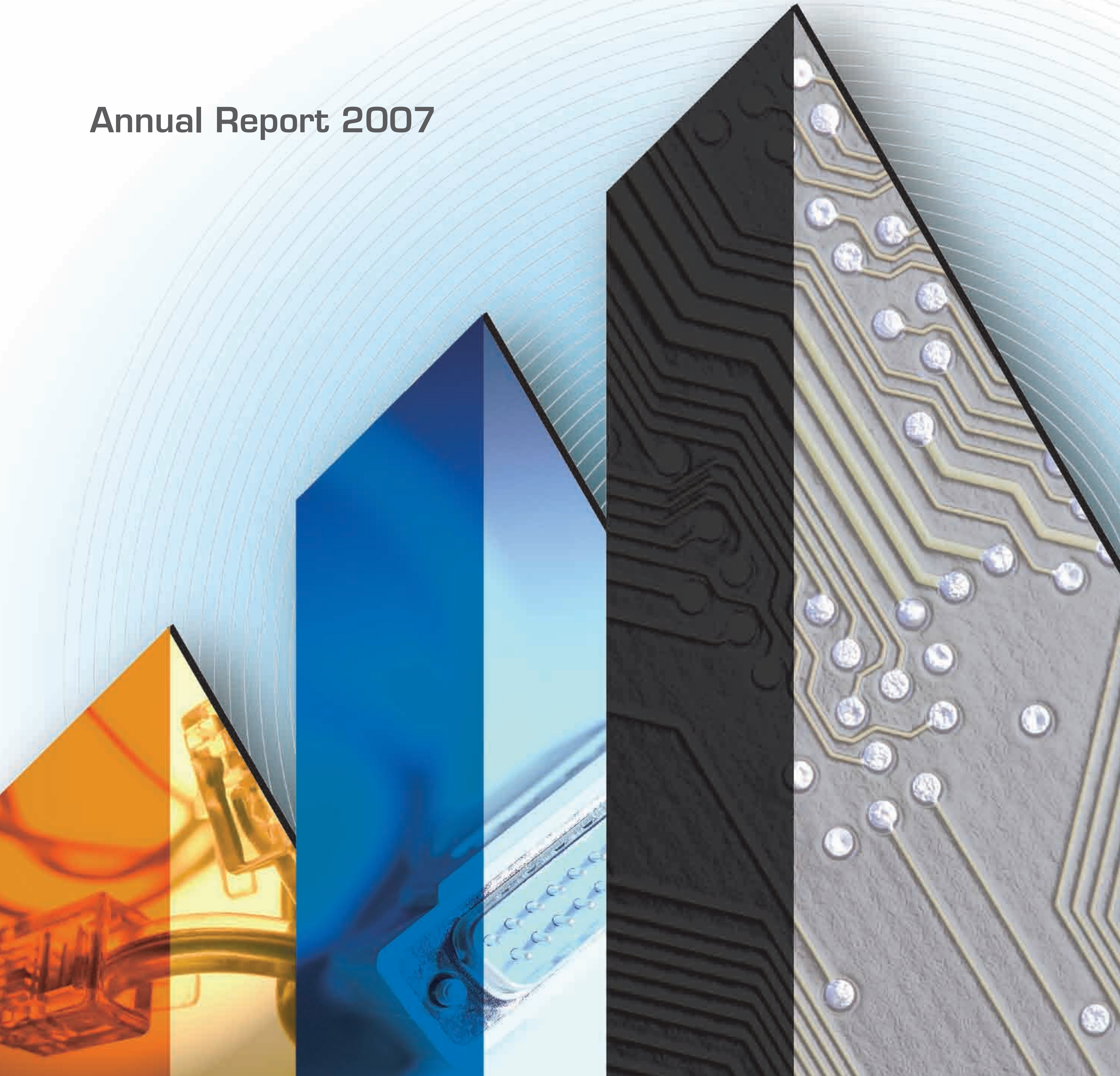
GOLDING SOFT LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8190)

Annual Report 2007



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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 Golding Soft Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this 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

EXECUTIVE DIRECTORS

Mr. Li Jiahui
Mr. Huang Boqi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ngai Sang, Kenny
Mr. Xing Fengbing
Mr. Chan Kin Sang

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3605, 36/F., Tower One
Lippo Centre
89 Queensway
Hong Kong

REGISTERED OFFICE

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

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Leung Wai Ping, Noel, CPA, FCCA, ACA

AUTHORISED REPRESENTATIVES

Mr. Li Jiahui
Mr. Leung Wai Ping, Noel

COMPLIANCE OFFICER

Mr. Li Jiahui

AUDITORS

Grant Thornton
Certified Public Accountants

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications
Industrial and Commercial Bank of China
Nanchang Commercial Bank

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
P.O. Box 513 G.T.
Strathvale House, North Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDIT COMMITTEE

Mr. Chan Ngai Sang, Kenny
Mr. Xing Fengbing
Mr. Chan Kin Sang

WEBSITE ADDRESS

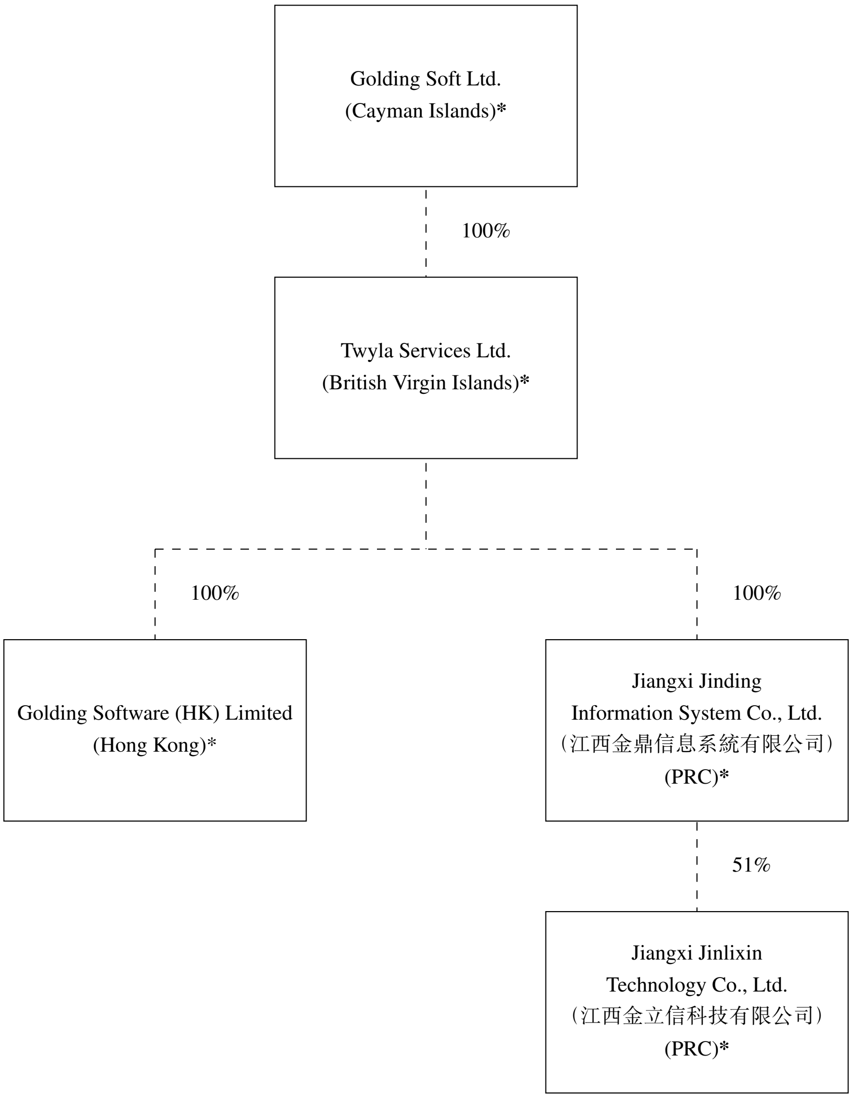
www.goldingsoft.com

STOCK CODE

8190

GROUP STRUCTURE

The following chart sets out the structure of the Company and its subsidiaries:



* *place of incorporation*

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Golding Soft Limited, I hereby present to our shareholders the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2007 (the "year").

RESULTS

The financial and business highlights of the Group for the year ended 30 June 2007 are presented as follows:

	Continuing operations		**Discontinued operations**		**Total**	
	2007	2006	**2007**	2006	**2007**	2006
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue	**5,459**	2,015	**26,917**	36,550	**32,376**	38,565
(Loss)/Profit attributable to equity holders of the Company	**(3,179)**	(20,842)	**(3,808)**	247	**(6,987)**	(20,595)
Loss per share						
– basic	**(0.26 cents)**	(2.05 cents)	**(0.32 cents)**	0.02 cents	**(0.58 cents)**	(2.03 cents)
– diluted	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A

On 30 June 2007, the Group terminated the system solutions segment and the results of this segment for the years ended 30 June 2006 and 2007 are presented as discontinued operations in this report.

No dividends has been paid or declared by the Company during the years ended 30 June 2007 and 2006.

CHAIRMAN'S STATEMENT

PROSPECTS AND APPRECIATION

Although we are facing with the high competition in the IT industry in China, we are optimistic of the business opportunities in the area. Looking forward, we will continue to focus on our resources in the China market and pursue high-profit margin software development projects in order to improve our performance.

The Directors wish to inform shareholders that in July 2007, the Group has entered into an acquisition agreement to acquire 55% equity interest in Highway Bright which is principally engaged in the manufacture and sale of satellite and telecommunication products. We believe that the Group will benefit from such acquisition as it would enhance our business potential, generate additional revenues and significantly increase our profitability for the Group. We expect to complete the acquisition transaction by December 2007.

Finally, on behalf of the Board, I would like to express my gratitude to the management and staff of the Group for their effort and dedication particularly in the harsh economic environment. I would also like to thank our shareholders, business associates, customers and suppliers for their continuous support. The management and staff will continue to work diligently to improve the performance.

Li Jiahui
Chairman

Hong Kong
8 August 2007

MANAGEMENT DISCUSSION AND ANALYSIS

At 30 June 2007, the Group ceased its system solutions segment and the results of this segment for the year ended 30 June 2006 and 2007 are recorded as discontinued operations in this report.

The following sections provide a detailed review and analysis of the results and segmental performance of the Group for the financial year ended 30 June 2007.

FINANCIAL REVIEW

Revenue and gross profit

Continuing operations

Continuing operations comprise of the segments of ODM and proprietary packaged software.

