank (Cayman) Limited
Butterfield House
68 Fort Street
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
46th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

08103

WEBSITE

www.taishingintl.com

BUSINESS REVIEW

During the year under review, the Group recorded a consolidated turnover of approximately HK$64.7 million which represented a decrease of approximately 11% as compared with the comparative figure of the corresponding year in 2006 and a decrease of approximately 1% as compare with the turnover for the nine months to 31 December 2006. The decrease is due to the revision downward of confirmable progress made in a number of projects undertaken by Beijing Tongfang.

Beijing Tongfang is principally engaged in research, development and provision of integrated management information system for power plants and for banks. During the period under review, contracts completed included management information system provided to Bei Bu Wan Power Generation Co. Ltd, GD Power Development Co. Ltd, Guangzhou Zhu Jiang LNG Power Generation Co. Ltd, and Shanghai Electric Power Generation Group.

BUSINESS OUTLOOK

Despite suffering a small set back in 2006/07, I am confident that the Company will rebound and benefit from the construction of power plants in the PRC in 2007/08.

I would like to thank the Board of Directors and all the Company's employees for their contribution and dedication in building the Company as a leading software house for the power industry in the PRC.

Sincerely yours,
Luk Yat Hung
Chairman

Hong Kong, 29 June 2007

Management Discussion and Analysis

FINANCIAL PERFORMANCE

During the year ended 31 March 2007, the Group recorded a turnover of HK$64.7 million (2006: HK$72.6 million) representing a decrease of approximately 11% as compared with the comparative figure of the corresponding year, and a decrease of approximately 1% as compared with the turnover for the nine months ended 31 December 2006. The decrease was caused by the revision downward of the percentage of completion for a number of projects in the forth quarter of the financial year. The management believed the set-back to be temporarily. General and administrative expenses were approximately HK$10.0 million as compared to HK$10.1 million of the previous corresponding year, representing a decrease of approximately 1%. Loss attributable to the shareholders amounted to approximately HK$2.5 million (2006: profit HK$11.4 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2007, shareholders' funds of the Group amounted to approximately HK$24 million (2006: HK$25 million). Current assets amounted to approximately HK$61.8 million (2006: HK$66.9 million), of which approximately HK$10.7 million (2006: HK$5.8 million) were cash and cash equivalents. Current liabilities were approximately HK$47.2 million (2006: HK$49.3 million) mainly comprised of trade and other payables, gross amounts due to customers for contract work, amount due to a substantial shareholder as well as receipts in advance.

The Group currently has not engaged in any borrowing activities. 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 2007 was 194% (2006: 196%).

CAPITAL STRUCTURE

During the year under review, there was no material changes on the capital structure of the Company.

FOREIGN CURRENCY EXPOSURE

During the year ended 31 March 2007, 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

During the year the Group did not launch any new products or services.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

As at 31 March 2007 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 2007, the Group had no known plans for material investments or capital assets.

SEGMENT INFORMATION

The Group is principally engaged in three 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 three business segments namely:

- systems development;
- sales of software and hardware products; and
- provision of professional services.

Turnover generated from PRC represented approximately 100% of the total turnover of the Group during the year ended 31 March 2007 as compared to approximately 95% in the previous year under review.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2007, the Group had hired 4 and 226 (2006: a total of 179) 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$19.2 million (2006: HK$20.8 million). The decrease was mainly due to the departure of a number of high paid employees at Beijing Tongfang. 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 2007.

The Company has conditionally adopted a new share option scheme on 22 October 2003 to replace the old share option scheme adopted on 26 August 2000. Pursuant to both schemes, the directors and employees of the Company and its subsidiaries may be granted options to subscribe for shares of the Company. During the year ended 31 March 2007, no option was granted under both the old and new share option schemes.

CHARGES ON GROUP'S ASSETS AND CONTINGENT LIABILITIES

Details of charges on the Group's assets and contingent liabilities are set out in note 38 to the financial statements.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Ms. Li Wenli, aged 36, chief executive officer and Compliance Officer. Ms. Li graduated from Hebei University of Technology with a bachelor degree in computer science and engineering and holds a master degree in economics with Peking University. Prior to joining the Group, Ms. Li held senior positions with China Textile Machinery Co., Ltd. and Shanghai Guojia Industrial Co., Ltd., companies listed in The Shanghai Stock Exchange. She is a director and vice general manager of Beijing Tongfang Electronic Science & Technology Co., Ltd., a wholly-owned subsidiary of the Company.

Mr. Ho Cho Hang, aged 53, joined the Group in January 2006. He has over 25 years of experience in administration and securities broking with two leading securities houses.

NON-EXECUTIVE DIRECTOR

Mr. Luk Yat Hung, aged 47, non-executive Chairman, joined the Group in July 2003. Mr. Luk is a member of Chartered Association of Certified Accountants of the United Kingdom and a fellow member of Hong Kong Institute of Certified Public Accountants with a master degree in business administration with Oklahoma City University, the United States of America. Mr. Luk has over 20 years of working experience with a number of international conglomerates performing functions of chief financial officer.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chung Shui Ming, Timpson, GBS, JP, aged 55, joined the Group in July 2003. Mr. Chung holds a Master of Business Administration degree and is a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is a member of the National Committee of the Chinese People's Political Consultative Conference and the Chairman of the Council of the City University of Hong Kong. Mr. Chung is also an independent non-executive director of five other companies listed on the Stock Exchange. Formerly, Mr. Chung was the Chairman of the Hong Kong Housing Society and the Chief Executive of the Hong Kong Special Administrative Region Government Land Fund Trust.

Professor Ip Ho Shing, Horace, aged 50, joined the Group in July 2003. Professor Ip graduated from the University of London with a Bachelor of Science degree in Applied Physics and a Doctorate degree in Image Processing. He is the Chair Professor of the Department of Computer Science and a director of the Centre for Innovative Applications of Internet and Multimedia Technologies – AIMtech Centre of the City University of Hong Kong.

Mr. Yan Yonghong, aged 40, joined the Group in September 2004. Mr. Yan graduated from Tsinghua University with a Bachelor of Science degree in Electronic Engineering and holds a Doctorate degree in Computer Science and Engineering with Oregon Graduate Institute of Science and Engineering, the United States of America. Mr. Yan had been a principal engineer of Intel Corporation and an associate professor of Oregon Health and Science University. Currently, he is appointed by the Chinese Academy of Sciences as a professor and an instructor of doctorate students. He is also appointed by the Chinese government as a member of the vetting committee of National Science Foundation of China.

Mr. Peng Lijun, aged 40, joined the Group in December 2004. Mr. Peng graduated from Jianghan Petroleum University major in architectural civil engineering. Mr. Peng has extensive experience in the industries of petroleum and civil engineering. Currently, he is appointed by Xinjiang YouBang Engineering Construction Co. Ltd. and Kelamayi YouBang Real Estate Developing Co. Ltd. as the president.

SENIOR MANAGEMENT

Mr. Young Wai Ching, aged 38, qualified accountant and company secretary, joined the Group in July 2003. Mr. Young is a practising member of Hong Kong Institute of Certified Public Accountants and a member of Chartered Association of Certified Accountants of the United Kingdom. He has over 15 years working experience in an accounting firm in Hong Kong performing auditing and management functions. Mr. Young is also the Qualified Accountant of the Company.

