Notes to the Financial Statements

for the year ended 31st March, 2006

1. General

The Company was incorporated in Bermuda on 16th December, 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). As at 31st March, 2006, in the opinion of directors, its ultimate holding company is Henry Jewellery Holdings Limited ("HJHL") (formerly known as True Ever Group Limited.)

The Company acts as an investment holding company and the principal activities of the Group are manufacture, marketing and research and development of computer motherboards, networking products and related components.

Its shares are listed on The Stock Exchange of Hong Kong Limited.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

(a) In current year, the Group has adopted, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") (collectively "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to its operations and effective for accounting periods beginning on or after 1st January, 2005. The applicable HKFRSs are set out below.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenues
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKAS-Int 4	Leases-Determination of the Length of Lease Term in respect of Hong Kong Land leases
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
HKAS-Int 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

The adoption of these HKFRSs had no material effect on the Group's accounting policies and on amount disclosed in the financial statements except for the followings:

(i) HKAS 16 Property, Plant and Equipment
HKAS 17 Leases

In previous years, the Group's leasehold land and buildings in Hong Kong held for own use were stated at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation and any impairment losses. In the current year, the Group has applied HKAS 17 "Leases", under which the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interest in land continue to be accounted for as property, plant and equipment.

In the opinion of Messrs. Goldrich Planners & Surveyors Limited, an independent professional valuer, as the lease payments regarding the Group's leasehold land and buildings in Hong Kong held for own use cannot be allocated reliably between the land and buildings elements, the entire land lease payments in respect of those land and buildings are all classified as finance lease and continued to be accounted for as property, plant and equipment. This new accounting policy has no financial impact on the Group for the current and prior years.

(ii) HKFRS 3 Business Combinations

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition was previously known as "negative goodwill". In previous years, negative goodwill arising from acquisition of subsidiaries prior to 1st April, 2001 was credited to reserve in the year of acquisition.

HKFRS 3 prohibits the recognition of negative goodwill in the balance sheet. HKFRS 3 requires that, after reassessment, any excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of the business combination should be recognised immediately in profit or loss. In accordance with the transitional provision of HKFRS 3, the Group has applied the revised accounting policy prospectively and derecognised negative goodwill from 1st April, 2005. This was done by transferring the negative goodwill balance of approximately HK$2,408,000 from capital reserve to accumulated losses as of 1st April, 2005. Therefore, the change has had no impact on amounts reported for 2005 or prior periods.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(iii) HKFRS 2 Share-based Payment

HKFRS 2 requires an expense to be recognised where the Group buys goods or obtains service in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of Directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has not applied HKFRS 2 to those share options granted before 1st April, 2005 as all of these share options were granted before 7th November, 2002.

The Group has adopted HKFRS 2 for share options granted during the year. The details of the share options scheme are set out in note 27 to the financial statements.

The Group has not early adopted the following new standards or interpretations that have been issued but are not yet effective.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1st January, 2007
HKAS 39 (Amendment)	The Fair Value Option	1st January, 2006
HKFRS 7	Financial Instruments: Disclosures	1st January, 2007
HK (IFRIC)-Int 4	Determining Whether an Arrangement Contains a Lease	1st January, 2006

The Group is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of initial application.

3. Significant Accounting Policies

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March, each year. Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

3. Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

All significant inter-company transactions, balances and unrealised gains on transactions between group enterprises are eliminated on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Rental income under operating lease is recognised on a straight-line basis over the relevant lease term.

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Leasehold land and buildings are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of asset is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the income is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to previous revaluation of that particular asset. On the subsequent disposal of such asset, the attributable revaluation surplus is transferred to accumulated losses.