In the continuing operations, the Group generated revenue of RMB5,458,800, representing an increase of approximately 170.9% as compared to that in previous year. This was mainly attributable to the increase of revenue from the provision of ODM software. The gross profit margin ratio for the year ended 30 June 2007 was 62.5% while it was 12.6% in previous year. The increase in gross profit margin was mainly due to the increase in the revenue while the cost of sales, mainly consisting of labour cost and depreciation, which are relatively fixed in nature. During the year, the new clients under the continuing operations included Nanchang Municipal Bureau of Radio and Television（南昌市廣播電視局）.

The selling and distribution costs for the year were RMB769,940, representing a decrease of approximately 85.7% from last year. The decrease was mainly due to the reduction of staff costs as a result of the staff redundancy programme since December 2005 and the decrease in advertising and promoting activities incurred in PRC and overseas.

The administrative expenses for the year were RMB5,161,826, representing a decrease of approximately 38.9%. The decrease was mainly due to a decrease in staff costs resulting from the staff redundancy programme since December 2005.

Other operating expenses for the year were RMB1,548,027, representing a decrease of 81.1% from last year. The decrease was mainly due to the decrease in the staff costs incurred in the research and development department.

MANAGEMENT DISCUSSION AND ANALYSIS

Discontinued operations

Discontinued operations comprise of system solutions segment and their results are presented in note 10 to the financial statements.

In the discontinued operations, the Group generated revenue of RMB26,917,193, representing a decrease of approximately 26.4% as compared to that in previous year. This was mainly attributable to the decrease in sales of computer hardware. The gross loss margin ratio for the year ended 30 June 2007 was 8.5% while the gross profit margin was 2.4% in previous year. The gross loss margin in this year was mainly due to the sales of computer hardware at the price lower than their cost upon the cessation of business.

The selling and distribution costs for the year were RMB287,072, representing an increase of approximately 84.4% from last year. The increase was mainly due to the increase in the salaries and bonus of selling and marketing staff.

The administrative expenses for the year were RMB487,284, representing a decrease of approximately 34.8%. The decrease was mainly due to a decrease in staff costs resulting from the decrease in the number of administrative staff.

Other operating expenses for the year were RMB1,155,694, representing an increase of 304.1% from last year. The increase was mainly due to the increase in provision for impairment of trade and other receivables, inventories and property, plant and equipment respectively.

Liquidity and financial resources

The Group generally finances its operation with internally generated cash flow. As at 30 June 2007, the cash and bank balances of the Group amounting to of RMB17,646,409 (2006: RMB22,757,685) and the net current assets of the Group amounted to RMB14,104,929 (2006: RMB20,483,249).

Charges on the Group's asset

The Group did not have any charges on its assets during the year.

Gearing Ratio

The Group expresses its gearing ratio (if any) as a percentage of bank borrowing and long term debts over total assets. As at 30 June 2007 and 2006, the Group did not have any bank borrowing or long term debts.

MANAGEMENT DISCUSSION AND ANALYSIS

Treasury policies and capital structure

Any surplus fund derived from operating activities will be strategically placed in savings account and short term time deposits with original maturity of less than three months which secures the Group's liquidity position in meeting its daily operating needs.

Exposure to Exchange Rate Risks

The Group does not have significant foreign currency risk as the sales and purchases are predominantly in RMB.

Contingent liabilities

As at 30 June 2007, the Group and the Company did not have any significant contingent liabilities.

Employee information

For the year ended 30 June 2007, the staff cost, excluding directors' remuneration, amounted to RMB3,714,509 (including RMB3,361,508 and RMB353,001 from continuing and discontinued operations respectively) (2006: RMB10,480,728, including RMB10,057,251 and RMB423,477 from continuing and discontinued operations respectively) while the directors' remuneration amounted to approximately RMB1,131,249 (2006: RMB1,156,574). The directors' emolument was determined on the basis comparable with other GEM listed companies in similar size and business industry. The employee remuneration was commensurate with individual performance and experience and subject to the periodic review of the senior management of the Group.

In order to maintain the standard of the Group's services and for purpose of staff development, the Group provided comprehensive training programs for its staff.

The Group had adopted a share option scheme whereby certain employees may be granted options to acquire the shares of the Company. No options have been granted or agreed to be granted under the Scheme since its effective date on 24 January 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in three inter-related business segments namely, provision of original design manufacturing ("ODM") software, provision of proprietary packaged software and provision of system solutions.

During the year, the Group maintained the ISO9001:2000 Certification. The success in the compliance of ISO9001:2000 standard in the Group's quality management system verifies its dedication to continuous improvement on product quality and standard.

For the year ended 30 June 2007, the details of the Group's three primary business segments are shown as follows:

Provision of ODM software

Software outsourcing continues to be a trend in the development of global software market. The Group's core strategy is to establish and maintain long-term relationship with international technology vendors in order to keep abreast of the latest software development trend.

This segment includes the e-government projects.

The ODM software market in the PRC has continued to grow over the past years. By leveraging the Group's expertise in this segment, the Group has successfully won various software projects in Jiangxi Province, PRC.

Provision of proprietary packaged software

The packaged software market in the PRC encountered an intense competition. This affected the Group's sales of proprietary packaged software. To raise the competitiveness, the Group has continuously upgraded its existing packaged software, Zee Web (for PRC private enterprises) and Interoffice (for civil services) and developed innovative packaged software for different industries.

Provision of system solutions

This segment is comprised of the e-business solutions. At 30 June 2007, the Group decided to cease the operation of this segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Sales and marketing

The Group has been actively participating in bidding for the e-government projects in Jiangxi Province, the PRC. The Group has been recognised as "Jiangxi, Provincial Enterprise Information Advanced Work Unit" (江西省企業信息化先進單位) for the past three years.

The Group proactively carries out various marketing activities. The Group has participated in certain trade shows including the International ICT Expo in Hong Kong and other shows in the PRC. These trade shows provide the avenue for the Group to meet with existing and potential customers, and to launch its latest products.

The Group also advertised in major IT magazines, issued press releases and arranged products training for authorized agents and alliance partners to increase publicity. The Group has also arranged visits of well-known persons to the Group's R&D centre in Nanchang City, the PRC, in order to promote its public awareness.

RESEARCH AND DEVELOPMENT

During the year, the Group has completed the development of proprietary packaged software, Interoffice, for domestic and overseas market.

STRATEGIC ALLIANCES

The Group's strategic partnerships with PRC renowned educational institutions including Nanchang University and Jiangxi University of Finance and Economics not only improves the Group's R&D capabilities but also allows it to gain access to recruit top level IT professionals in the PRC. During the year, the Group has also arranged seminars on IT in cooperation with Nanchang University and Jiangxi University of Finance and Economics in the PRC.

OUTLOOK

Looking forward, the Group, while focusing on its resources in the PRC, is also looking to expand to the overseas market. In addition, the Group will continue to pursue high-profit margin software development projects in order to improve the Group's performance.

The Directors wish to inform shareholders that in July 2007, the Group entered into an acquisition agreement to acquire 55% equity interest in Highway Bright Holdings Limited which is principally engaged in the manufacture and sale of satellite and telecommunication products as detailed in note 15 "Event after balance sheet date" in the note 30 to the financial statements. We believe that the Group will benefit from such acquisition as it would enhance our business potential, generate additional revenues and significantly increase our profitability for the Group.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

EXECUTIVE DIRECTORS

Mr. Li Jiahui（李佳輝）, aged 47, is the chairman of the board of Directors of the Company, an executive Director and one of the founders of the Group. Mr. Li is responsible for the overall strategic planning and development of the Group. Mr. Li graduated from Wuhan Technical Institute（武漢工學院）with a university diploma in machinery design and manufacturing in 1982 and has also pursued studies in Japan. Mr. Li has substantial working experience in business planning and development and the IT industry. Mr. Li was appointed as an executive Director in September 2001.

Mr. Huang Boqi（黃伯麒）, aged 42, is an executive Director of the Company and is responsible for the general administration of the Group. Mr. Huang joined the Group in October 1998 and has over 12 years of experience in corporate management including international sales and marketing. Mr. Huang holds a bachelor degree in engineering from South China Technical Institute（華南工學院）and a master degree in economics from Jiangxi University of Finance and Economics（江西財經大學）in the PRC. Mr. Huang was designated by the Jiangxi Provincial People's Government（江西省人民政府）and Jiangxi Provincial Young Entrepreneurs Association（江西省青年企業協會）as an Elite Young Entrepreneur of Jiangxi Province（江西省傑出青年企業家）in 2000. Mr. Huang was appointed as an executive Director on 6 February 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ngai Sang, Kenny（陳毅生）, aged 42, is an independent non-executive Director of the Company. He is presently a partner and founder of Kenny Chan & Co.. He has more than 15 years of experience in accounting, tax, auditing and corporate finance and has participated in a number of mergers and acquisitions and public flotation assignments. Mr. Chan holds a bachelor degree in commerce from the University of New South Wales in Australia and is a member of the Institute of Chartered Accountants of New Zealand, Australia CPA, Hong Kong Institute of Certified Public Accountants and Taxation Institute of Hong Kong. Mr. Chan was appointed as an independent non-executive Director in January 2002.

Mr. Xing Fengbing（邢鳳炳）, aged 67, is an independent non-executive Director of the Company. Mr. Xing has substantial experience in journalism in Hong Kong and the PRC and has worked in The People's Daily（人民日報）, Shenzhen Special Zone Daily（深圳特區報）and Hong Kong Commercial Daily. He holds a bachelor degree in journalism from Qinan University（暨南大學）in the PRC. Mr. Xing was appointed as an independent non-executive Director in January 2002.

Mr. Chan Kin Sang（陳健生）, aged 55, is an independent non-executive Director of the Company and is currently a sole proprietor of Messrs. Peter K. S. Chan & Co., Solicitors and Notaries. Mr. Chan has been a practising solicitor in Hong Kong since 1982. Mr. Chan graduated from the University of Hong Kong with a Bachelor of Laws degree in 1979. Mr. Chan was admitted as a Notary Public in 1997 and a China-appointed Attesting Officer in 2000. Mr. Chan is a fellow of Institute of Directors and acts as an independent non-executive director in several listed companies in Hong Kong and Singapore. Mr. Chan was appointed as an independent non-executive Director in September 2004.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

SENIOR MANAGEMENT

Mr. Leung Wai Ping, Noel (梁偉平), aged 39, is the financial controller, qualified accountant and company secretary of the Company. Mr. Leung joined the Group in May 2005. Mr. Leung is responsible for the overall financial control, accounting and company secretarial matters of the Group. Mr. Leung has over seventeen years of experience in auditing, accounting and finance. Mr. Leung holds a Master degree of Business Administration from the University of Lincoln and a Master degree of Arts from the City University of Hong Kong. Mr. Leung is an associate member of the Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants.