Corporate Governance Report

The Company is committed to high standards of corporate governance in the interest of its shareholders. It has and will continue to identify and adopt the best corporate governance practices appropriate to the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules (the "Listing Rules") throughout the year ended 31 March 2007.

SECURITIES TRANSACTIONS BY DIRECTORS

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 5.48 to 5.67 of the Listing Rules. Having made specified enquiry with the Directors, all the Directors confirmed that they have complied with the required standard of dealings for the year ended 31 March 2007.

BOARD OF DIRECTORS

The board of directors of the Company ("Board") is responsible for the formulation of strategies and policies, including an oversight of the management. Management is responsible for the day-to-day operations of the Company under the leadership of the Chief Executive Officer.

As at 31 March 2007, the Board comprised 7 Directors, including the Non-executive Chairman, the Chief Executive Officer, 1 Executive Director, and 4 Independent Non-executive Directors. One of the Independent Non-executive Director has appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of the Directors are set out on page 6.

In determining the independence of directors, the Board follows the requirements set out in the Listing Rules. The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to 5.09 of the Listing Rules. The Company is of the view that all the Independent Non-executive Directors meet the independence guidelines set out in 5.09 of the Listing Rules and considers that they are independent.

The positions of the Chairman and the Chief Executive Officer are held by separate individuals. The role of the Chairman is separate from that of the Chief Executive Officer.

The Board meets regularly, and at least 4 times a year. Between scheduled meetings, senior management of the Company from time to time meets with Directors to discuss the businesses of the Company. In addition, Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

In the financial year ended 31 March 2007 the Board held 4 regular meetings, and the attendance records of the meetings are set out below:

	Attended
Non-executive Chairman	
Mr. Luk Yat Hung	3/4
Executive Directors	
Ms. Li Wenli *(Chief Executive Officer)*	4/4
Mr. Ho Cho Hang	4/4
Independent Non-executive Directors	
Mr. Chung Shui Ming, Timpson	4/4
Professor Ip Ho Shing, Horace	4/4
Mr. Yan Yonghong	4/4
Mr. Peng Lijun	4/4

Each of the Independent Non-executive Directors has entered into a service contract with the Company for a term of 12-month period. The appointment will be automatically renewed for successive 12-month periods unless terminated by either party in writing prior to the expiry of the term.

REMUNERATION OF DIRECTORS

The remuneration committee was established in 2005. Members of the committee comprises Professor Ip Ho Shing, Horace (Chairman) and Mr. Chung Shui Ming, Timpson, both are Independent Non-executive Directors.

The remuneration committee assist the Board to determine the specific remuneration packages of all Executive Directors, and to administrate the share option schemes adopted by the Company. The remuneration committee considers factors such as market conditions, responsibilities and performance of each of the Directors in determining the remuneration package.

During the year, the remuneration committee held 1 meeting. Details of the attendance of the remuneration committee meeting are set out below:

Name of Member	Attendance
Professor Ip Ho Shing, Horace	1/1
Mr. Chung Shui Ming, Timpson	1/1

The remuneration committee of the Company has considered and reviewed the existing terms of employment contracts of the Executive Directors and appointment letters of the Independent Non-executive Directors. The remuneration committee of the Company considers that the existing terms of employment contracts of the Executive Directors and appointment letters of the Independent Non-executive Directors are fair and reasonable.

NOMINATION OF DIRECTORS

The Company has not established a nomination committee. A board meeting was held on 29 June 2007 for nomination of Directors. The attendance records of the meeting are set out below:

	Attendance
Non-executive Chairman	
Mr. Luk Yat Hung	1/1
Executive Directors	
Ms. Li Wenli	1/1
Mr. Ho Cho Hang	1/1
Non-executive Directors	
Mr. Chung Shui Ming, Timpson	1/1
Professor Ip Ho Shing, Horace	1/1
Mr. Yan Yonghong	1/1
Mr. Peng Lijun	1/1

During the meeting, the board of Directors considered and resolved that all the existing Directors shall be recommended to be retained by the Company.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AND INTERNAL CONTROL

The Directors ensure the financial statements of the Group are prepared in accordance with the statutory requirement and applicable accounting standards.

The Directors' responsibilities in the preparation of the financial statements and the auditor's responsibilities are set out in the Independent Auditor's Report.

The Board has overall responsibility for the establishment, maintenance and review of the Group's system of internal control. The Board has conducted a review of the system of internal control of the Group, and made suggestions to improve the system. The Board is satisfied that the internal control system of the Group, after implementing the suggested improvements, will be effective.

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 4 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 2007. 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	4/4
Mr. Peng Lijun	4/4

For 2006/07, 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 2007).

The audited consolidated results of the Group for the year ended 31 March 2007 have been reviewed by the Audit Committee.

AUDITOR'S REMUNERATION

For the financial year ended 31 March 2007, the auditor of the Company received approximately HK$800,000 for audit services. The auditor of the Company also received HK$160,000 for other services provided to the Company in the financial year ended 31 March 2007.

Directors' Report

The board of directors (the "Directors") of Tai Shing International (Holdings) Limited ("the Company") has the pleasure in presenting their report together with the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES AND SEGEMENT INFORMATION

The principal activity of the Company is investment holding and the activities of the subsidiaries are set out in note 20 to the financial statements.

An analysis of the Group's performance for the year ended 31 March 2007 by business and geographical segments are set out in note 8 to the financial statements.

RESULTS

The results of the Group for the year ended 31 March 2007 are set out in the consolidated income statement on page 22.

FIXED ASSETS

Details of the movements in fixed assets of the Group during the year ended 31 March 2007 are set out in note 18 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Group during the year ended 31 March 2007 are set out in note 31 to the financial statements.

RESERVES

Details of the movements in reserves of the Group during the year under review are set out in the consolidated statement of changes in equity on page 26. Other details of the reserves of the Company and the Group are set out in note 32 to the financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, the funds in the share premium account and capital reserve of the Company are distributable to the shareholders of the Company subject to the provisions of the Memorandum and Articles of Association and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

As at 31 March 2007, in the opinion of the Directors of the Company, the Company's reserves available for distribution to shareholders was approximately HK$2,061,000.

MAJOR CUSTOMERS AND SUPPLIERS

For the year, the aggregate percentage of purchases attributable to the Group's five largest suppliers is less than 39% of the total purchases of the Group.

For the year, the aggregate percentage of sales attributable to the Group's five largest customers accounted for 35% of the total sales of the Group and the largest customer included therein amounted to 12%.

At no time during the year have the Directors, chief executive, substantial shareholders or management shareholders of the Company or any of its subsidiaries or their associates (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

DIVIDENDS

The Directors do not recommend the payment of any final dividend for the year ended 31 March 2007.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme for the year ended 31 March 2007 are set out in note 36 to the financial statements.

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions are set out in note 37 to the financial statements.

Directors' Report

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

NON-EXECUTIVE DIRECTORS

Mr. Luk Yat Hung

EXECUTIVE DIRECTORS

Ms. Li Wenli
Mr. Ho Cho Hang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chung Shui Ming, Timpson
Professor Ip Ho Shing, Horace
Mr. Yan Yonghong
Mr. Peng Lijun

The biographical details of the Company's Directors are set out on page 6 of this report.

RETIREMENT OF DIRECTORS

Subject to the retirement by rotation provisions in the articles of association and the requirements of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules, Mr. Luk Yat Hung and Mr. Peng Lijun will retire by rotation accordingly, and being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company for an initial term of one year which shall continue thereafter, subject to the termination provisions thereunder and the rotation and re-election requirements under the articles of associations of the Company.