Depreciation are provided to write off the cost or valuation of property, plant and equipment over their estimated useful lives, using the straight line method. The useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The principal annual rates are as follows:

Leasehold land and buildings	2.5% or over the terms of the leases, if higher
Leasehold improvements	50% or over the terms of the leases
Plant and machinery	10% to 25%
Furniture, fixtures and equipment	20% to 25%

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

3. Significant Accounting Policies *(Continued)*

Development expenditure

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Other investment

Other investment represents the investment in golf club debentures which are stated at cost less any identified impairment loss.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet which the Group becomes a party to the contractual provisions of the instrument.

(i) *Trade and other receivables*

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate provision for impairment for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The provision recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

(ii) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(iii) *Financial liabilities and equity instruments*

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

(iv) *Borrowings*

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(v) *Trade and other payables*

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

(vi) *Equity instruments*

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

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the lessees.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight – line basis over the lease terms.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes cost of purchase of materials computed using the first-in-first-out method and, in the case of work in progress and finished goods, direct labour and an appropriate proportion of production overheads. Net realisable value is determined by reference to the anticipated sales proceeds of items sold in the ordinary course of business less estimated selling expenses after the balance sheet date or to management estimates based on prevailing market conditions.

3. Significant Accounting Policies *(Continued)*

Properties held for sale

Properties held for sale are stated at lower of cost and net realisable value.

Employees' benefits

Short term benefits

Salaries, annual bonuses, paid annual leaves and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

Retirement benefit schemes contribution

Payments to the defined contribution retirement benefits scheme and the Mandatory Provident Fund Scheme are charged as expenses as they fall due.

Share based payments

The Group issues equity settled share-based payments to certain directors, employees and other parties. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding increase in a capital reserve within equity, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained earnings).

Fair value is measured using the Black-Scholes-Merton Option Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are expressed in Hong Kong Dollars which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Foreign currency transactions are translated into Hong Kong Dollars, being the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

3. Significant Accounting Policies *(Continued)*

Foreign currencies *(Continued)*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operation (including comparatives) are expressed in Hong Kong Dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's fluctuation reserve. Such translation differences are recognised in consolidated income statement in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Provisions and contingent liabilities

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

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount 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 goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable 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 profit will be available to allow all or part of the asset to be recovered.

3. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in 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.

Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

4. Critical Accounting Estimates and Judgements

Estimates and judgments

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

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgment in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may effect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Estimation uncertainty

The Group also makes estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date. 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 in relation to share option expense.

Share option expense is subject to the limitations of the option pricing models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates including limited early exercise behaviour, expected interval and frequency of open exercise periods in the share option life and the relevant parameters of the share option model be changed, there would be material changes in the amount of share option benefits recognised in the income statement and share-based payment reserve.

5. Turnover

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances.

6. Business and Geographical Segments

BUSINESS SEGMENTS

For management purposes, the Group is currently organised into three operating divisions – design and manufacture of computer motherboard and network products, supply of computer components and supply of mobile storage and related products. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Design and manufacture of computer motherboard and network products	–	Manufacture and selling and research and development of computer motherboard and network products
Supply of computer related products	–	Marketing and supply of computer motherboards and related components
Supply of mobile storage and related products	–	Marketing and supply of mobile storage and related products

Segment information about these businesses is presented below.

Year ended 31st March, 2006

	Design and manufacture of computer motherboard and network products HK$'000	Supply of computer related products HK$'000	Supply of mobile storage and related products HK$'000	Consolidated HK$'000
TURNOVER	18,803	331,303	53,809	403,915
RESULTS				
Segment results	1,637	3,565	1,125	6,327
Unallocated corporate income				2,086
Unallocated corporate expenses				(19,992)
Loss from operations				(11,579)
Finance costs				(143)
Net loss for the year				(11,722)

6. Business and Geographical Segments *(Continued)*

BUSINESS SEGMENTS *(Continued)*

At 31st March, 2006

BALANCE SHEET

	Design and manufacture of computer motherboard and network products HK$'000	Supply of computer related products HK$'000	Supply of mobile storage and related products HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	12,395	2,240	747	15,382
Unallocated corporate assets				12,100
Consolidated total assets				27,482
LIABILITIES				
Segment liabilities	7,427	1,041	347	8,815
Unallocated corporate liabilities				6,708
Consolidated total liabilities				15,523

6. Business and Geographical Segments *(Continued)*

BUSINESS SEGMENTS *(Continued)*

Segment information about these businesses is presented below.