Mr. Hong Yupeng (洪煜鵬), aged 47, is the general manager of Jiangxi Jinding Information System Co., Ltd. Mr. Hong is responsible for the overall management of the development and marketing of the Group's IT products and services. Mr. Hong joined the Group in October 2002 and has over 21 years of experience in research and development of Hi-Tech products. Mr. Hong holds a degree of Bachelor of Science from Sun Yat Sen University in Chemistry.

Mr. Zhao Bing (趙冰), aged 33, is a chief engineer of the Group. Mr. Zhao is in charge of the overall management of technology and R&D of new products and services. Mr. Zhao joined the Group in December 1999 and has over ten years experience in software design. Mr. Zhao holds a degree of Bachelor of Science in Software Engineering from Nanchang University.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 30 June 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the provision of original design manufacturing ("ODM") software, the sale of proprietary packaged software and the provision of system solutions. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 28 to 75.

The Directors did not recommend the payment of any dividend in respect of the year ended 30 June 2007 (2006: nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 76. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 16 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 23 to the financial statements.

During the year, there were no convertible securities, options, warrants or similar rights, issued or granted by the Company or any of its subsidiaries.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands (being the jurisdiction in which the Company was incorporated), which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 25 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 30 June 2007, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to RMB3,469,882 (2006: RMB13,148,006), subject to the restrictions stated in note 25 to the financial statements. These reserves may be distributed, 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 and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to major customers and suppliers, respectively, during the year is as follows:

	Percentage of the Group's total
	%
The largest customer	11.4%
Five largest customers in aggregate	27.4%
The largest supplier	89.0%
Five largest suppliers in aggregate	96.9%

At no time during the year have the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's major largest customers or suppliers referred to above.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the year were:

Executive directors:
Mr. Li Jiahui
Mr. Huang Boqi

Independent non-executive directors:
Mr. Xing Fengbing
Mr. Chan Ngai Sang, Kenny
Mr. Chan Kin Sang

In accordance with article 108(A) of the Company's articles of association, Mr. Huang Boqi and Mr. Xing Fengbing, will retire by rotation and, being eligible, will offer themselves for reelection at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 11 to 12 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Li Jiahui has entered into a service contract as an executive Director on 24 February 2002 with the Company for an initial term of three years commencing from 7 February 2002, which will continue thereafter until terminated by either party giving not less than three month's notice in writing to the other. The service contract has been renewed for a period of one year from 6 February 2007.

Mr. Huang Boqi has entered into a service contract as an executive Director with the Company for an initial term of one year commencing from 6 February 2005, which will continue thereafter until terminated by either party giving not less than two month's notice in writing to the other.

Mr. Chan Ngai Sang, Kenny and Mr. Xing Fengbing were appointed as independent non-executive Directors for a term of one year expiring on 5 February 2007. Each of the two Directors has renewed a service agreement with the Company for a period commencing from 6 February 2007 to 5 February 2008.

Mr. Chan Kin Sang was appointed as an independent non-executive Director for an initial a term of one year expiring on 27 September 2005 and has renewed a service agreement with the Company for one year expiring on 27 September 2007.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Except for those disclosed in note 28 to the financial statements, no Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2007, the interests and short positions of the Directors and chief executives of the Company in the securities of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Director	The Company/ name of associated corporation	Total number and class of securities held	Capacity	Approximate percentage shareholding
Mr. Li Jiahui	The Company	189,000,000 ordinary shares (L)	Beneficial owner	15.75%
Mr. Huang Boqi	The Company	9,830,000 ordinary shares (L)	Beneficial owner	0.82%

Note: The letter "L" represents the interests in the shares or the underlying shares of the Company or its associated corporations.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

As at 30 June 2007, there are no outstanding options granted under the scheme. Details of the share option scheme are set out in note 24 to the financial statements.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

A. Substantial Shareholders

So far as is known to the Directors, as at 30 June 2007, the persons, other than a Director or chief executive of the Company, who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and who were, directly or indirectly, interested in 10% or more of the shares were as follows:

Name	**Number and class of securities** *(Note 1)*	**Capacity**	**Approximate percentage to the issued share capital of the Company**
Cytech Investment Limited ("Cytech Investment")	312,000,000 ordinary shares (L)	Beneficial owner	26.00%
Benep Management Limited ("Benep")	312,000,000 ordinary shares (L)	Interest of controlled corporation *(Note 2)*	26.00%
Joinn Holdings Limited ("Joinn")	312,000,000 ordinary shares (L)	Interest of controlled corporation *(Note 2)*	26.00%
Pioneer Idea Finance Limited ("Pioneer")	312,000,000 ordinary shares (L)	Interest of controlled corporation *(Note 3)*	26.00%
Mr. Huang Quan ("Mr. Huang")	312,000,000 ordinary shares (L)	Interest of controlled corporation *(Note 3)*	26.00%
Mr. Li Jiahui	189,000,000 ordinary shares (L)	Beneficial owner	15.75%
Mr. Leung Chee Kwong	200,000,000 ordinary shares (L)	Beneficial owner	16.67%

Notes:

1. The letter "L" represents the interests in the shares or the underlying shares of the Company.

2. The 312,000,000 shares are registered in the name of Cytech Investment. Cytech Investment is a wholly-owned subsidiary of Benep, which is in turn a wholly-owned subsidiary of Joinn, a company whose shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited. Accordingly, each of Joinn and Benep is deemed to be interested in all the shares in which Cytech Investment is interested pursuant to the SFO.

3. The issued share capital of Joinn is owned as to approximately 21.25% and 36.52% by Hebe Finance Limited and Pioneer respectively. The issued share capital of Hebe Finance Limited and Pioneer are wholly-owned by Mr. Huang. Accordingly, each of Pioneer and Mr. Huang is deemed to be interested in all the shares in which Joinn is interested pursuant to the SFO.

B. Other persons whose interests are recorded in the register required to be kept under Section 336 of the SFO

As at 30 June 2007, the Company has not been notified of any other person (other than a Director or the chief executive of the Company) having an interest or short position in the shares or the underlying shares of Company representing 5% or more of the issued share capital of the Company.

COMPETING INTERESTS

During the year, neither the Directors, the management shareholders or substantial shareholders of the Company (as defined in the GEM Listing Rules) or any of their respective associates had any interest in a business which competes or may compete with the businesses of the Group, or had any other conflict of interests with the Group.

CONNECTED TRANSACTIONS

During the year, Twyla Services Limited, a subsidiary of the Company, (i) made operating lease payments of HK$420,000 (equivalent to RMB408,996) in respect of the Group's office premises in Hong Kong to Joinn Investment Advisory Limited, which is a wholly-owned subsidiary of Joinn, a substantial shareholder of the Company; (ii) received rental income totally HK$120,000 (equivalent to RMB116,856) from Joinn Strategic Holdings Limited in which Mr. Huang Quan is a shareholder. The independent non-executive Directors have confirmed that the transaction was entered into in the ordinary and usual course of business of the Company. The monthly rentals were calculated by reference to the prevailing open market rentals for similar premises. Further details of the transaction are set out in note 28 to the financial statements.

Those transactions are de minimis transactions pursuant to Rule 20.31 of the GEM Listing Rules, which is exempted from the reporting, announcement and shareholders' approval requirements.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on page 20 to 25 of the annual report.

AUDITORS

The financial statements of the Company for the year ended 30 June 2007 were audited by Messrs. Grant Thornton. There have been no other changes of auditors of the Company in the past two years. A resolution to reappoint the retiring auditors, Messrs. Grant Thornton, will be put at the forthcoming annual general meeting of the Company.

By Order of the Board
Golding Soft Limited

Li Jiahui
Chairman

Hong Kong
8 August 2007

CORPORATE GOVERNANCE REPORT

OVERVIEW

Corporate governance has always been a key concern and thus is essential to the success of the Company. The Company believes that improvement of corporate governance not only can help monitor and regulate its business activities effectively, but also can attract more institutional investors to invest in the Company, and thus shareholders' interests will be protected.

CORPORATE GOVERNANCE PRACTICES

The following documents form the framework for the code of corporate governance practice of the Company:

1. Code on the Corporate Governance;
2. Code of Conduct for Securities Transactions by Directors of the Company;
3. Duties of the Board of Directors (the "Board");
4. Segregation of Duties between the Chairman and the Chief Executive Officer;
5. Disciplinary Rules of the Company;
6. Term of Reference on the Audit Committee;
7. Term of Reference on the Remuneration Committee; and
8. Written guidelines for relevant employees in respect of their dealings in the securities of the Company.

The Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules during the year ended 30 June 2007.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct for Securities Transactions by Directors of the Company ("Code of Conduct") on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries, all the Directors have confirmed that they have complied with such Code of Conduct regarding securities transaction by the Directors throughout the year ended 30 June 2007.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code of Conduct. No incident of noncompliance was noted by the Company for the year ended 30 June 2007.

CORPORATE GOVERNANCE REPORT

THE BOARD

Composition of the Board

The Company's Board of Directors is responsible for leadership and control of the Company. The Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

The second session of the Board currently comprises of two executive Directors and three independent non-executive Directors and all Directors served for the year ended 30 June 2007. Their terms of office are disclosed in the Director's Report on page 15. The biographical details of the Directors are set out on pages 11 to 12 of this annual report.

During the year, six Board meetings were held and the attendance record of the Board meeting is set out below:

	Attendance/ Number of meetings
Executive Directors	
Li Jiahui *(Chairman)*	6/6
Huang Boqi *(Chief Executive Officer)*	6/6
Independent non-executive Directors	
Chan Kin Sang	6/6
Chan Ngai Sang, Kenny	6/6
Xing Fengbing	6/6

In compliance with Rules 5.01 and 5.02 of the GEM Listing Rules, the Company has three independent non-executive Directors (the "INED(s)"), namely Mr. Chan Kin Sang, Mr. Chan Ngai Sang, Kenny and Mr. Xing Fengbing. These INEDs can help the management to formulate the Group's development strategies, ensure the Board prepares its financial and other mandatory reports in strict compliance with required standards, and ensure the Company maintains appropriate system to protect the interests of the Company and its shareholders. The Board has received the annual confirmation in respect of their independence from each of the INEDs, and believes that their independence is in compliance with the GEM Listing Rules as at the date of this annual report.

The Board has established two sub-committees: Audit Committee and Remuneration Committee. Both have terms of reference which accord with the principles set out in the CG Code. More details of these two sub-committees are set out in separate sections in this report.

OPERATION OF THE BOARD

Matters that need to be determined or considered by the Board include overall group strategies, substantial acquisitions, annual, interim and quarterly results, recommendations on the appointment or re-election of Directors, distribution of dividends and other substantial operating and financial matters. General daily and routine operating decision-makings are handled by the management.