Save as disclosed herein, none of the Directors has entered into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received from each of Mr. Chung Shui Ming, Timpson, Professor Ip Ho Shing, Horace, Mr. Yan Yonghong and Mr. Peng Lijun an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers the Independent Non-executive Directors to be independent.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in note 14 to the financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2007, the relevant interests or short positions of the Directors and chief executive of the Company 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 (Chapter 571, the Laws of Hong Kong) ("SFO")) which were required to be 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 have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the required standard of dealing by the Directors under the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Director	Nature of Shares Interested	Number of Shares Interested	Approximate Percentage of issued share capital
Mr. Luk Yat Hung *(Note)*	Corporate	21,542,476	23.67%
Mr. Ho Cho Hang	Personal	1,100,000	1.21%

Note: Mr. Luk Yat Hung will be taken to be interested in 21,542,476 shares in the Company as a result of him being beneficially interested in the entire issued share capital of Wide Source Group Ltd. which in turn holds 21,542,476 shares in the Company.

LONG POSITIONS IN UNDERLYING SHARES OF EQUITY DERIVATIVES AND DEBENTURES OF THE COMPANY

As at 31 March 2007, no long positions of the Directors and chief executive in the underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF EQUITY DERIVATIVES AND DEBENTURES OF THE COMPANY

During the year under review, no short positions of the Directors and chief executive in the shares, underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, as at 31 March 2007, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares of equity derivatives 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 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 to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by the Directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors of the Company, as at 31 March 2007, the following persons who had an interest or short position in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:-

Name of Shareholders	*Note*	Number of shares held	Approximate Percentage of shareholding
Wide Source Group Ltd.	1	21,542,476	23.67%
Mr. Luk Yat Hung	2	21,542,476	23.67%
Resuccess Investments Limited	3	15,890,000	17.46%
Tongfang Co. Limited	4	15,890,000	17.46%
Tsinghua Holdings Company Ltd.	5	15,890,000	17.46%
Best Jade Ltd.	6	7,190,000	7.90%
Ms. Li Luyuan	7	7,190,000	7.90%

Notes:

1. Wide Source Group Ltd. ("Wide Source") is a company incorporated in the British Virgin Islands with limited liability and is 100% ultimately and beneficially owned by Mr. Luk Yat Hung.

2. Mr. Luk Yat Hung will be taken to be interested in 21,542,476 shares in the Company as a result of him being beneficially interested in 100% of the issued share capital of Wide Source which in turn holds 21,542,476 shares in the Company.

3. Resuccess Investments Limited is a company incorporated in the British Virgin Islands with limited liabilities and is owned by Tongfang Co. Limited.

4. Tongfang Co. Limited will be taken to be interested in 15,890,000 shares in the Company as a result of it being beneficially interested in 100% of the issued share capital of Resuccess Investments Limited.

5. Tsinghua Holdings Company Ltd. will be taken to be interested in 15,890,000 shares in the Company as a result of it being beneficially interested in 33.06% of the issued share capital of Tongfang Co. Limited.

6. Best Jade Ltd. ("Best Jade") is a company incorporated in the British Virgin Islands with limited liability and is 100% ultimately and beneficially owned by Ms. Li Luyuan.

7. Ms. Li Luyuan will be taken to be interested in 7,190,000 shares in the Company as a result of her being beneficially interested in the entire issued share capital of Best Jade which in turn holds 7,190,000 shares in the Company.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 31 March 2007, no long positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

SHORT POSITIONS IN SHARES OF THE COMPANY

As at 31 March 2007, no short positions of other persons or substantial shareholders in the shares of the Company and its associated corporations were recorded in the register.

SHORT POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 31 March 2007, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

Save as disclosed above, as at 31 March 2007, the Directors were not aware of any other person who has an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which any member of the Group was a party and in which a Director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 March 2007 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As of 31 March, 2007, none of the Directors, the substantial shareholders or the management shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the shareholders of the Company dated 22 October 2003, the Company conditionally adopted and approved a share option scheme (the "New Scheme") to replace the share option scheme adopted on 26 August 2000 (the "Old Scheme"). The principal terms of the New Scheme were set out in the Appendix I to the circular of the Company dated 30 September 2003.

(a) PURPOSE OF THE SCHEME

The purpose of the New Scheme is to enable the Company to grant share options to selected participants as incentives or rewards for their contribution and prospective contribution to and stronger business relationship between the selected participants and the Group.

(b) PARTICIPANTS OF THE SCHEME

Under the New Scheme, the Board shall have the absolute discretion to determine who is a participant in order that such person can participate in the scheme ("Participant"). In exercising such discretion, the Board shall take into account the following factors:

(i) whether such person is an eligible employee, being any executive, employee (whether full time or part time), or director in the employ of any member of the Group or any entity in which any member of the Group holds an equity interest ("Invested Entity"), an adviser of, a consultant of, or a contractor to any member of the Group or any Invested Entity, or whether such person has any relationship (whether business or otherwise) with the Group or any Invested Entity and the duration of such relationship;

(ii) any contributions which have been made by such person to the Group or any Invested Entity in the past and the extent of any such contributions;

(iii) any potential contributions to the Group or any Invested Entity which are considered by the Board such persons would make and the extent of such potential contributions;

(iv) the existing terms of legal and business relationship between such persons and the Group or any Invested Entity; and

(v) the views of the independent non-executive Directors of the Company in considering who is a Participant.

(c) BASIS FOR DETERMINING THE SUBSCRIPTION PRICE

The subscription price shall be a price determined by the Board at its absolute discretion and notified to a Participant provided that it shall be no less than the higher of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the relevant acceptance date, which must be a business day;

(ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the relevant acceptance date; and

(iii) the nominal value of the share of the Company.

An offer of option shall lapse if not accepted on or before the twenty-eighth day from the date such offer is made to a Participant. A nominal consideration of HK$1 is payable by the grantee on acceptance of the grant of an option.

(d) MAXIMUM NUMBERS AVAILABLE FOR ISSUE

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the New Scheme shall not in aggregate exceed 10% of the issued share capital of the Company as at the adoption date ("General Scheme Limit") unless further shareholders' approval is obtained in general meeting, provided that options lapsed in accordance with the terms of the New Scheme will not be counted for the purpose of calculating the General Scheme Limit.

Notwithstanding the foregoing the total number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme shall not exceed 30% of the shares of the Company in issue from time to time.

As at 31 March 2007, the total number of shares available for issue under the New Scheme was 9,099,500 shares representing 10% of the issued share capital of the Company.

(e) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

For each Participant, the total number of shares issued and to be issued upon exercise of all options granted and further to be granted in any 12-month period (including both exercised and outstanding options) and in the 12-month period up to and including the acceptance date (including exercised, cancelled and outstanding options) shall not in isolation or aggregate exceed 1% of the shares, and any grant of option which would result in such limit being exceeded shall be approved by the Company in general meeting with such Participant and any associate thereof abstaining from voting.

(f) TIME OF EXERCISE OF OPTION

An option may be exercised in whole or in part in accordance with the terms of the New Scheme at any time during the period commencing on the first business day from the date of grant of option and expiring at the close of business on a date to be determined and notified by the Directors which shall not be more than 10 years from the date of grant of option.