At 31st March, 2006

OTHER INFORMATION

	Design and manufacture of computer motherboard and network products HK$'000	Supply of computer related products HK$'000	Supply of mobile storage and related products HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	33	13	4	–	50
Depreciation and amortisation	3,367	75	25	–	3,467
Loss on disposal of property, plant and equipment	1,904	–	–	–	1,904
Provision for bad and doubtful debts	224	215	72	–	511
Provision for slow-moving and obsolete inventories	9	2	1	–	12
Revaluation surplus of property, plant and equipment	–	–	–	85	85

6. Business and Geographical Segments *(Continued)*

BUSINESS SEGMENTS *(Continued)*

Year ended 31st March, 2005

	Design and manufacture of computer motherboard and network products HK$'000	Supply of computer related products HK$'000	Supply of mobile storage and related products HK$'000	Consolidated HK$'000
TURNOVER	18,560	438,949	93,750	551,259
RESULTS				
Segment results	3,718	1,750	1,459	6,927
Unallocated corporate income				1,905
Unallocated corporate expenses				(15,867)
Loss from operations				(7,035)
Finance costs				(171)
Net loss for the year				(7,206)

6. Business and Geographical Segments *(Continued)*

BUSINESS SEGMENTS *(Continued)*

At 31st March, 2005

BALANCE SHEET

	Design and manufacture of computer motherboard and network products HK$'000	Supply of computer related products HK$'000	Supply of mobile storage and related products HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	21,189	1,650	1,989	24,828
Unallocated corporate assets				11,031
Consolidated total assets				35,859
LIABILITIES				
Segment liabilities	7,836	3,475	2,769	14,080
Unallocated corporate liabilities				8,995
Consolidated total liabilities				23,075

6. Business and Geographical Segments *(Continued)*

BUSINESS SEGMENTS *(Continued)*

At 31st March, 2005

OTHER INFORMATION

	Design and manufacture of computer motherboard and network products HK$'000	Supply of computer related products HK$'000	Supply of mobile storage and related products HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	1,973	–	–	–	1,973
Depreciation and amortisation	6,375	94	1	–	6,470
Loss on disposal of property, plant and equipment	65	–	–	–	65
Provision for bad and doubtful debts	406	–	–	–	406
Provision for properties held for sale	–	–	–	107	107
Provision for slow-moving and obsolete inventories	2,998	–	–	–	2,998
Impairment loss on unlisted investment	366	–	–	–	366
Revaluation deficit of property, plant and equipment	–	–	–	200	200

GEOGRAPHICAL SEGMENTS

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC"). The Group's manufacture of computer motherboard and network products is carried out in the PRC, and supply of computer components and mobile storage and related products is carried out in Hong Kong.

6. Business and Geographical Segments *(Continued)*

GEOGRAPHICAL SEGMENTS *(Continued)*

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	Year ended 31st March, 2006 HK$'000	Year ended 31st March, 2005 HK$'000
Hong Kong	**160,050**	258,054
The PRC	**55,972**	138,305
North America	**8,142**	21,131
Asia Pacific	**122,034**	87,989
Europe	**56,848**	42,059
Others	**869**	3,721
	403,915	551,259

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and intangible asset analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	At 31st March, 2006 HK$'000	At 31st March, 2005 HK$'000	**Year ended 31st March, 2006 HK$'000**	Year ended 31st March, 2005 HK$'000
The PRC	**9,259**	10,900	**33**	24
Hong Kong	**18,223**	24,959	**17**	1,949
	27,482	35,859	**50**	1,973