The Board meets regularly at least four times a year at approximately quarterly intervals. Such regular meetings will normally involve the active participation, either in person or through other electronic means of communication, of a majority of Directors entitled to be present.

Notice of a regular Board meeting is usually given at least 14 days in advance to give all Directors an opportunity to attend. An agenda for each Board Meeting will be prepared and normally distributed to the Directors together with necessary Board materials papers at least 4 days before the Board Meeting. Directors are free to add items on the agenda as they may think fit. The Company Secretary is responsible for recording the matters considered and decisions reached by the Board including any concerns or dissenting views expressed raised by Directors. Minutes of Board Meetings and the Board Committed Meetings will be sent to all Directors for their comments and records as soon as after the Board meeting.

Before each Board meeting, the Directors are provided with a detailed agenda, sufficient relevant information and a reasonable notice period by the Company, so as to enable the Directors to attend the Board meeting and make appropriate decision in relation to the matters to be discussed. All Directors are entitled to include matters of their concern in the agenda of a Board meeting.

Minutes of Board Meetings and meetings of Board Committees are kept by the Company Secretary and such minutes are open for inspection within reasonable advance notice.

If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will not be dealt with by way of written resolutions or by a committee (except an appropriate Board Committee set up for that purpose pursuant to a resolution passed in a Board Meeting) but will be resolved in a Board Meeting. Directors who, and whose associates, have no material interest in the transaction will be present at such Board meetings.

All Directors are free to access all the corporate information for the purpose of discharging their duties and responsibilities as Directors. The Directors may seek independent professional advice, if it is deemed necessary, at the Company's expenses. In addition, all Directors may have unrestricted access to the senior management of the Company.

Chairman and Chief Executive Officer

The posts of Chairman and Chief Executive Officer were held by different persons during the year. Mr. Li Jiahui served as an executive director and the Chairman of the Board, and Mr. Huang Boqi served as an executive director and the Chief Executive Officer. The separation of the roles and functions of the Chairman and Chief Executive Officer ensures a clear distinction in the Chairman's responsibility to manage the Board and the responsibility of the Chief Executive Officer to manage the Company's business activities.

Nomination of Directors

The Board has not established a nomination committee at the moment. The appointment of new director is therefore a matter for consideration and decision by the shareholders' meeting. The shareholder(s) considers that the new director is expected to have expertise in relevant area to make contribution to the Company and to have sufficient time to participate in the decision making process of the Company.

AUDIT COMMITTEE

The Company's audit committee (the "Audit Committee") has terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee include review and supervision of the financial reporting process and internal control and corporate governance issues of the Company and make relevant recommendations to the Board.

The Audit Committee comprises three members, Mr. Chan Kin Sang, Mr. Chan Ngai Sang, Kenny and Mr. Xing Fengbing, all are independent non-executive Directors. Mr. Chan Ngai Sang, Kenny has the appropriate financial and accounting experience required by the GEM Listing Rules and acts as the chairman of the Audit Committee.

During the year ended 30 June 2007, the Audit Committee held a total of four meetings, at which it reviewed the internal and external audit findings, the accounting principles and practices adopted by the Group, the listing and statutory compliance, and discussed the audit and internal control system, risk management and financial reporting matters (such as recommendations made to the Board to approve the quarterly, interim and annual results for the year).

The Audit Committee reports to the Board after each meeting and suggests the matters which need close attention of the Board, and reports any matter which it considers an action or improvement is needed and makes relevant recommendations.

The attendance record of the Audit Committee for the year is set out below:

Committee members	Attendance/ No. of meetings
Mr. Chan Ngai Sang, Kenny	4/4
Mr. Chan Kin Sang	4/4
Mr. Xing Fengbing	4/4

REMUNERATION COMMITTEE

During the year, the remuneration committee of the Company (the "Remuneration Committee") was established with effective from 1 July 2005, which is mainly responsible for making recommendations to the Board in respect of the remuneration policy and structure of all Directors' and senior management. It annually reviews the existing remuneration policy and recommend to the Board changes to the Company's remuneration policy and structure.

The Remuneration Committee comprises three members. The Chairman of the Remuneration Committee is Mr. Chan Ngai Sang, Kenny, an independent non-executive Director, and the other members are Mr. Chan Kin Sang and Mr. Xing Fengbing, both of them being independent non-executive Directors.

During the year ended 30 June 2007, the Remuneration Committee held one meeting in which matters concerning the determination of remuneration of the Directors and senior management were discussed.

The attendance record of the Remuneration Committee for the year is set out below:

Committee members	Attendance/ No. of meetings
Mr. Chan Ngai Sang, Kenny	1/1
Mr. Chan Kin Sang	1/1
Mr. Xing Fengbing	1/1

REMUNERATION OF THE AUDITORS

For the year ended 30 June 2007, the Audit Committee of the Company had reviewed the performance of Grant Thornton as the external auditors of the Company and proposed to re-appoint Grant Thornton as the external auditors. For the year ended 30 June 2007, the Company agreed auditing fees of HK$380,000 (equivalent to RMB370,044) payable to Grant Thornton. Grant Thornton is now preparing the accountants' report of Highway Bright Holdings Limited in which the Group entered into a conditional agreement to acquire 55% of its equity interest and the agreed fee for such service is HK$980,000 (equivalent to RMB950,600). Except for the above, Grant Thornton had not provided other non-auditing services to the Company and the Group during the year.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITY FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company and of the Group which give a true and fair view of the state of affairs of the Company and the Group on a going concern basis. As at 30 June 2007, the Directors were not aware of any material uncertainties or events which may have a significant impact on the Company's ability to operate as an on-going concern. Accordingly, the Directors have prepared the financial statements of the Company on an on-going concern basis. The responsibility of the auditors with respect to financial reporting are set out in the Report of the Auditors in this annual report.

INTERNAL CONTROL

The Board recognises that a sound and effective internal control system will contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations.

Management has established the Group's Internal Control Policies and Guidance for monitoring the internal control system.

The Board has delegated to management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures. Qualified personnel and individual business unit head throughout the Group maintain and monitor the compliance to these controls on an ongoing basis and report variance to senior management.

Based on the assessment and review made by the board and senior management on the effectiveness of the internal control system, the Audit Committee is satisfied that:

- The internal controls and accounting systems of the Group are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorisation and the accounts are reliable for publication; and

- There is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

INVESTOR RELATIONS

The Company has disclosed all necessary information to the shareholders in compliance with GEM Listing Rules. Updated and key information of the Group is also available on the Company's website. The Company also replied the enquires from shareholders timely. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries.

INDEPENDENT AUDITORS' REPORT

Certified Public Accountants
Member of Grant Thornton International

Grant Thornton
均富會計師行

To the members of Golding Soft Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Golding Soft Limited (the "Company") set out on pages 28 to 75, which comprise the consolidated and Company's balance sheets as at 30 June 2007 and the consolidated income statement, the consolidated statement of changes in equity and the 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 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 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.

AUDITORS' 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 Hong Kong Institute of Certified Public Accountants. 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.

INDEPENDENT AUDITORS' REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 30 June 2007 and of the Group's loss 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.

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong
8 August 2007

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2007

	Notes	**2007 RMB**	2006 RMB (Restated)
Continuing operations:			
Revenue	5	**5,458,800**	2,015,123
Cost of sales		**(2,045,544)**	(1,761,256)
Gross profit		**3,413,256**	253,867
Other income	5	**887,643**	954,587
Selling and distribution costs		**(769,940)**	(5,395,389)
Administrative expenses		**(5,161,826)**	(8,452,764)
Other operating expenses		**(1,548,027)**	(8,201,837)
Loss before income tax	7	**(3,178,894)**	(20,841,536)
Income tax expense	8	**–**	–
Loss after income tax from continuing operations		**(3,178,894)**	(20,841,536)
Discontinued operations:			
(Loss)/Profit for the year from discontinued operations	10	**(3,968,908)**	422,698
Loss for the year		**(7,147,802)**	(20,418,838)
Attributable to:			
Equity holders of the Company	9	**(6,987,235)**	(20,594,890)
Minority interest		**(160,567)**	176,052
Loss for the year		**(7,147,802)**	(20,418,838)
Loss per share for loss attributable to the equity holders of the Company during the year	12		
– Basic			
From continuing and discontinued operations		**(0.58) cents**	(2.03) cents
From continuing operations		**(0.26) cents**	(2.05) cents
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

as at 30 June 2007

	Notes	**2007 RMB**	2006 RMB
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**2,237,778**	4,212,310
Land use rights	14	**1,484,595**	1,627,251
		3,722,373	5,839,561
Current assets			
Inventories	15	**–**	2,466,779
Trade receivables	17	**1,742,690**	2,037,065
Prepayments, deposits and other receivables	18	**80,380**	287,504
Due from a related company	22	**233,712**	126,000
Cash and cash equivalents	19	**17,646,409**	22,757,685
		19,703,191	27,675,033
Current liabilities			
Trade payables	20	**311,957**	575,928
Other payables and accruals	21	**3,889,336**	3,979,501
Trade deposits received		**47,230**	873,075
Due to related companies	22	**1,349,739**	1,763,280
		5,598,262	7,191,784
Net current assets		**14,104,929**	20,483,249
Net assets		**17,827,302**	26,322,810
EQUITY			
Equity attributable to Company's equity holders			
Share capital	23	**12,600,000**	12,600,000
Reserves	25	**5,227,302**	13,562,243
		17,827,302	26,162,243
Minority interest		**–**	160,567
Total equity		**17,827,302**	26,322,810

Li Jiahui
Director

Huang Boqi
Director

BALANCE SHEET

as at 30 June 2007

	Notes	2007 RMB	2006 RMB
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	16	**210,000**	210,000
Current assets			
Due from subsidiaries	16	**17,743,006**	27,658,413
Current liabilities			
Other payables and accruals	21	**1,883,124**	2,120,407
Net current assets		**15,859,882**	25,538,006
Net assets		**16,069,882**	25,748,006
EQUITY			
Share capital	23	**12,600,000**	12,600,000
Reserves	25	**3,469,882**	13,148,006
Total equity		**16,069,882**	25,748,006