Unless the Directors otherwise determined and stated at the time of granting the option, there is no minimum period for which an option must be held before it can be exercised.

(g) REMAINING LIFE OF THE SCHEME

The Directors shall be entitled at any time within 10 years commencing on 22 October 2003 to offer the grant of an option to any qualifying participants.

No option has been granted by the Company under both of the Old Scheme and the New Scheme during the year under review or outstanding as at 31 March 2007.

Save as disclosed herein, as at 31 March 2007, none of the Directors, chief executive, substantial shareholders or management shareholders or their respective associates (as defined under the GEM Listing Rules) had any right to subscribe for the shares of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

On 22 October 2003, the Company had conditionally adopted the New Scheme to replace the Old Scheme, pursuant to which the employees and Directors of the Company and its subsidiaries may be granted options to subscribe for Shares of the Company. During the year, no option was granted under both the Old Scheme and the New Scheme.

Save as disclosed above, as at 31 March 2007, none of the Directors, chief executive or their associates had any interests or rights to subscribe for any securities of the Company or any of its associate corporations as defined in the SDI Ordinance.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, its holding company, or any of its fellow subsidiaries a party to any arrangement to enable the Company's Directors (including their spouses or children under 18 years of age) or chief executive of the Company to acquire benefits by means of the acquisition of shares in or debentures of, the Company or any other body corporate.

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

From the date of listing since 8 September 2000 up to the year ended 31 March 2007, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

FIVE-YEAR SUMMARY

A summary of results and of the assets and liabilities of the Group for the last five financial years is set out on page 67 of this report.

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.

AUDITOR

The financial statements for the two financial years ended 31 March 2004 and 2005 were audited by CCIF CPA Limited ("CCIF"). The financial statements for the financial years ended 31 March 2006 and 2007 were audited by RSM Nelson Wheeler. RSM Nelson Wheeler was first appointed as auditor of the Company in March 2006 after the resignation of CCIF.

A resolution to re-appoint the retiring auditor, RSM Nelson Wheeler, will be put at the forthcoming annual general meeting.

On behalf of the Board

Li Wenli
Chief Executive Officer

Hong Kong, 29 June 2007

RSM! Nelson Wheeler
羅 申 美 會 計 師 行
Certified Public Accountants

TO THE SHAREHOLDERS OF TAI SHING INTERNATIONAL (HOLDINGS) LIMITED (INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of Tai Shing International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 66, which comprise the consolidated and Company balance sheets as at 31 March 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants

Hong Kong
29 June 2007

Consolidated Income Statement

For the year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Continuing operations:			
Turnover	6	64,706	72,556
Cost of services and merchandise sold		(52,981)	(55,233)
Gross profit		11,725	17,323
Other income	7	6,896	18,574
Selling expenses		(6,604)	(7,261)
General and administrative expenses		(10,035)	(10,171)
Other expenses	9	(4,066)	(3,642)
(Loss)/Profit from operations		(2,084)	14,823
Finance costs	10	—	(64)
(Loss)/Profit before tax		(2,084)	14,759
Income tax	11	(380)	(333)
(Loss)/Profit for the year from continuing operations		(2,464)	14,426
Discontinued operation:			
Profit for the year from discontinued operation	12	—	129
(Loss)/Profit for the year	13	(2,464)	14,555
Attributable to:			
Equity holders of the Company	15	(2,464)	11,441
Minority interests		—	3,114
		(2,464)	14,555

	Note	2007	2006
(Loss)/Earnings per share	17		
From continuing and discontinued operations:			
Basic		(2.7) HK cents	14.6 HK cents
Diluted		N/A	N/A
From continuing operations:			
Basic		(2.7) HK cents	14.4 HK cents
Diluted		N/A	N/A

Consolidated Balance Sheet

At 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Fixed assets	18	6,894	7,489
Intangible asset	19	2,804	—
		9,698	7,489
Current assets			
Inventories	22	181	140
Financial assets at fair value through profit or loss	23	328	1,727
Gross amounts due from customers for contract work	24	14,076	14,255
Trade and other receivables	25	35,916	42,845
Tax recoverable		228	115
Pledged bank deposits	26	926	3,045
Bank and cash balances	26	10,146	4,796
		61,801	66,923
Current liabilities			
Gross amounts due to customers for contract work	24	8,171	153
Trade and other payables	27	31,957	33,677
Receipts in advance	28	2,149	3,767
Warranty provision	29	858	283
Amount due to a substantial shareholder	30	4,028	11,428
Tax payable		—	1
		47,163	49,309
Net current assets		14,638	17,614
NET ASSETS		24,336	25,103
Capital and reserves			
Share capital	31	4,550	4,550
Reserves		19,786	20,553
EQUITY		24,336	25,103

Approved by the Board of Directors on 29 June 2007.

Li Wenli
Director

Ho Cho Hang
Director

Balance sheet

At 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Fixed assets	18	31	44
Investments in subsidiaries	20	8	8
		39	52
Current assets			
Amounts due from subsidiaries	21	13,883	14,047
Prepayments	25	102	120
Bank balances		16	61
		14,001	14,228
Current liabilities			
Amounts due to subsidiaries	21	6,379	1,574
Other payables	27	1,050	3,901
		7,429	5,475
Net current assets		6,572	8,753
NET ASSETS		6,611	8,805
Capital and reserves			
Share capital	31	4,550	4,550
Reserves	32	2,061	4,255
EQUITY		6,611	8,805

Approved by the Board of Directors on 29 June 2007.

Li Wenli
Director

Ho Cho Hang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000 *Note (a)*	General reserve HK$'000 *Note (b)*	Capital reserve HK$'000 *Note (c)*	Foreign currency translation reserve HK$'000 *Note (d)*	Accumulated (losses)/ profits HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2005	3,755	12,270	—	1,200	(763)	(6,372)	10,090	14,892	24,982
Translation differences and net income recognised directly in equity	—	—	—	—	228	—	228	306	534
Profit for the year	—	—	—	—	—	11,441	11,441	3,114	14,555
Total recognised income and expense for the year	—	—	—	—	228	11,441	11,669	3,420	15,089
Transfer	—	—	466	—	—	(466)	—	—	—
Reserve realised upon disposal of subsidiaries	—	—	—	—	770	—	770	—	770
Acquisition of minority interests in subsidiaries	—	—	—	—	—	—	—	(18,312)	(18,312)
Issue of shares	795	1,779	—	—	—	—	2,574	—	2,574
At 31 March 2006 and at 1 April 2006	4,550	14,049	466	1,200	235	4,603	25,103	—	25,103
Translation differences and net income recognised directly in equity	—	—	—	—	1,697	—	1,697	—	1,697
Loss for the year	—	—	—	—	—	(2,464)	(2,464)	—	(2,464)
Total recognised income and expense for the year	—	—	—	—	1,697	(2,464)	(767)	—	(767)
Transfer	—	—	758	—	—	(758)	—	—	—
At 31 March 2007	**4,550**	**14,049**	**1,224**	**1,200**	**1,932**	**1,381**	**24,336**	**—**	**24,336**

Note:

(a) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) 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 tax to general reserve, which can be used for making good losses and to convert into paid-up capital.

(c) Capital reserve

The capital reserve represents waiver of amount due to a shareholder of the Company during the year ended 31 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.