7. Loss from Operations

	2006 HK$	2005 HK$
Loss from operations has been arrived at after charging:		
Directors' remuneration *(Note 9)*		
Fees	**394,318**	225,000
Other emoluments	**312,000**	1,248,000
Retirement benefit scheme contributions	**4,000**	16,000
Share-based payment	**596,316**	–
	1,306,634	1,489,000
Other staff costs	**6,517,576**	3,649,237
Total staff costs	**7,824,210**	5,138,237
Provision for bad and doubtful debts	**511,051**	406,333
Provision for properties held for sale	**–**	107,413
Provision for slow-moving and obsolete inventories	**11,408**	2,998,226
Amortisation of development costs (included in administrative expenses)	**1,104,486**	2,175,841
Auditors' remuneration		
Current year	**300,000**	335,034
Underprovision in prior years	**–**	14,400
Cost of inventories recognised as an expense	**392,876,017**	534,953,944
Depreciation of property, plant and equipment	**2,362,072**	4,293,970
Impairment loss on development costs (included in administrative expenses)	**2,146,035**	–
Impairment loss on other investment (included in administrative expenses)	**–**	366,407
Write off/loss on disposal of property, plant and equipment	**1,903,863**	64,622
Revaluation deficit of property, plant and equipment	**–**	200,000
and after crediting:		
Interest income on bank deposits	**114,045**	114,029
Net foreign exchange gains	**6,072**	7,946
Gain on disposal of properties held for sale	**21,000**	–
Revaluation surplus of property, plant and equipment	**85,384**	–

8. Finance Costs

	2006 HK$	2005 HK$
Interest on bank borrowings wholly repayable within five years	**143,486**	171,476

9. Directors' and Employees' Emoluments

Particulars of the emoluments of the directors and the five highest paid individuals for the year are as follows:

(a) Directors' emoluments

	2006	2005
	HK$	HK$
Directors' fees		
Executive	**14,341**	–
Non-executive	**73,334**	–
Independent non-executive	**306,643**	225,000
	394,318	225,000
Other emoluments of executive directors		
Salaries and other benefits	**312,000**	1,248,000
Share-based payment	**596,316**	–
Retirement benefit scheme contributions	**4,000**	16,000
	1,306,634	1,489,000
Chang Chung Wa, Eddie		
– Salaries and other benefits	**156,000**	312,000
– Retirement benefit scheme contribution	**2,000**	4,000
	158,000	316,000
Tang Kit Ching, Venus		
– Salaries and other benefits	**156,000**	936,000
– Retirement benefit scheme contribution	**2,000**	12,000
	158,000	948,000
Ng Chun For, Henry		
– Fees	**7,355**	–
– Share based payment	**198,772**	–
	206,127	–
Ng Ian		
– Fees	**3,493**	–
– Share based payment	**198,772**	–
	202,265	–

9. Directors' and Employees' Emoluments *(Continued)*

(a) Directors' emoluments *(Continued)*

	2006 **HK$**	2005 HK$
Chan Kwai Ping, Albert		
– Fees	**3,493**	–
– Share based payment	**198,772**	–
	202,265	–
Cheng Yuk Wo		
– Fees	**91,667**	–
Ng Hoi Yue		
– Fees	**73,334**	–
Tsang Kwok Ming, Rock		
– Fees	**73,334**	–
Li Chi Kwong		
– Fees	**30,000**	135,000
Henry Fung		
– Fees	**30,000**	60,000
Pan Xiao Mei		
– Fees	**8,308**	30,000
Mak Wah Chi		
– Fees	**73,334**	–

The aggregate emoluments of each of the directors were within the following bands:

	Number of directors	
	2006	2005
Nil to HK$1,000,000	**12**	5

9. Directors' and Employees' Emoluments *(Continued)*

(b) Employees' emoluments

The emoluments of the five highest paid individuals of the Group are as follows:

	2006 HK$	2005 HK$
Salaries and other benefits	**2,274,752**	1,179,900
Retirement benefit scheme contributions	**40,000**	30,000
	2,314,752	1,209,900

The above individuals did not include any directors (2005: two directors) whose emoluments are set out above. The aggregate emoluments of each of the individuals was less than HK$1,000,000 for both years.

10. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Hong Kong subsidiaries of the Company have no assessable profit for both years.

The charge for the year can be reconciled to the loss per the income statement as follows:

	2006 HK$	2005 HK$
Net loss for the year	**(11,722,132)**	(7,206,151)
Tax at the domestic income tax rate of 17.5%	**(2,051,373)**	(1,261,075)
Tax effect of expenses not deductible in determining taxable profit	**619,355**	347,455
Tax effect of income not taxable in determining taxable profit	**(110,549)**	(789)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(12,356)**	–
Utilisation of deferred tax assets previously not recognised	**(33,434)**	(301,408)
Tax effect of deferred tax assets not recognised	**1,600,695**	1,215,817
Others	**(12,338)**	–
Tax expense for the year	**–**	–

11. Dividend

No dividend was paid or proposed during 2006, nor has any dividend been proposed since 31st March, 2006.

12. Loss per Share

The calculation of basic loss per share is based on the net loss for the year of HK$11,722,132 (2005: HK$7,206,151) and on the weighted average number of ordinary shares of 219,488,867 (2005: 204,145,000 ordinary shares) in issue during the year.

Diluted loss per share was not presented for both years as the effect of the exercise of the outstanding share options of the Company would result in a decrease in loss per share.

13. Property, Plant and Equipment

	Leasehold properties HK$	**Leasehold improvements** HK$	**Plant and machinery** HK$	**Furniture, fixtures and equipment** HK$	**Total** HK$
THE GROUP					
COST OR VALUATION					
At 1st April, 2004	3,477,481	6,904,907	31,651,220	12,918,155	54,951,763
Additions	–	–	23,925	24,492	48,417
Disposals	–	–	(145,738)	(99,681)	(245,419)
Arising on valuation	(200,000)	–	–	–	(200,000)
At 31st March, 2005	3,277,481	6,904,907	31,529,407	12,842,966	54,554,761
Additions	–	–	30,063	19,553	49,616
Written off/disposals	–	–	(13,068,276)	(90,461)	(13,158,737)
Arising on valuation	(477,481)	–	–	–	(477,481)
Exchange adjustments	–	137,925	623,234	82,739	843,898
Reclassification	–	–	1,661,580	(1,661,580)	–
At 31st March, 2006	2,800,000	7,042,832	20,776,008	11,193,217	41,812,057
Comprising:					
At cost	–	7,042,832	20,776,008	11,193,217	39,012,057
At valuation – 2006	2,800,000	–	–	–	2,800,000
	2,800,000	7,042,832	20,776,008	11,193,217	41,812,057

13. Property, Plant and Equipment *(Continued)*

	Leasehold properties HK$	Leasehold improvements HK$	Plant and machinery HK$	Furniture, fixtures and equipment HK$	Total HK$
DEPRECIATION					
At 1st April, 2004	375,243	5,955,662	20,158,307	10,028,836	36,518,048
Charged for the year	93,811	772,742	2,957,997	469,420	4,293,970
Written back on disposal	–	–	(57,931)	(77,202)	(135,133)
At 31st March, 2005	469,054	6,728,404	23,058,373	10,421,054	40,676,885
Charged for the year	93,811	180,531	1,610,062	477,688	2,362,092
Written back	–	–	(11,085,591)	(87,954)	(11,173,545)
Eliminated on valuation	(562,865)	–	–	–	(562,865)
Exchange adjustments	–	133,897	345,940	78,214	558,051
Reclassification	–	–	(126,026)	126,026	–
At 31st March, 2006	–	7,042,832	13,802,758	11,015,028	31,860,618
NET BOOK VALUES					
At 31st March, 2006	2,800,000	–	6,973,250	178,189	9,951,439
At 31st March, 2005	2,808,427	176,503	8,471,034	2,421,912	13,877,876

The leasehold land and buildings were revalued at their open market value at 31st March, 2006 by Messrs. Goldrich Planners & Surveyors Limited, an independent professional valuer. This valuation gave rise to a surplus on revaluation of approximately HK$85,000 which has been credited to the income statement.