Li Jiahui
Director

Huang Boqi
Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2007

	2007 RMB	2006 RMB
Cash flows from operating activities		
Loss before income tax	**(7,142,496)**	(20,417,765)
Adjustment for:		
Amortisation of land use rights	**142,656**	141,427
Depreciation	**1,869,497**	2,576,956
Interest expense	**933**	3,590
Interest income	**(693,146)**	(806,821)
Loss/(Gain) on disposal of property, plant and equipment	**69,720**	(14,126)
Provision for impairment of receivables and other receivables	**1,002,275**	299,121
Provision for impairment of property, plant and equipment	**27,175**	–
Write-down of inventories to net realisable value	**126,244**	–
Operating loss before working capital changes	**(4,597,142)**	(18,217,618)
Decrease/(increase) in inventories	**2,340,535**	(779,396)
Increase in trade receivables	**(550,754)**	(1,174,587)
Decrease in prepayments, deposits and other receivables	**49,978**	710,982
Increase in amount due from a related company	**(107,712)**	(126,000)
(Decrease)/increase in trade payables	**(263,971)**	575,928
Decrease in other payables and accruals	**(90,165)**	(595,470)
(Decrease)/increase in trade deposits received	**(825,845)**	464,013
(Decrease)/increase in amounts due to related companies	**(413,541)**	882,070
Net cash outflow from operations	**(4,458,617)**	(18,260,078)
Interest received	**693,146**	806,821
Income taxes paid	**(5,306)**	(2,294)
Net cash used in operating activities	**(3,770,777)**	(17,455,551)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(8,590)**	(77,300)
Proceeds from disposal of property, plant and equipment	**16,730**	52,000
Net cash generated from/(used in) investing activities	**8,140**	(25,300)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2007

	2007 RMB	2006 RMB
Cash flows from financing activities		
Proceeds from issue of new ordinary shares, net of share issue expenses	**–**	2,818,505
Interest paid	**(933)**	(3,590)
Net cash (used in)/generated from financing activities	**(933)**	2,814,915
Net decrease in cash and cash equivalents	**(3,763,570)**	(14,665,936)
Cash and cash equivalents at beginning of year	**22,757,685**	37,423,621
Effect of foreign exchange rate changed, on cash held	**(1,347,706)**	–
Cash and cash equivalents at end of year	**17,646,409**	22,757,685
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**2,212,857**	2,258,100
Time deposits with original maturity of less than three months when acquired	**15,433,552**	20,499,585
	17,646,409	22,757,685

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2007

	Equity attributable to equity holders of the Company							
	Share capital RMB	**Share premium*** RMB	**Statutory reserves*** RMB *(note 25)*	**Exchange reserve*** RMB	**Accumulated losses*** RMB	**Total** RMB	**Minority interest** RMB	**Total equity** RMB
Balance at 1 July 2005	10,500,000	40,026,000	413,500	–	(7,000,872)	43,938,628	(15,485)	43,923,143
Loss for the year	–	–	–	–	(20,594,890)	(20,594,890)	176,052	(20,418,838)
Total recognised income and expenses for the year	–	–	–	–	(20,594,890)	(20,594,890)	176,052	(20,418,838)
Transfer to reserves	–	–	63,404	–	(63,404)	–	–	–
Issue of new shares *(note 23)*	2,100,000	793,800	–	–	–	2,893,800	–	2,893,800
Share issue expenses	–	(75,295)	–	–	–	(75,295)	–	(75,295)
Balance at 30 June 2006 and 1 July 2006	12,600,000	40,744,505	476,904	–	(27,659,166)	26,162,243	160,567	26,322,810
Exchange difference on translation	–	–	–	(1,347,706)	–	(1,347,706)	–	(1,347,706)
Loss for the year	–	–	–	–	(6,987,235)	(6,987,235)	(160,567)	(7,147,802)
Total recognised income and expenses for the year	–	–	–	(1,347,706)	(6,987,235)	(8,334,941)	(160,567)	(8,495,508)
Balance at 30 June 2007	**12,600,000**	**40,744,505**	**476,904**	**(1,347,706)**	**(34,646,401)**	**17,827,302**	**–**	**17,827,302**

* These reserve accounts comprise the consolidated reserves of RMB5,227,302 (2006: RMB13,562,243) in the consolidated balance sheet.

1. GENERAL INFORMATION

Golding Soft Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 28 August 2001 and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "SEHK"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the provision of original design manufacturing ("ODM") software, the sale of proprietary packaged software and the provision of system solutions. There were no significant changes in the nature of the Group's principal activities during the year.

The Group's operations are principally conducted in the People's Republic of China, excluding Hong Kong and Macau (the "PRC") and Hong Kong.

The financial statements on pages 28 to 75 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the SEHK.

The financial statements for the year ended 30 June 2007 were approved for issue by the board of directors on 8 August 2007.

2. ADOPTION OF NEW OR AMENDED HKFRSS

From 1 July 2006, the Group has adopted all the new or amended HKFRSs which are first effective on 1 July 2006 and relevant to the Group. The adoption of these HKFRSs did not result in significant changes in the Group's accounting policies but gave rise to additional disclosures. The specific transitional provisions contained in some of these HKFRSs have been considered.

The adoption of these HKFRSs did not result in any significant changes in the Company's accounting policies.

New or amended HKFRSs that have been issued but are not yet effective:

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures[1]
HKAS 23 (Revised)	Borrowing costs[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment[3]
HK(IFRIC) – Int 11	Group and Treasury Share Transactions[4]
HK(IFRIC) – Int 12	Service Concession Arrangements[5]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 November 2006
[4] Effective for annual periods beginning on or after 1 March 2007
[5] Effective for annual periods beginning on or after 1 January 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements are prepared under the historical cost convention. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (together referred to as "the Group") made up to 30 June each year.

3.3 Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Business combinations are accounted for by applying the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Subsidiaries (continued)

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, subsidiaries are carried at cost less impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interest that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results. Where losses applicable to the minority exceed the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interests to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interests only after the minority's share of losses previously absorbed by the Group has been recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Foreign currency translation

The consolidated financial statements are presented in Renminbi ("RMB"). The functional currency of the Company is changed from RMB to Hong Kong Dollars ("HK$") during the year as most of the underlying transactions of the Company are denominated in HK$.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rate at the balance sheet date. Income and expenses have been converted into RMB at the exchange rate ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the exchange reserve in equity.

Other exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Revenue recognition

Revenue comprises the fair value for the sale of goods, rendering of services and the use by others of the Group's assets yielding interest, royalties and dividends, net of rebates and discount. Provided it is probable that the economic benefit will flow to the Group and the revenue and costs, if applicable, can be reliably measured, revenue is recognised as follows:

From the sale of goods

Revenue is recognised upon the significant risks and rewards of ownership have passed to the customer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

From the sale of service

Revenue is recognised, based on the stage of completion of contract, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The stage of completion of a contract is established by reference to physical completion of a particular phase of the contract.

Interest income

Revenue is recognised on a time-proportion basis, taking into account the principal outstanding, using the effective interest rate applicable.

3.6 Research and development costs

Costs associated with research activities are expensed in the income statement as they occur. Costs that are directly attributable to the development phase are recognised as intangible assets provided they meet the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) the intangible asset will generate probable economic benefits through internal use or sale;

(iii) sufficient technical, financial and other resources are available for completion; and

(iv) the intangible asset can be reliably measured

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. 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 costs, such as repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Buildings	The shorter of the lease terms and 20 years
Leasehold improvements	The shorter of the lease terms and 5 years
Computer equipment	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

The gain or loss arising on disposal or retirement of an item of property, plant and equipment recognised in the income statement is the difference between the net sales proceeds and the carrying amount of the relevant asset.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

3.8 Land use rights

Land use rights represent up-front payments to acquire long term interests in the usage of land. They are stated at cost less accumulated amortisation and any impairment losses. Amortisation for land use rights are charged to the consolidated income statement over the remaining period of the lease on a straight line basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of assets

Property, plant and equipment, land use rights and the Company's investments in subsidiaries are subject to impairment testing.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Impairment losses recognised for cash-generating units is charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount of an asset and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior year.

3.10 Inventories

Inventories, representing computer hardware, are carried 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 prices in the ordinary course of business less any applicable selling expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial assets

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any of such evidence exists, impairment loss is determined and recognised based on the classification of the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of loans and receivables

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in the income statement of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statement of the period in which the reversal occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Accounting for income tax

Income tax for the year comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in the income statement.

Deferred tax is the tax expected to be payable or recoverable 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 can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments 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. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are not discounted. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Retirement benefit costs and short term employee benefits

(i) Retirement benefits scheme

Pursuant to the relevant regulations of the PRC government, the subsidiaries operating in the PRC have participated in a local municipal government retirement benefits scheme (the "Retirement Benefits Scheme"), whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Retirement Benefits Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the PRC subsidiaries. The only obligation of the Group with respect to the Retirement Benefits Scheme is to pay the ongoing required contributions under the Retirement Benefits Scheme mentioned above. Contributions under the Retirement Benefits Scheme are charged to the income statement as incurred. There are no provisions under the Retirement Benefits Scheme whereby forfeited contributions may be used to reduce future contributions.

The Group has participated in a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") for its employees in Hong Kong who are eligible to participate in the MPF Scheme, in accordance with the Mandatory Provident Fund Schemes Ordinance. Contributions are made based on a percentage of the employee's basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

(ii) Short-term employee benefits

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

Non-accumulating compensated absences are not recognised until the time of leave.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Retirement benefit costs and short term employee benefits (continued)

(iii) Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in income statement, with a corresponding increase in the employee compensation reserve in equity. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in employee compensation reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in employee compensation reserve will be transferred to accumulated losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Operating leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the rights to use the assets held under operating leases, payment made under the leases are charged to the income statement on a straight line basis over the lease terms.

3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and 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 expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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 contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one of more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Financial liabilities

The Group's financial liabilities include trade payables, other payables and accruals, trade deposit received and amount due to related parties.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, in hand and time deposit with original maturity of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in values, less bank overdrafts which are repayable in demand and form an integral part of the Group's cash management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Related parties

A party is considered to be related to the Group if:

(i) directly, or indirectly through one or more intermediaries, the party (1) controls, is controlled by, or is under common control with, the Company/Group; (2) has an interest in the Company/Group that gives it significant influence over the Company/Group; or (3) has joint control over the Company/Group;

(ii) the party is a member of the key management personnel of the Company/Group;

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

(iv) 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 (ii) or (iii); or

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

3.19 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from equity (net of any related income tax benefit) to the extent that they are incremental costs directly attributable to the equity transaction.

3.20 Segment reporting

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.

In respect of business segments, unallocated costs represent corporate expenses. Segment assets consist primarily of land use rights, property, plant and equipment, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation.

Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, revenue is based on the country in which the customer is located and total assets and capital expenditure are where the assets are located.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Discontinued operations

A discontinued operation is a component of the Group's business, the operations 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.

Classification as a discontinued operation occurs upon disposal. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises the post-tax profit or loss of the discontinued operations.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations at the balance sheet date.

(ii) Impairment of trade receivables

The Group's management assesses the collectibility of trade receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the impairment loss at the balance sheet date.

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered, after allowances for return and trade discounts, where applicable.