(d) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(b) to the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit for the year	(2,464)	14,555
Adjustments for:		
Income tax	380	333
Gain on disposal of subsidiaries	—	(3,252)
Gain on acquisition of minority interests in subsidiaries	—	(9,168)
Waiver of debt	—	(239)
Interest income	(116)	(72)
Fair value (gains)/losses on financial assets at fair value through profit or loss	(12)	53
Write back of allowance for trade receivables	(63)	—
Write back of allowance for other receivables	(1,960)	—
Provision for warranty, net	735	283
Depreciation	1,899	2,073
Loss on disposal of fixed assets	73	740
Allowance for trade receivables	3,180	1,723
Allowance for other receivables	886	1,866
Finance costs	—	64
Operating profit before working capital changes	2,538	8,959
Increase in inventories	(41)	(140)
Decrease/(Increase) in financial assets at fair value through profit or loss	1,411	(1,780)
Decrease in amounts due from/to customers for contract work	8,197	10,295
Increase in trade and other receivables	(3,795)	(1,425)
(Decrease)/Increase in trade and other payables	(1,720)	8,969
Decrease in receipts in advance	(1,618)	(1,101)
Decrease in warranty provision	(160)	—
Increase/(Decrease) in amount due to a substantial shareholder	582	(778)
Cash generated from operations	5,394	22,999
Income tax paid		
– Hong Kong Profits Tax paid	—	(327)
– PRC Enterprise Income Tax paid	(484)	(263)
Net cash from operating activities	4,910	22,409

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(1,001)	(914)
Development costs paid		(2,804)	—
Decrease/(Increase) in pledged bank deposits		1,694	(2,062)
Proceeds from disposal of fixed assets		—	95
Disposal of subsidiaries	33	—	(1,155)
Interest received		116	72
Net cash used in investing activities		(1,995)	(3,964)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short term bank loans		—	(16,906)
Interest paid		—	(64)
Net cash used in financing activities		—	(16,970)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,915	1,475
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		5,779	3,917
Effect on foreign exchange rate changes		2,010	387
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		10,704	5,779
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		10,146	4,796
Bank deposits with a short maturity of less than three months when acquired, pledged as security for banking facilities		558	983
		10,704	5,779

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is 24th Floor, Prosperous Commercial Building, 54-58 Jardine's Bazaar, Causeway Bay, Hong Kong. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 20 to the financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2006. HKFRSs comprise all applicable individual Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting polices and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the 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.

The financial statements have been prepared under the historical cost convention, except that financial assets at fair value through profit or loss are carried at their fair values.

The preparation of 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 areas involving critical judgements and areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The significant accounting policies applied in the preparation of the financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

Translation differences on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in the investment revaluation reserve in equity.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

Depreciation of fixed assets is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis as follows:

Leasehold improvements	Over the shorter of lease terms and 5 years
Furniture and fixtures	5 years
Computer and office equipment	5 years
Motor vehicles	8 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(d) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Intangible assets

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development expenditure is recognised only if all of the following conditions are met:

– an asset is created that can be identified (such as software and new processes);

– it is probable that the asset created will generate future economic benefits; and

– the development cost of the asset can be measured reliably.

Internally generated intangible assets are measured initially at cost. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and impairment losses. Amortisation for internally generated intangible assets is provided on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred.

(f) Discontinued operation

A discontinued operation is a component of the Group's business, the operation and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

(i) the post-tax profit or loss of the discontinued operation; and

(ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Systems development contracts

The accounting policy for the revenue derived from systems development services is set out in note 3(o)(i). When the outcome of a systems development contract can be estimated reliably, contract costs are recognised as expenses by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a systems development contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Contracts in progress at the balance sheet date are recorded in the balance sheet at the net amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the balance sheet as the "Gross amounts due from customers for contract work" (as an asset) or the "Gross amounts due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included in the balance sheet under "Trade receivables". Amounts received before the related work is performed are included in the balance sheet, under "Receipts in advance".

(i) Financial assets at fair value through profit or loss

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are either investments held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in the income statement.

(j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(m) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(i) Systems development

Revenue arising from the provision of systems development, maintenance and installation as well as consultancy services is recognised when the underlying services are rendered which is estimated by apportionment over the expected duration of each engagement. When the outcome of a systems development contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable.

(ii) Professional service fees

Professional service fees represent fees for the provision of information technology engineering and technical support services and are recognised when the underlying professional services are rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Revenue recognition (Continued)

(iii) Sale of software and hardware products

Revenue arising from the sale of computer software and hardware products is recognised when the customer has accepted the goods and the related risks and rewards of ownership.

(iv) Training fees

Training fees represent income earned from the provision of training courses, which is recognised when the related courses are held.

(v) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(p) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

(q) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefits scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Taxation

Income tax expense represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

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.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, intangible asset, inventories, gross amounts due from customers for contract work and trade and other receivables. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets (except inventories, gross amounts due from customers for contract work and financial assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

(a) Critical judgements in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

(i) Acquired assets and liabilities in relation to the simulation business

On 7 September 2004 (prior to Beijing Tongfang Electronic Science & Technology Company Limited ("Beijing Tongfang") was acquired by the Group), Beijing Tongfang completed the acquisition of certain assets and liabilities in relation to the simulation business of 北京市清華能源仿真公司 (the "acquired business"). Although the acquired business remained in the books and records of 北京市清華能源仿真公司, the terms of the agreement enable Beijing Tongfang to maintain effective control over the acquired assets and liabilities. In the opinion of the directors, the acquired assets and liabilities are under the Group's control and therefore were consolidated in the financial statements. At 31 March 2007, the net liability value in relation to the simulation business was approximately HK$1,301,000 (2006: net asset value of approximately HK$826,000) and the simulation business accounted for a loss of approximately HK$2,115,000 to the Group's loss for the year (2006: a loss of approximately HK$769,000 to the Group's profit for the year).

(ii) Impairment of intangible asset

In determining whether impairment of the Group's intangible asset is required, the directors evaluate its recoverable amount with reference to expected future cash flows. A considerable amount of judgement is required in estimating the expected future cash flows from the intangible asset. If the recoverable amount is less than the carrying amount of the intangible asset, impairment may be required.

(iii) Allowance for doubtful receivables

In determining whether allowance for doubtful receivables is required, the directors take into consideration the aged status and the likelihood of collection. Following the identification of doubtful receivables, the responsible personnel discuss with the relevant debtors and report on the recoverability. Specific allowance is only made for receivables that are unlikely to be collected. It could change significantly if the debtors' financial positions change.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Fixed assets and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's fixed assets. This estimate is based on the historical experience of the actual useful lives of fixed assets of similar nature and functions. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Revenue and profit recognition

The Group estimates the percentage of completion of the systems development and consultancy service contracts by reference to the estimated total outcome of the systems development and consultancy service contracts as well as the work performed to date. The actual outcomes in terms of total cost or revenue may be different from the estimates at the balance sheet date, such differences will impact the revenue and the profit or loss recognised in the period in which such determination is made. Budget cost or revenue of each project will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

(iii) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

As a result of the Group's significant operations in the PRC, other than Hong Kong, the Group can be affected significantly by movements in Renminbi ("RMB")/Hong Kong dollars exchange rate. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

The Group's financial assets at fair value through profit or loss are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. The directors manage this exposure by maintaining a portfolio of investments with difference risk profiles.