14. Development Costs

	HK$
THE GROUP	
COST	
At 1st April, 2004	5,389,510
Additions	1,924,917
At 31st March, 2005 and 2006	7,314,427
AMORTISATION	
At 1st April, 2004	1,888,065
Charge for the year	2,175,841
At 31st March, 2005	4,063,906
Charged for the year	1,104,486
At 31st March, 2006	5,168,392
IMPAIRMENT:	
Impairment loss recognised in the year and balance at 31st March, 2006	2,146,035
NET BOOK VALUES	
At 31st March, 2006	–
At 31st March, 2005	3,250,521

The amount represents direct development costs incurred for the development of "VCT 維思達" products, which is amortised on a straight-line basis over three years.

During the year, the directors reviewed the carrying value of the development costs and identified that the future economic benefits generated from "VCT 維思達" products to be less than its carrying value. Accordingly, an impairment loss of HK$2,146,035 was recognised in the income statement for the year ended 31st March, 2006.

15. Other Investment

	THE GROUP	
	2006 HK$	2005 HK$
Other investment, at cost	**911,407**	911,407
Less: Impairment loss recognised	**(666,407)**	(666,407)
	245,000	245,000

15. Other Investment *(Continued)*

The investment represents a golf club debenture. In 2003 and 2005, the directors reviewed the carrying value of the other investment of the Group at the balance sheet date and identified that the recoverable amount of the other investment to be lower than the carrying amount with reference to the market value of the golf club debenture. Accordingly, an impairment loss of HK$300,000 and HK$366,407 was recognised in the income statement in 2003 and 2005 respectively.

16. Investments in Subsidiaries

	THE COMPANY	
	2006	2005
	HK$	HK$
Unlisted shares, at cost	**60,138,828**	60,138,804
Less: Impairment loss recognised	**(58,500,000)**	(52,800,000)
	1,638,828	7,338,804

Details of the Company's subsidiaries at 31st March, 2006 are set out in note 32.

17. Inventories

	THE GROUP	
	2006	2005
	HK$	HK$
Raw materials	**710,445**	1,007,341
Work in progress	**982,218**	812,235
Finished goods	**1,190,239**	2,140,232
	2,882,902	3,959,808

18. Trade and Other Receivables

The Group has a policy of allowing an average credit period of 30 days to its customers. Included in trade and other receivables were trade receivables of HK$1,782,522 (2005: HK$2,849,942), the aging at the balance sheet date was as follows:

	THE GROUP	
	2006	2005
	HK$	HK$
Up to 30 days	**1,610,670**	2,625,765
31 – 60 days	**6,174**	25,038
61 – 90 days	**25,451**	9,041
More than 90 days	**140,227**	190,098
	1,782,522	2,849,942

19. Trade and Other Payables

Included in trade and other payables were trade payables of HK$4,841,972 (2005: HK$8,512,134), the aging at the balance sheet date was as follows:

	THE GROUP	
	2006	2005
	HK$	HK$
Up to 30 days	**2,065,364**	7,170,540
31 – 60 days	**918,999**	308,802
61 – 90 days	**774,161**	145,548
More than 90 days	**1,083,448**	887,244
	4,841,972	8,512,134

20. Amount Due to a Former Intermediate Holding Company

The amount is advanced from Tactful Finance Limited, a former intermediate holding company of the Company in which Mr. Chang Chung Wa, Eddie, a former director of the Company, has a beneficial interest.