An analysis of the Group's revenue and other income is as follows:

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	RMB	RMB	**RMB**	RMB	**RMB**	RMB
Revenue						
Sales of goods	**–**	–	**26,917,193**	36,549,640	**26,917,193**	36,549,640
Rendering of services	**5,458,800**	2,015,123	**–**	–	**5,458,800**	2,015,123
	5,458,800	2,015,123	**26,917,193**	36,549,640	**32,375,993**	38,564,763
Other income						
Interest income	**676,482**	796,611	**16,664**	10,210	**693,146**	806,821
Sundry income	**211,161**	157,976	**234,157**	734,643	**445,318**	892,619
	887,643	954,587	**250,821**	744,853	**1,138,464**	1,699,440
	6,346,443	2,969,710	**27,168,014**	37,294,493	**33,514,457**	40,264,203

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6. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the ODM segment engages in the design and development of ODM software for various business enterprises and government authorities, including software development key research and study, business consultancy, system design, coding, system testing and installation;

(b) the proprietary packaged software segment includes the research and development of proprietary packaged software for various business applications such as business management, financial management, office automation and e-commerce; and

(c) the system solutions segment provides total information technology solutions, including the distribution of computer hardware, strategic consultancy, the design and development of software, system networking and system integration for business management and the provision of maintenance and upgrading services.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of assets.

There were no inter-segment sales and transfers during the year (2006: Nil).

6. SEGMENT INFORMATION (continued)

(a) Business segments

The following table presents revenue, results information for the year ended 30 June 2007 and certain asset, liability and expenditure information for the Group's business segments.

	Continuing operations						Discontinued operations			
	ODM		Proprietary packaged software		Total		System solutions		Consolidated	
	2007 RMB	2006 RMB	**2007 RMB**	2006 RMB	**2007 RMB**	2006 RMB	**2007 RMB**	2006 RMB	**2007 RMB**	2006 RMB
Segment revenue										
Sales to external customer	**3,848,300**	1,864,973	**1,610,500**	150,150	**5,458,800**	2,015,123	**26,917,193**	36,549,640	**32,375,993**	38,564,763
Segment results	**2,406,250**	234,952	**1,007,006**	18,915	**3,413,256**	253,867	**(2,283,440)**	871,779	**1,129,816**	1,125,646
Interest income and unallocated gains									**1,138,464**	1,699,440
Unallocated expenses									**(9,409,843)**	(23,239,261)
Operating loss									**(7,141,563)**	(20,414,175)
Finance cost									**(933)**	(3,590)
Loss before income tax									**(7,142,496)**	(20,417,765)
Income tax expense									**(5,306)**	(1,073)
Loss for the year									**(7,147,802)**	(20,418,838)
Segment assets	**1,592,350**	–	**150,340**	22,600	**1,742,690**	22,600	**44,644**	4,561,396	**1,787,334**	4,583,996
Unallocated assets									**21,638,230**	28,930,598
Total assets									**23,425,564**	33,514,594
Segment liabilities	**–**	–	**–**	–	**–**	–	**1,017,457**	1,982,808	**1,017,457**	1,982,808
Unallocated liabilities									**4,580,805**	5,208,976
Total liabilities									**5,598,262**	7,191,784
Other segment information										
Provision for impairment of receivables	**–**	13,100	**–**	–	**–**	13,100	**1,002,276**	286,021	**1,002,276**	299,121
Write-down of inventories to net realisable value	**–**	–	**–**	–	**–**	–	**126,244**	–	**126,244**	–
Provision for impairment of property, plant and equipment	**–**	–	**–**	–	**–**	–	**27,175**	–	**27,175**	–

6. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

An analysis of the capital expenditure, depreciation charge, amortisation of land use rights and (loss)/gain on disposal of property, plant and equipment for the business segments has not been presented because the majority of the related property, plant and equipment and land use rights are commonly used by more than one segments and the directors of the Company are of the opinion that there is no reasonable basis to make the separation.

(b) Geographical segments

As the Group's revenue was generated from the PRC, no geographical segments information regarding the Group's revenue and results is presented.

An analysis of the segment assets and capital expenditure by the geographical areas in which the assets are located is as follows:

	PRC		Hong Kong		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	RMB	RMB	**RMB**	RMB	**RMB**	RMB
Other segment information:						
Segment assets	**6,281,906**	11,915,194	**17,143,658**	21,599,400	**23,425,564**	33,514,594
Capital expenditure	**8,590**	77,300	**–**	–	**8,590**	77,300

7. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	RMB	RMB	**RMB**	RMB	**RMB**	RMB
Loss before income tax is arrived at after charging/(crediting):						
Cost of inventories sold	**–**	–	**29,200,633**	35,677,861	**29,200,633**	35,677,861
Cost of services provided	**2,045,544**	1,761,256	**–**	–	**2,045,544**	1,761,256
Auditors' remuneration	**370,044**	399,000	**–**	–	**370,044**	399,000
Amortisation of land use rights*	**142,656**	141,427	**–**	–	**142,656**	141,427
Depreciation**	**1,858,006**	2,564,964	**11,491**	11,992	**1,869,497**	2,576,956
Exchange losses, net***	**–**	126,889	**–**	–	**–**	126,889
Loss/(Gain) on disposal of property, plant and equipment***	**69,720**	(14,126)	**–**	–	**69,720**	(14,126)
Operating lease charges in respect of office premises, retail shops and warehouse	**408,996**	441,000	**84,000**	99,222	**492,996**	540,222
Pension scheme contributions	**237,613**	387,183	**10,885**	18,848	**248,498**	406,031
Provision for impairment of trade receivables and other receivables***	**–**	13,100	**1,002,276**	286,021	**1,002,276**	299,121
Provision for impairment of property, plant and equipment***	**–**	–	**27,175**	–	**27,175**	–
Write-down of inventories to net realisable value***	**–**	–	**126,244**	–	**126,244**	–
Research costs***	**1,478,307**	8,061,848	**–**	–	**1,478,307**	8,061,848
Interest charges on trust receipt loans wholly repayable within one year	**–**	–	**933**	3,590	**933**	3,590
Staff costs (excluding directors' emoluments *(note 27(a))* and pension scheme contribution)	**3,361,508**	10,057,251	**353,001**	423,477	**3,714,509**	10,480,728

* Amortisation of land use rights of RMB26,468 (2006: RMB7,160) has been included in cost of sales, RMB15,692 (2006: RMB15,557) in administrative expenses and RMB100,496 (2006: RMB118,710) in other operating expenses.

** Depreciation of RMB344,730 (2006: RMB129,867) has been included in cost of sales, RMB215,872 (2006: RMB294,138) in administrative expenses and RMB1,308,895 (2006: RMB2,152,951) in other operating expenses.

*** These items are included in other operating expenses or other income on the face of the consolidated income statement.

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for the year ended 30 June 2007

8. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided during the year as the Group did not generate any assessable profits arising from its operations in Hong Kong (2006: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2007	2006	**2007**	2006	**2007**	2006
	RMB	RMB	**RMB**	RMB	**RMB**	RMB
Hong Kong profits tax	**–**	–	**–**	–	**–**	–
PRC income tax						
– current year	**–**	–	**–**	1,073	**–**	1,073
– underprovision in prior year *(note 10)*	**–**	–	**5,306**	–	**5,306**	–
	–	–	**5,306**	1,073	**5,306**	1,073

According to the Income Tax Law of the PRC and as approved by the relevant tax authorities, Jiangxi Jinding Information System Co., Ltd. ("Jiangxi Jinding"), a wholly-owned subsidiary of the Company operating in the PRC, was exempted from corporate income tax ("CIT") for two years commencing from its first profit-making year and is entitled to a 50% relief from CIT for the following three years. Accordingly, Jiangxi Jinding was exempted from CIT from 1 January 2000 to 31 December 2001 and is entitled to a 50% relief from CIT from 1 January 2002 to 31 December 2004. Since Jiangxi Jinding incurred a loss for the year, no income tax was provided.

Jiangxi Jinlixin Technology Co., Ltd. ("Jiangxi Jinlixin"), another subsidiary of the Company, is a domestic enterprise operating in the PRC. The applicable CIT rate is 33%.

8. INCOME TAX EXPENSE (continued)

Reconciliation between income tax expense and accounting loss at applicable tax rates is as follows:

	Group	
	2007	2006
	RMB	RMB
(Loss)/Profit before income tax:		
– Continuing operations	**(3,178,894)**	(20,841,536)
– Discontinued operations	**(3,963,602)**	423,771
	(7,142,496)	(20,417,765)
Tax on loss before income tax, calculated at the rates applicable in the tax jurisdictions concerned	**(1,431,306)**	(6,416,097)
Tax effect of tax loss not recognised	**831,977**	5,968,974
Tax effect of non-deductible expenses	**787,624**	712,357
Tax effect of non-taxable income	**(188,295)**	(264,161)
Underprovision in prior year	**5,306**	–
Income tax expense	**5,306**	1,073

The Group has tax losses arising in the PRC and Hong Kong of RMB60,412,274 (2006: RMB56,614,810) and RMB13,566,357 (2006: RMB11,648,432) respectively that are available for offsetting against future taxable profits of the companies in which the losses arose. Tax losses in the PRC can be carried forward for a maximum period of five years while tax losses in Hong Kong have no expiry date under current tax legislation. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time. Apart from the above, there were no significant unrecognised deferred tax assets as at 30 June 2007.

At 30 June 2007, there was no significant unrecognised deferred tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

No deferred tax has been provided by the Company as there were no material temporary differences.

9. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated loss attributable to equity holders of the Company of RMB6,987,235 (2006: RMB20,594,890), a loss of RMB7,824,794 (2006: RMB16,174,563) has been dealt with in the financial statements of the Company.

10. DISCONTINUED OPERATIONS

On 30 June 2007, the Group resolved to cease the operations of Jiangxi Jinlixin, a subsidiary of Jiangxi Jinding. Jiangxi Jinding held 51% equity interest in Jiangxi Jinlixin, which was principally engaged in sale of computer hardware and accessories, office equipment and electronics and provision of system solutions.

An analysis of the results and cash flows of the discontinued operations included in the consolidated income statement and the consolidated cash flow statement is as follows:

	2007 **RMB**	2006 RMB
Revenue	**26,917,193**	36,549,640
Cost of sales	**(29,200,633)**	(35,677,861)
Gross (loss)/profit	**(2,283,440)**	871,779
Other income	**250,821**	744,853
Selling and distribution costs	**(287,072)**	(155,657)
Administrative expenses	**(487,284)**	(747,593)
Other operating expenses	**(1,155,694)**	(286,021)
Operating (loss)/profit	**(3,962,669)**	427,361
Finance cost	**(933)**	(3,590)
(Loss)/Profit before income tax	**(3,963,602)**	423,771
Income tax expense *(note 8)*	**(5,306)**	(1,073)
(Loss)/Profit for the year from discontinued operations	**(3,968,908)**	422,698
Operating cash flows	**(333,262)**	76,936
Investing cash flows	**–**	(25,000)
Financing cash flows	**(933)**	(3,590)
Total cash flows	**(334,195)**	48,346

11. DIVIDENDS

No dividend has been paid or declared by the Company during the years presented in these financial statements.