(c) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 March 2007 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. The Group's credit risk is primarily attributable to its trade and other receivables (except prepayments) and gross amounts due from customers for contract work. The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral on trade and other receivables and gross amounts due from customers for contract work. The Group maintains an allowance for impairment of trade accounts and the directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are high credit quality banks.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(e) Interest rate risk

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances.

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated balance sheet approximate their respective fair values.

6. TURNOVER

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

	2007 HK$'000	2006 HK$'000
Continuing operations		
Systems development	60,985	61,220
Professional service fees	3,721	11,078
Software and hardware products	—	258
	64,706	72,556
Discontinued operation		
Training fees	—	191
	64,706	72,747

7. OTHER INCOME

	2007 HK$'000	2006 HK$'000
Gain on disposal of subsidiaries	—	3,252
Gain on acquisition of minority interests in subsidiaries	—	9,168
Gain on disposal of financial assets at fair value through profit or loss	405	1,294
Fair value gains on financial assets at fair value through profit or loss	12	—
Value added tax refund *(note)*	4,089	4,499
Write back of allowance for trade receivables	63	—
Write back of allowance for other receivables	1,960	—
Waiver of debt	—	239
Interest income	116	72
Sundry income	251	50
	6,896	18,574

Note: A tax concession has been granted by the PRC tax authorities to the Company's subsidiary, 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 income.

8. SEGMENT INFORMATION

(a) Primary reporting format - business segments

During the year ended 31 March 2007, the Group has reorganised its operational structure and has classified its operations into the following continuing business segments:

Systems development	–	Provision of systems development, maintenance and installation as well as consulting services
Professional services	–	Provision of information technology engineering and technical support services
Software and hardware products	–	Sales of computer software and hardware products

8. SEGMENT INFORMATION (Continued)

(a) Primary reporting format - business segments (Continued)

	Continuing operations						Discontinued operation			
	Systems development		Professional services		Software and hardware products		Training		Consolidated	
	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000
Revenue from external customers	60,985	61,220	3,721	11,078	—	258	—	191	64,706	72,747
Segment results	1,745	2,270	1,497	3,951	—	252	—	129	3,242	6,602
Interest income									116	72
Unallocated income and expenses									(5,442)	8,278
									(2,084)	14,952
Finance costs									—	(64)
Income tax									(380)	(333)
(Loss)/Profit for the year									(2,464)	14,555
Assets										
Segment assets	55,103	58,511	3,563	9,099	—	—	—	—	58,666	67,610
Unallocated assets									12,833	6,802
Total assets									71,499	74,412
Liabilities										
Segment liabilities	29,682	27,722	939	218	—	—	—	—	30,621	27,940
Unallocated liabilities									16,542	21,369
Total liabilities									47,163	49,309
Other information										
Capital expenditure	3,653	749	149	132	—	—	—	—	3,802	881
Unallocated capital expenditure									3	33
									3,805	914
Depreciation	796	852	120	130	—	—	—	—	916	982
Unallocated depreciation									983	1,091
									1,899	2,073
Loss on disposal of fixed assets	57	200	10	35	—	—	—	—	67	235
Unallocated loss on disposal of fixed assets									6	505
									73	740
Allowance for trade and other receivables	3,902	3,064	—	525	—	—	—	—	3,902	3,589
Unallocated allowance for trade and other receivables									164	—
									4,066	3,589

8. SEGMENT INFORMATION (Continued)

(b) Secondary reporting format - geographical segments

For the years ended 31 March 2007 and 2006, 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.

9. OTHER EXPENSES

	2007	2006
	HK$'000	HK$'000
Allowance for trade receivables	3,180	1,723
Allowance for other receivables	886	1,866
Fair value losses on financial assets at fair value through profit or loss	—	53
	4,066	3,642

10. FINANCE COSTS

Finance costs represented interest on bank loans in previous year.

11. INCOME TAX

	2007	2006
	HK$'000	HK$'000
(a) Income tax in the income statement represents:		
Current tax		
PRC Enterprise Income Tax	375	441
Under/(Over)-provision in previous years		
Hong Kong Profits Tax	—	183
PRC Enterprise Income Tax	5	(291)
	5	(108)
	380	333

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year.

Pursuant to the relevant laws and regulations in the PRC, Beijing Tongfang is subject to PRC Enterprise Income Tax at a rate of 15% on its taxable income and is granted a 50% relief, which is effective from 1 January 2004 to 31 December 2006 ("Tax Holidays"). After the Tax Holidays, Beijing Tongfang is subject to a preferential Enterprise Income Tax rate of 10% which is effective from 1 January 2007 to 31 December 2009, as it is qualified as an advanced technology enterprise.

11. INCOME TAX (Continued)

(b) The reconciliation between income tax and the product of (loss)/profit before tax multiplied by the applicable tax rate is as follows:

	2007 HK$'000	2006 HK$'000
(Loss)/Profit before tax		
Continuing operations	(2,084)	14,759
Discontinued operation	—	129
	(2,084)	14,888
Tax at the applicable tax rate of 10% (2006: 15%)	(208)	2,233
Tax effect of income subject to Tax Holidays	(110)	(434)
Tax effect of income that is not taxable	(622)	(2,716)
Tax effect of expenses that are not deductible	746	912
Under/(Over)-provision in previous years	5	(108)
Tax effect of tax losses not recognised	128	481
Tax effect of utilisation of tax losses not previously recognised	(178)	(19)
Tax effect of unrecognised temporary differences	618	(16)
Tax effect of different tax rates in other regions of PRC	1	—
Income tax	380	333

The Group's activities are substantially carried out in the PRC. In preparation of the above reconciliation, the PRC Enterprise Income Tax rate of 10% (2006: 15%) has been taken as the applicable tax rate.

(c) Deferred taxation:

At 31 March 2007, the Group had unused tax losses of approximately HK$20,485,000 (2006: HK$20,960,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the above unused tax losses due to the unpredictability of future profit streams. Included in the above unused tax losses are losses of approximately HK$1,284,000 (2006: HK$1,715,000) that will expire after five years from the year of assessment they relate to. Other unused tax losses may be carried forward indefinitely.

At 31 March 2007, the Group also had deductible temporary differences of approximately HK$19,695,000 (2006: HK$13,011,000). No deferred tax asset has been recognised in relation to the above deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

12. DISCONTINUED OPERATION

On 24 January 2006, the Group entered into a sale and purchase agreement to dispose of its entire 100% equity interest in Absolute Great Technology Limited ("Absolute Great") at a consideration of HK$10,000. Absolute Great together with its subsidiaries was engaged in the provision of systems development, technical support and training services. The disposal was completed on 26 January 2006. As Absolute Great carried out all of the Group's training service, upon completion of the disposal of Absolute Great, the Group discontinued its business of training service.

The results of the discontinued operation for the period from 1 April 2005 to 26 January 2006 are as follows:

	Period ended 26 January 2006 HK$'000
Turnover	191
Cost of services	(62)
Profit before tax	129
Income tax	—
Profit for the period	129

The discontinued operation did not have a significant impact on the Group's cash flows for the prior year.

No tax charge or credit arose in respect of the discontinued operation.

13. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging the following:

	2007 HK$'000	2006 HK$'000
Auditor's remuneration		
– Audit		
Current year	800	680
Over-provision in previous years	—	(50)
	800	630
– Others	160	—
	960	630
Depreciation	1,899	2,073
Loss on disposal of fixed assets	73	740
Net foreign exchange losses	6	—
Operating lease charges in respect of land and buildings	2,278	2,043
Research and development expenditure	499	101
Staff costs (excluding directors' emoluments *(note 14)*)		
Wages, salaries and other benefits	17,535	18,867
Retirement benefits scheme contributions	1,209	1,219
	18,744	20,086

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director are as follows:

Year ended 31 March 2007

Name of director	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Li Wenli	30	—	—	30
Ho Cho Hang	120	—	—	120
Luk Yat Hung	—	—	—	—
Chung Shui Ming Timpson	120	—	—	120
Ip Ho Shing Horace	120	—	—	120
Peng Lijun	30	—	—	30
Yan Yonghong	30	—	—	30
	450	—	—	450

Year ended 31 March 2006

Name of director	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Li Wenli	30	157	13	200
Ho Cho Hang	30	—	—	30
Luk Yat Hung	220	—	—	220
Chung Shui Ming Timpson	120	—	—	120
Ip Ho Shing Horace	120	—	—	120
Peng Lijun	30	—	—	30
Yan Yonghong	30	—	—	30
	580	157	13	750

There was no arrangement under which a director waived or agreed to waive any emoluments during the years.

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Of the five individuals with the highest emoluments, none (2006: none) are directors. The aggregate of the five highest paid individuals' emoluments are as follows:

	2007 HK$'000	2006 HK$'000
Salaries and other benefits	1,054	1,369
Retirement benefits scheme contributions	88	45
	1,142	1,414

The emoluments fell within the following band:

	Number of individuals 2007	 2006
Nil - HK$1,000,000	5	5

During the years ended 31 March 2007 and 2006, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. (LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The (loss)/profit for the year attributable to equity holders of the Company dealt with in the financial statements of the Company was a loss of approximately HK$2,194,000 (2006: HK$1,178,000) (note 32).

16. DIVIDENDS

The directors do not recommend the payment of any dividend (2006: Nil) in respect of the year.

17. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

From continuing and discontinued operations

The calculation of basic (loss)/earnings per share attributable to equity holders of the Company is based on the loss attributable to equity holders of the Company of approximately HK$2,464,000 (2006: profit of approximately HK$11,441,000) and the weighted average number of 90,995,000 (2006: 78,587,740) ordinary shares in issue during the year.

From continuing operations

The calculation of basic (loss)/earnings per share from continuing operations attributable to equity holders of the Company is based on the loss attributable to equity holders of the Company of approximately HK$2,464,000 (2006: profit of approximately HK$11,312,000) and the weighted average number of 90,995,000 (2006: 78,587,740) ordinary shares in issue during the year.

From discontinued operation

Basic earnings per share for discontinued operation in the prior year was 0.2 HK cents per share based on the profit for the prior year from discontinued operation of approximately HK$129,000 and the weighted average number of 78,587,740 ordinary shares in issue during the prior year.

(b) Diluted (loss)/earnings per share

There were no dilutive potential shares in issue during the years ended 31 March 2007 and 2006. Accordingly, no diluted (loss)/earnings per share has been presented.

18. FIXED ASSETS

The Group

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2005	1,982	61	3,244	4,687	9,974
Additions	—	—	914	—	914
Disposals	(637)	—	(481)	(179)	(1,297)
Disposal of subsidiaries	(22)	(19)	(230)	—	(271)
Exchange differences	31	—	52	85	168
At 31 March 2006	1,354	42	3,499	4,593	9,488
Additions	—	—	1,001	—	1,001
Disposals	—	—	(221)	—	(221)
Exchange differences	78	—	195	266	539
At 31 March 2007	**1,432**	**42**	**4,474**	**4,859**	**10,807**
Accumulated depreciation					
At 1 April 2005	86	9	357	37	489
Charge for the year	411	21	936	705	2,073
Disposals	(132)	—	(298)	(32)	(462)
Disposal of subsidiaries	(8)	(8)	(106)	—	(122)
Exchange differences	5	—	10	6	21
At 31 March 2006	362	22	899	716	1,999
Charge for the year	279	9	900	711	1,899
Disposals	—	—	(148)	—	(148)
Exchange differences	29	—	73	61	163
At 31 March 2007	**670**	**31**	**1,724**	**1,488**	**3,913**
Carrying amount					
At 31 March 2007	**762**	**11**	**2,750**	**3,371**	**6,894**
At 31 March 2006	992	20	2,600	3,877	7,489

18. FIXED ASSETS (Continued)

The Company

	Furniture and fixtures HK$'000	Computer and office equipment HK$'000	Total HK$'000
Cost			
At 1 April 2005 and at 31 March 2006	43	32	75
Additions	—	3	3
Disposals	—	(3)	(3)
At 31 March 2007	**43**	**32**	**75**
Accumulated depreciation			
At 1 April 2005	4	2	6
Charge for the year	19	6	25
At 31 March 2006	23	8	31
Charge for the year	8	6	14
Disposals	—	(1)	(1)
At 31 March 2007	**31**	**13**	**44**
Carrying amount			
At 31 March 2007	**12**	**19**	**31**
At 31 March 2006	20	24	44

19. INTANGIBLE ASSET

The Group

	Development costs (internally generated) HK$'000
Cost and carrying amount	
Additions and at 31 March 2007	2,804

The Group's intangible asset arose from the development of distributed component oriented simulation environment. During the year, there was no amortisation on the intangible asset as it was not yet available for use.

20. INVESTMENTS IN SUBSIDIARIES

	The Company 2007 HK$'000	2006 HK$'000
Unlisted investments, at cost	8	8

Particulars of the principal subsidiaries as at 31 March 2007 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued share capital/ registered capital	Kind of legal entity	Percentage of ownership interest Direct	Indirect	Principal activities
Acon Enterprises Limited	British Virgin Islands	US$1,000	Limited liability company	100%	—	Investment holding
Tongfang Electronic Company Limited	British Virgin Islands	US$65	Limited liability company	—	100%	Investment holding
Tongfang Electronic (Hong Kong) Company Limited	Hong Kong	HK$100,000	Limited liability company	—	100%	Investment holding
Beijing Tongfang	PRC	US$4,300,000	Wholly foreign-owned enterprise	—	100%	Research, development and provision of integrated management information system

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

21. AMOUNTS DUE FROM/TO SUBSIDIARIES – The Company

The amounts are unsecured, interest-free and have no fixed terms of repayment.

22. INVENTORIES

	The Group	
	2007	2006
	HK$'000	HK$'000
Raw materials	181	140

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2007	2006
	HK$'000	HK$'000
Equity securities listed in the PRC, at fair value	328	1,727

The above financial assets are classified as held for trading. The fair values of these financial assets are based on quoted market prices.

24. GROSS AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	The Group	
	2007	2006
	HK$'000	HK$'000
Contract costs incurred plus recognised profits less recognised losses to date	111,067	79,287
Less: Progress billings	(105,162)	(65,185)
	5,905	14,102
Gross amounts due from customers for contract work	14,076	14,255
Gross amounts due to customers for contract work	(8,171)	(153)
	5,905	14,102

25. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**20,718**	23,239	**—**	—
Retention receivables	**4,905**	2,590	**—**	—
Prepayments, deposits and other receivables	**10,293**	17,016	**102**	120
	35,916	42,845	**102**	120

Trade receivables are due for settlement in accordance with the terms of the underlying agreements with the customers. Trade debtors 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 receivables, net of allowance is as follows:

	The Group	
	2007	2006
	HK$'000	HK$'000
0-30 days	**2,585**	125
31-90 days	**1,310**	1,216
Over 90 days	**16,823**	21,898
	20,718	23,239

At 31 March 2007, amounts of approximately HK$3,182,000 (2006: HK$523,000) included in retention receivables are due for settlement after more than 12 months.

26. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group's bank deposits of approximately HK$926,000 (2006: HK$3,045,000) were pledged to banks to secure performance bond issued for the Group (note 38(a)).

At 31 March 2007, the Group's pledged bank deposits and bank and cash balances denominated in RMB amounted to approximately HK$10,980,000 (2006: HK$7,704,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

27. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**12,730**	9,881	**—**	—
Other payables	**19,227**	23,796	**1,050**	3,901
	31,957	33,677	**1,050**	3,901

An aged analysis of trade payables is as follows:

	The Group	
	2007	2006
	HK$'000	HK$'000
0-30 days	**829**	276
31-90 days	**189**	624
Over 90 days	**11,712**	8,981
	12,730	9,881

Included in other payables are amounts in total of approximately HK$236,000 (2006: HK$366,000) representing accrued directors' fees due to the Company's directors.

28. RECEIPTS IN ADVANCE – The Group

Receipts in advance represented advance payments of service fees from customers pursuant to the respective service contracts.

29. WARRANTY PROVISION

	The Group
	HK$'000
At 1 April 2006	283
Utilisation of provision	(160)
Reversal of unused provision	(70)
Provision for the year	805
At 31 March 2007	**858**

The Group provides warranties to its customers on systems development in accordance with terms and conditions as stipulated in contracts, under which defective works are rectified. The amount of warranty provision is the directors' best estimation of the Group's liability under 1 to 2 year warranty granted based on the past experience of the level of defective works.

30. AMOUNT DUE TO A SUBSTANTIAL SHAREHOLDER – The Group

The amount due to a substantial shareholder, Tongfang Co., Ltd. ("Tongfang") is unsecured, interest-free and repayable on demand.

31. SHARE CAPITAL

	Number of shares	HK$'000
Authorised:		
At 31 March 2006 and 31 March 2007		
Ordinary shares of HK$0.05 each	4,000,000,000	200,000
Issued and fully paid:		
At 1 April 2005	75,105,000	3,755
Issue of shares	15,890,000	795
At 31 March 2006 and 31 March 2007	**90,995,000**	**4,550**

In the prior year, 15,890,000 ordinary shares of HK$0.05 each of the Company were issued and allotted, at the fair value of HK$0.162 per share at the date of exchange, as the consideration for the acquisition of minority interests in subsidiaries. The premium arose from the issue of shares of approximately HK$1,779,000 was credited to the share premium account. These shares rank pari passu in all respects with the then existing ordinary shares of the Company.

32. RESERVES

(a) The Group

The amount of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) The Company

	Share premium HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2005	12,270	1,200	(9,816)	3,654
Loss for the year	—	—	(1,178)	(1,178)
Issue of shares	1,779	—	—	1,779
At 31 March 2006 and 1 April 2006	14,049	1,200	(10,994)	4,255
Loss for the year	—	—	(2,194)	(2,194)
At 31 March 2007	**14,049**	**1,200**	**(13,188)**	**2,061**

33. DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries in the prior year are as follows:

	2006
	HK$'000
Net assets disposed of:	
Fixed assets	149
Available-for-sale financial asset	1,421
Trade and other receivables	2,604
Amounts due from group companies	51
Bank and cash balances	366
Other payables	(224)
Receipts in advance	(737)
Short term bank loan	(75)
Amounts due to group companies	(1,612)
Tax payable	(184)
	1,759
Exchange reserve released	770
Direct costs incurred	949
Gain on disposal of subsidiaries	3,252
Total consideration	6,730
Satisfied by:	
Cash	160
Acquisition of minority interests in subsidiaries	6,570
	6,730
Net cash outflow arising on disposal of subsidiaries:	
Cash consideration received	160
Direct costs incurred	(949)
Cash and cash equivalents disposed of	(366)
	(1,155)

34. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2007, repayment of amount due to a substantial shareholder of approximately HK$8,681,000 (2006: HK$10,941,000) was satisfied by transferring the same amount of trade and other receivables.

35. LEASE COMMITMENTS

At 31 March 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2007	2006
	HK$'000	HK$'000
Within one year	**179**	1,636
In the second to fifth years inclusive	**108**	—
	287	1,636

The Group leases a number of properties under operating leases. The leases are negotiated for terms ranging from one year to two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

36. RETIREMENT BENEFITS SCHEMES

Hong Kong

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Contributions are made based on a percentage of the employees' relevant income and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

PRC, other than Hong Kong

The Group also participates in pension schemes, which are essentially defined contribution schemes, organised by the government in the PRC. The Group is required to contribute a certain percentage of the payroll of its employees to the pension schemes in the PRC. Contributions are charged to the income statement as they become payable in accordance with the rules of the pension schemes. No forfeited contributions may be used by the employer to reduce the existing level of contributions.

37. RELATED PARTY TRANSACTIONS

The key management personnel of the Group comprises all directors, details of their emoluments are disclosed in note 14.

In addition to those related party transactions and balances disclosed elsewhere in the financial statements and the above key management personnel emoluments, the Group did not have any other significant related party transactions during the year.

38. CONTINGENT LIABILITIES

(a) At 31 March 2007, the Group's bank deposits of approximately HK$926,000 (2006: HK$3,045,000) were pledged to two banks for bank guarantees of approximately HK$3,203,000 (2006: HK$3,045,000) issued to certain customers on the performance of contracts under systems development. A corporate guarantee executed by an investee company of Tongfang was also issued to one of the banks in respect of bank guarantees issued of approximately HK$3,148,000 (2006: 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 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 believe that the Company has strong defence in this action and therefore, no provision for liabilities was made.

39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29 June 2007.

Five Year Summary

	For the year ended 31 March				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**64,706**	72,556	30,347	18,150	37,698
(Loss)/Profit before tax	**(2,084)**	14,759	25	(6,605)	(56,904)
Income tax	**(380)**	(333)	(614)	(327)	75
(Loss)/Profit for the year from continuing operations	**(2,464)**	14,426	(589)	(6,932)	(56,829)
Profit for the year from discontinued operation	—	129	128	—	—
(Loss)/Profit for the year	**(2,464)**	14,555	(461)	(6,932)	(56,829)
Attributable to:					
Equity holders of the Company	**(2,464)**	11,441	(1,999)	(6,932)	(56,829)
Minority interests	—	3,114	1,538	—	—
	(2,464)	14,555	(461)	(6,932)	(56,829)

	At 31 March				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**71,499**	74,412	99,877	5,492	15,777
Total liabilities	**(47,163)**	(49,309)	(74,895)	(4,482)	(10,340)
	24,336	25,103	24,982	1,010	5,437
Equity attributable to equity holders of the Company	**24,336**	25,103	10,090	1,010	5,437
Minority interests	—	—	14,892	—	—
Net assets	**24,336**	25,103	24,982	1,010	5,437

Comparative figures for 2004 and 2003 have not been restated to reflect the change, details of which are disclosed in note 3 and 4 to the financial statements for the year ended 31 March 2006, as the directors are of the opinion that the benefit derive from fully restated figures would not justify the cost of such restatement.

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