The amount is unsecured, non-interest bearing and repayable on 30th April, 2007.

21. Bank Borrowings – Secured

	THE GROUP	
	2006	2005
	HK$	HK$
Borrowings comprised:		
Bank loan	**1,295,167**	–
Bank overdrafts	**–**	1,419,552
Trust receipt loans	**–**	1,905,615
	1,295,167	3,325,167
Current portion	**228,665**	3,325,167
Non-current portion	**1,066,502**	–

At 31st March, 2006, the Group's bank loans were wholly repayable within five years as follows:

	2006	2005
	HK$	HK$
Within one year	**228,665**	3,325,167
In the second year	**250,355**	–
In the third year	**273,841**	–
In the fourth year	**299,529**	–
In the fifth year	**242,777**	–
	1,295,167	3,325,167

The loan would mature in December 2010 and subject to an average interest rate of 8.75% which is determined based on 0.75% above prime rate. In 2005, bank overdrafts were repayable on demand and the trust receipt loans had terms of 90 days. The average effective interest rate on bank overdrafts and trust receipt loans approximated 5.79% which was determined based on 0.75% plus prime rate.

At 31st March, 2006, the Group's banking facilities were secured by the following:

1. bank deposits of the Group of HK$ Nil (2005: HK$1,600,000);

2. the Group's leasehold land and buildings with a net book value of approximately HK$2,800,000 (2005: HK$2,808,000);

3. personal guarantee of HK$1,350,000 (2005: Nil) provided by Mr. Chang Chung Wa, Eddie, a former director of the Company.

22. Deferred Tax

The following are the major deferred tax liabilities/(assets) recognised and movements thereon during the current and the prior year:

	Accelerated tax depreciation HK$	Tax losses HK$	Total HK$
THE GROUP			
At 1st April, 2004	108,597	(108,597)	–
(Credit)/charge to income statement	(108,597)	108,597	–
At 31st March, 2005 and 2006	–	–	–

At 31st March, 2006, the Group had unused tax losses of approximately HK$42,452,000 (2005: HK$34,314,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

At the balance sheet date, the Group had other deductible temporary differences of approximately HK$1,798,000 (2005: HK$2,662,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

23. Share Capital

	Number of shares		Amount	
	2006	2005	**2006 HK$**	2005 HK$
Authorised:				
Ordinary shares of HK$0.10 each				
At beginning and end of the year	**1,000,000,000**	1,000,000,000	**100,000,000**	100,000,000
Issued and fully paid:				
Ordinary shares of HK$0.10 each				
At beginning of the year	**204,145,000**	204,145,000	**20,414,500**	20,414,500
Issue of shares *(Note)*	**20,000,000**	–	**2,000,000**	–
At end of the year	**224,145,000**	204,145,000	**22,414,500**	20,414,500

Note:

On 14th June, 2005, HJHL, the controlling shareholder of the Company, entered into a placing agreement with Kingsway Financial Services Group Limited ("Kingsway"), pursuant to which Kingsway, as placing agent, agreed to place, on a best effort basis, up to 20,000,000 ordinary shares of the Company (the "Placed Shares") held by HJHL to not less than six independent professional, institutional and/or other investor(s) at a placing price of HK$0.51 per share (the "Placing Price"). On the same date, HJHL entered into a subscription agreement to subscribe for 20,000,000 new shares of the Company (equivalent to the number of the Placed Shares) at the Placing Price (the "Subscription"). The net proceeds of approximately HK$9,985,000 raised from the Subscription have been used as general working capital of the Group (please refer to the Company's announcement dated 15th June, 2005). The premium on the issue of new shares amounted to approximately HK$7,985,000, net of shares issue expenses, was credited to the Company's share premium account.