12. LOSS PER SHARE

From continuing and discontinued operations

The calculation of basic loss per share from continuing and discontinued operations is based on the loss for the year attributable to the equity holders of the Company of RMB6,987,235 (2006: RMB20,594,890) and 1,200,000,000 (2006: the weighted average of 1,014,246,575) ordinary shares in issue during the year.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	2007	2006
	RMB	RMB
Loss for the year attributable to the equity holders of the Company	**(6,987,235)**	(20,594,890)
Less: Loss/(Profit) for the year from discontinued operations excluding loss shared by minority interest of RMB160,567 (2006: Profit shared of RMB176,052)	**3,808,341**	(246,646)
Loss for the year for the purpose of basic loss per share from continuing operations	**(3,178,894)**	(20,841,536)

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

From discontinued operations

Basic loss per share from the discontinued operations is RMB0.32 cents per share (2006: earnings per share of RMB0.02 cents per share) which was calculated based on the loss for the year from discontinued operations of RMB3,808,341 (2006: profit of RMB246,646). The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

Diluted loss per share for the years ended 30 June 2006 and 2007 were not presented as there is no dilutive potential share.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB	Leasehold improvements RMB	Computer equipment RMB	Furniture, fixtures and office equipment RMB	Motor vehicles RMB	Total RMB
At 1 July 2005						
Cost	1,846,603	4,016,115	8,342,576	1,159,166	634,108	15,998,568
Accumulated depreciation	(305,989)	(2,706,180)	(5,078,961)	(737,641)	(419,957)	(9,248,728)
Net book value	1,540,614	1,309,935	3,263,615	421,525	214,151	6,749,840
Year ended 30 June 2006						
Opening net book amount	1,540,614	1,309,935	3,263,615	421,525	214,151	6,749,840
Additions	–	–	74,800	2,500	–	77,300
Disposals	–	–	–	–	(37,874)	(37,874)
Depreciation	(89,556)	(754,445)	(1,439,323)	(196,452)	(97,180)	(2,576,956)
Closing net book amount	1,451,058	555,490	1,899,092	227,573	79,097	4,212,310
At 30 June 2006/1 July 2006						
Cost	1,846,603	4,016,115	8,417,376	1,161,666	463,190	15,904,950
Accumulated depreciation	(395,545)	(3,460,625)	(6,518,284)	(934,093)	(384,093)	(11,692,640)
Net book value	1,451,058	555,490	1,899,092	227,573	79,097	4,212,310
Year ended 30 June 2007						
Opening net book amount	1,451,058	555,490	1,899,092	227,573	79,097	4,212,310
Additions	–	–	950	7,640	–	8,590
Disposals	–	(4,003)	(72,209)	(10,238)	–	(86,450)
Depreciation	(89,556)	(551,487)	(1,018,393)	(146,932)	(63,129)	(1,869,497)
Impairment	–	–	–	(15,238)	(11,937)	(27,175)
Closing net book amount	**1,361,502**	**–**	**809,440**	**62,805**	**4,031**	**2,237,778**
At 30 June 2007						
Cost	1,846,603	3,848,656	5,801,875	869,110	433,167	12,799,411
Accumulated depreciation and impairment	(485,101)	(3,848,656)	(4,992,435)	(806,305)	(429,136)	(10,561,633)
Net book value	**1,361,502**	**–**	**809,440**	**62,805**	**4,031**	**2,237,778**

The Group's buildings are situated in the PRC and held under medium term leases.

14. LAND USE RIGHTS

	Group	
	2007	2006
	RMB	RMB
At the beginning of year		
Gross amount	**2,143,726**	2,143,726
Accumulated amortisation	**(516,475)**	(375,048)
Net book value	**1,627,251**	1,768,678
For the year		
Opening net book value	**1,627,251**	1,768,678
Amortisation	**(142,656)**	(141,427)
Closing net book value	**1,484,595**	1,627,251
At the end of year		
Gross amount	**2,143,726**	2,143,726
Accumulated amortisation	**(659,131)**	(516,475)
Net book value	**1,484,595**	1,627,251

The land use rights of the Group are situated in the PRC and held under a medium term lease.

15. INVENTORIES

	Group	
	2007	2006
	RMB	RMB
Finished goods	**379,343**	2,719,878
Less: Write-down of inventories to net realisable value	**(379,343)**	(253,099)
	–	2,466,779

16. INVESTMENTS IN SUBSIDIARIES

The Company's investments in subsidiaries comprises:

	2007	2006
	RMB	RMB
Unlisted shares, at cost	**210,000**	210,000
Due from subsidiaries	**36,764,566**	41,658,413
Less: Provision for impairment	**(19,021,560)**	(14,000,000)
	17,743,006	27,658,413

The amount due from subsidiaries included in the Company's current assets are interest-free, unsecured and repayable on demand.

In light of the recurring operating losses of certain subsidiaries and unfavourable market conditions, the directors consider that the recoverable amount of these subsidiaries has been reduced to the estimated net realisable value of their identifiable net assets. Accordingly, an aggregate impairment loss of RMB19,021,560 (2006: RMB14,000,000) in respect of the Company's amount due from subsidiaries was recognised.

16. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of principal subsidiaries are as follows:

Name	Place and date of incorporation and operations	Particulars of nominal value of issued share capital/ registered capital	Percentage of equity interest attributable to the Company Directly	Indirectly	Principal activities
Twyla Services Limited	British Virgin Islands 22 May 1997 (limited company)	100 ordinary shares of US$1 each	100	–	Investment holding
Jiangxi Jinding Information System Co., Ltd. (江西金鼎信息系統有限公司)	PRC 30 April 1999 (wholly foreign-owned enterprise)	Registered capital of US$1,000,000	–	100	Design, development and sale of computer software and systems, and the provision of computer consultancy services
Golding Software (HK) Limited	Hong Kong 27 February 2002 (limited company)	2 ordinary shares of HK$2 each	–	100	Software business
Jiangxi Jinlixin Technology Co., Ltd. (江西金立信科技有限公司)	PRC 26 May 2003 (domestic enterprise)	Registered capital of RMB1,150,000	–	51	Sale of computer hardware and accessories, office equipment and electronics, and provision of system solutions

17. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one to three months, extending up to three to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

	Group	
	2007	2006
	RMB	RMB
Trade receivables	**2,651,878**	2,335,281
Less: Provision for impairment of receivables	**(909,188)**	(298,216)
	1,742,690	2,037,065

An aged analysis of the trade receivables as at the balance sheet date based on invoice date and net of provisions is as follows:

	Group	
	2007	2006
	RMB	RMB
Within one month	**1,644,790**	956,081
One to two months	**–**	271,786
Two to three months	**–**	771,010
Three months to one year	**97,900**	38,188
	1,742,690	2,037,065

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2007	2006
	RMB	RMB
Prepayments	**343,393**	371,540
Deposits and other receivables	**91,424**	113,254
	434,817	484,794
Less: Provision for impairment	**(354,437)**	(197,290)
	80,380	287,504

19. CASH AND CASH EQUIVALENTS

	Group	
	2007	2006
	RMB	RMB
Cash and bank balances	**2,212,857**	2,258,100
Time deposits	**15,433,552**	20,499,585
Cash and cash equivalents	**17,646,409**	22,757,685

The effective interest rate of short-term time deposits for the year was 3.8% (2006: 3.8%) per annum. These deposits have maturity periods ranging from 14 to 30 days (2006: 30 days).

At the balance sheet date, the cash and bank balances of the Group denominated in RMB amounted to RMB735,876 (2006: RMB1,283,700). RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

20. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date is as follows:

	Group	
	2007	2006
	RMB	RMB
Within one month	**261,243**	27,284
One to two months	**47,160**	520,933
Two to three months	**–**	12,580
Three months to one year	**–**	15,131
Over one year	**3,554**	–
	311,957	575,928

21. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2007	2006	**2007**	2006
	RMB	RMB	**RMB**	RMB
Other payables	**941,844**	1,078,372	**111,205**	209,834
Accruals	**2,947,492**	2,901,129	**1,771,919**	1,910,573
	3,889,336	3,979,501	**1,883,124**	2,120,407

22. DUE FROM/(TO) RELATED COMPANIES

(a) Amount due to 南昌金鼎軟件發展有限公司 ("Nanchang Jinding"), being a company established in the PRC in which Mr. Huang Boqi, a director of the Company, has beneficial interests, of RMB475,708 as at 30 June 2007 (2006: RMB415,708) is unsecured, interest free and repayable on demand.

(b) Amount due to Joinn Investment Advisory Limited ("Joinn Investment"), a subsidiary of Joinn Holdings Limited ("Joinn Holdings") which is a substantial shareholder of the Company, of RMB874,031 as at 30 June 2007 (2006: RMB1,347,572) is unsecured, interest free and repayable on demand.

(c) Particulars of the amount due from a related company disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

Name	**Joinn Strategic Holdings Limited ("Joinn Strategic")**
Substantial shareholder connected with borrower	Mr Huang Quan
Amounts outstanding at	
1 July 2006	RMB126,000
30 June 2007	RMB233,712
Maximum amount outstanding during the year	RMB233,712
Terms	Unsecured, interest-free and repayable on demand

Mr. Huang Quan, a substantial shareholder and director of Joinn Holdings, is a beneficial owner of 50% of total issued share capital of Joinn Strategic.

23. SHARE CAPITAL

Group and Company

	2007		2006	
	HK$	**RMB**	HK$	RMB
Authorised:				
20,000,000,000 ordinary shares of HK$0.01 each	**200,000,000**	**210,000,000**	200,000,000	210,000,000
Issued and fully paid:				
1,200,000,000 ordinary shares of HK$0.01 each	**12,000,000**	**12,600,000**	12,000,000	12,600,000

	Number of shares	**Amount** RMB
Issued and fully paid:		
At 1 July 2005	1,000,000,000	10,500,000
New shares issued for private placement *(Note)*	200,000,000	2,100,000
At 30 June 2006 and 2007	1,200,000,000	12,600,000

Note:

On 5 June 2006, 200,000,000 new ordinary shares of HK$0.01 each were offered to investors in connection with a private placement. The issued and paid-up share capital of the Company was then increased to RMB12,600,000 comprising of 1,200,000,000 ordinary shares of HK$0.01 each. The 200,000,000 new shares of HK$0.01 each rank pari passu in all respects with the existing issued shares of the Company. The net proceeds of approximately RMB2,818,505 are used as general working capital.

24. SHARE OPTION SCHEME

The Company operates a share options scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include employees or proposed employees of the Group, the Company's directors, including non-executive directors, suppliers of goods or services to the Group, customers of the Group, persons or entities who provide technology support to the Group, shareholders of any of the Group companies, and any other participants determined by the Company's directors as having contributed or who may contribute by way of joint venture or business alliances to the development and growth of the Group. The scheme became effective on 24 January 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group may not in aggregate exceed 30% of the Company's shares in issue from time to time. The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Group) to be granted under the Scheme and any other share option scheme of the Group, may not in aggregate exceed 10% of the Company's shares in issue as at the date on which the Scheme was adopted without prior approval from the Company's shareholders.

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive, management shareholder or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

24. SHARE OPTION SCHEME (continued)

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of grant of the share options or the expiry date of the Scheme, whichever is earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the SEHK closing price of the Company's shares on the date of the offer of the share options; (ii) the average SEHK closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Up to the approval date of the financial statements, no options have been granted or agreed to be granted under the Scheme since its effective date on 24 January 2002.

25. RESERVES

Group

In accordance with the relevant laws and regulations of the PRC and the articles of association of Jiangxi Jinding and Jiangxi Jinlixin, subsidiaries of the Company, the subsidiaries are required to transfer 10% of their profits after tax prepared in accordance with the accounting regulations in the PRC to the statutory reserve until the reserve balance reaches 50% of their registered capital. Such reserve may be used to reduce any losses incurred or to be capitalised as paid-up capital.

In addition, prior to 1 January 2006, Jiangxi Jinlixin is required to transfer 5% of its profit after income tax prepared in accordance with the accounting regulations in the PRC to the statutory public welfare reserve. The use of the statutory public welfare reserve is restricted to capital expenditure for employees' facilities. This statutory public welfare reserve is non-distributable except upon liquidation of the subsidiary. Starting from 1 January 2006, pursuant to certain amendments of the PRC Company Laws, Jiangxi Jinlixin are not allowed to establish the statutory public welfare reserve. However, such amendment did not result in significant impact to the Group due to insignificant balance.

25. RESERVES (continued)

Company

	Share premium account	Exchange reserve	Accumulated losses	Total
	RMB	RMB	RMB	RMB
At 1 July 2005	40,026,000	–	(11,421,936)	28,604,064
Issue of new shares	793,800	–	–	793,800
Share issue expenses	(75,295)	–	–	(75,295)
Net loss for the year	–	–	(16,174,563)	(16,174,563)
At 30 June 2006 and at 1 July 2006	40,744,505	–	(27,596,499)	13,148,006
Net loss for the year	–	–	(7,824,794)	(7,824,794)
Exchange difference	–	(1,853,330)	–	(1,853,330)
At 30 June 2007	**40,744,505**	**(1,853,330)**	**(35,421,293)**	**3,469,882**

The share premium account of the Company arises on shares issued at a premium. Under the Companies Law of the Cayman Islands, the share premium account is 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 and when they fall due in the ordinary course of business.

26. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group did not have any lease commitments (2006: RMB84,000).

The Company did not have any lease commitments as at 30 June 2006 and 2007.

27. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

Remuneration of the directors disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 30 June 2007		
	Fees	**Salaries, allowances and benefits in kind**	**Total**
	RMB	**RMB**	**RMB**
Executive directors:			
– Mr. Li Jiahui	**–**	**350,568**	**350,568**
– Mr. Huang Boqi	**–**	**360,000**	**360,000**
	–	**710,568**	**710,568**
Independent non-executive directors:			
– Mr. Chan Ngai Sang, Kenny	**140,227**	**–**	**140,227**
– Mr. Xing Fengbing	**140,227**	**–**	**140,227**
– Mr. Chan Kin Sang	**140,227**	**–**	**140,227**
	420,681	**–**	**420,681**
	420,681	**710,568**	**1,131,249**

27. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

	Year ended 30 June 2006		
	Fees RMB	Salaries, allowances and benefits in kind RMB	Total RMB
Executive directors:			
– Mr. Li Jiahui	–	342,974	342,974
– Mr. Huang Boqi	–	360,000	360,000
	–	702,974	702,974
Independent non-executive directors:			
– Mr. Chan Ngai Sang, Kenny	151,200	–	151,200
– Mr. Xing Fengbing	151,200	–	151,200
– Mr. Chan Kin Sang	151,200	–	151,200
	453,600	–	453,600
	453,600	702,974	1,156,574

There was no emolument paid by the Group to its directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

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

27. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2006: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2006: three) individuals during the year are as follows:

	2007 **RMB**	2006 RMB
Salaries, bonuses, allowances and benefits in kind	**863,608**	1,187,364

The remuneration paid to each of the non-director, highest paid employees fell within the band of nil to RMB1,000,000 for each of the two years ended 30 June 2006 and 2007.

There was no emolument paid by the Group to any of these five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

28. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	**2007** **RMB**	2006 RMB
Operating lease rentals paid to a related company	(i)	**408,996**	441,000
Rental income received from a related company	(ii)	**116,856**	126,000

(i) The rentals were paid, in respect of the Group's office premises situated in Hong Kong, to Joinn Investment. The directors of the Company have confirmed that the monthly rentals were calculated with reference to open market rentals for similar premises.

(ii) The rentals were received, in respect of the Group's office premises situated in Hong Kong, from Joinn Strategic. The directors of the Company have confirmed that the monthly rentals were calculated with reference to open market rentals for similar premises.

28. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel

	2007	2006
	RMB	RMB
Total remuneration of directors and other members of key management during the year		
– short-term employee benefits	**1,844,014**	1,969,938

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

As at 30 June 2007, the Group's financial instruments mainly consisted of cash and bank balances, trade receivables, other receivables, amount due from a related company, trade payables, amount due to related companies and other payables.

(i) Interest rate risk

The financial assets of the Group comprise primarily cash and cash equivalents, the effective interest rates and terms of which are disclosed in note 19 to the financial statements.

(ii) Foreign currency risk

The Group does not have significant foreign currency risk as the sales and purchases are predominantly in RMB.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk

All the Group's cash and cash equivalents are deposited with major banks located in Hong Kong and the PRC.

The carrying amounts of the trade receivables included in the balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets. No other financial assets carry a significant exposure to credit risk. The Group has no significant concentrations of credit risk due to its large customer base.

The Group performs ongoing credit evaluation of its customers' financial position and requires no collateral from its customers. The provision for impairment is based upon the review of the expected collectibility of all trade receivables.

(iv) Fair value

The fair value of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

30. EVENT AFTER BALANCE SHEET DATE

On 12 July 2007, Twyla Services Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with the vendors, Dream Star International Limited, in which a director of a subsidiary of the Company has a material equity interest, and an independent third party for acquiring 45% and 10% of the issued share capital of Highway Bright Holdings Limited ("Highway Bright") from the respective vendor at an aggregate consideration of approximately HK$289 million. Highway Bright is principally engaged in the manufacture and sale of satellite and telecommunication products and components and accessories of audio/video equipment in the PRC. The consideration shall be satisfied by way of (i) HK$100,000,000 in cash; (ii) HK$69,720,000 by issuing 664,000,000 shares of the Company at HK$0.105 per share; and (iii) HK$119,030,000 by the issue of zero-coupon convertible bonds (the "Bond") with maturity date in 2012, which can be converted into shares of the Company at the holders' option at the exercise price of HK$0.25 per share at any time during conversion period from the expiry of the sixth month of the issue date of the Bond up to the date 7 days before and excluding the maturity date. The directors of the Company expect to complete the transaction by December 2007.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of the presentation of discontinued operations.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and minority interest of the Group for the last five financial years, as extracted from the published audited financial statements and restated as appropriate, is set out below.

	2007	2006	2005	2004	2003
	RMB	RMB	RMB	RMB	RMB
		(Restated)	(Restated)	(Restated)	(Restated)
Results					
Revenue					
Continuing operations	**5,458,800**	2,015,123	1,499,850	3,433,500	38,769,882
Discontinued operations	**26,917,193**	36,549,640	40,420,809	17,198,798	–
	32,375,993	38,564,763	41,920,659	20,632,298	38,769,882
(Loss)/Profit from operation					
Continuing operations	**(3,178,894)**	(20,841,536)	(31,020,225)	(21,545,738)	6,737,495
Discontinued operations	**(3,962,669)**	427,361	(1,065,060)	(107,652)	–
	(7,141,563)	(20,414,175)	(32,085,285)	(21,653,390)	6,737,495
Finance costs					
Continuing operations	**–**	–	–	–	–
Discontinued operations	**(933)**	(3,590)	(4,814)	–	–
	(933)	(3,590)	(4,814)	–	–
(Loss)/Profit before taxation					
Continuing operations	**(3,178,894)**	(20,841,536)	(31,020,225)	(21,545,738)	6,737,495
Discontinued operations	**(3,963,602)**	423,771	(1,069,874)	(107,652)	–
	(7,142,496)	(20,417,765)	(32,090,099)	(21,653,390)	6,737,495
Income tax					
Continuing operations	**–**	–	–	–	(2,247,670)
Discontinued operations	**(5,306)**	(1,073)	(4,450)	(2,622)	–
	(5,306)	(1,073)	(4,450)	(2,622)	(2,247,670)
(Loss)/Profit for the year					
Continuing operations	**(3,178,894)**	(20,841,536)	(31,020,225)	(21,545,738)	4,489,825
Discontinued operations	**(3,968,908)**	422,698	(1,074,324)	(110,274)	–
	(7,147,802)	(20,418,838)	(32,094,549)	(21,656,012)	4,489,825
Attributable to:					
– Equity holders of the Company	**(6,987,235)**	(20,594,890)	(31,568,130)	(21,601,978)	4,489,825
– Minority interest	**(160,567)**	176,052	(526,419)	(54,034)	–
	(7,147,802)	20,418,838	(32,094,549)	(21,656,012)	4,489,825

FIVE YEAR FINANCIAL SUMMARY

	2007	2006	2005	2004	2003
	RMB	RMB	RMB	RMB	RMB
Assets and liabilities and minority interest					
Total assets	**23,425,564**	33,514,594	49,789,607	81,784,416	102,797,777
Total liabilities	**(5,598,262)**	(7,191,784)	(5,866,464)	(5,766,724)	(5,689,041)
Minority interest	**1,784,197**	(160,567)	15,485	(510,934)	–
	19,611,499	26,162,243	43,938,628	75,506,758	97,108,736