24. Reserves

	Share premium HK$	Share-based payment reserves HK$	Contributed surplus HK$	Accumulated losses HK$	Total HK$
THE COMPANY					
At 1st April, 2004	24,897,257	–	39,257,654	(65,247,622)	(1,092,711)
Net loss for the year	–	–	–	(9,973,844)	(9,973,844)
At 31st March, 2005	24,897,257	–	39,257,654	(75,221,466)	(11,066,555)
Shares issued at premium net of share issue expenses	7,984,576	–	–	–	7,984,576
Net loss for the year	–	–	–	(8,162,625)	(8,162,625)
Recognition of equity-settled share-based payment	–	726,274	–	–	726,274
At 31st March, 2006	32,881,833	726,274	39,257,654	(83,384,091)	(10,518,330)

The contributed surplus of the Company represents the difference between the book value of the underlying net assets of the subsidiaries acquired by the Company under the Group Reorganisation and the nominal value of the Company's shares issued for the acquisition. In addition to accumulated profits, under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The Company had no distributable profits at the balance sheet date.

25. Operating Lease Arrangements

The Group as lessee

	THE GROUP	
	2006	2005
	HK$	HK$
Minimum lease payments paid under operating leases for premises recognised in the income statement for the year	**1,833,249**	1,638,784

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases for premises which fall due as follows:

	THE GROUP	
	2006	2005
	HK$	HK$
Within one year	**1,856,968**	1,630,000
In the second to fifth year inclusive	**1,856,968**	3,260,000
	3,713,936	4,890,000

Operating lease payments represent rentals payable by the Group for certain of its warehouses and factory premises. Leases are negotiated for an average term of five years and rentals are fixed during the lease period.

The Group as lessor

Property rental income earned during the year was approximately HK$1,720,582 (2005: HK$1,548,000). The Group has sub-leased its warehouse and factory premises to tenants on a two years term.

At the balance sheet date, the Group had contracted with the tenants for the following future minimum lease receivable:

	THE GROUP	
	2006	2005
	HK$	HK$
Within one year	**1,452,605**	1,144,000
In the second to fifth year inclusive	**1,022,106**	353,000
	2,474,711	1,497,000

26. Other Commitments

At the balance sheet date, the Group had total commitments payable of HK$Nil (2005: HK$47,000) in respect of a management fee payable to a party in the PRC under a management agreement which expires over five years.

In addition, as set out in note 30, the Group has entered into a sale and purchase agreement to acquire a 55% equity interest of a company. At 31st March, 2006, the group had paid HK$268,000 of the cash consideration. The balance of the consideration of HK$3,032,000, was settled on the completion date on 7th April, 2006.

27. Share-based Payment Transactions

The Company operates the following equity-settled share option arrangement:

(i) 2000 share option scheme

Pursuant to the share option scheme adopted on 29th April, 2000 (the "Old Option Scheme"), the board of directors of the Company may offer to full time employees, including full time executive directors, of the Company and/or its subsidiaries who have completed the probation period options to subscribe for shares in the Company in accordance with the terms of the Old Option Scheme for the consideration of HK$1 for each lot of share options granted.

The primary purpose of the Old Option Scheme is to provide incentives to the directors and eligible employees of the Group. The total number of shares in respect of which options may be granted under the Old Option Scheme is not permitted to exceed 10% of the shares of the Company in issue from time to time excluding any shares issued under the Old Option Scheme.

The number of shares in respect of which options may be granted to any employee, if exercised in full and when aggregated with the total number of shares already issued upon the exercise of options previously granted to an employee, is not permitted to exceed 25% of the aggregate number of shares for the time being issued and issuable under the Old Option Scheme. Options granted must be taken up within 28 days of the date of grant or such longer or shorter period as the board of directors of the Company may think fit.

Options may be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the board of directors may at their discretion determine the specific exercise period and exercise price. The exercise price is determined by the board of directors of the Company, and shall be the higher of a price being not less than 80% of the average closing prices of the shares for the five business days immediately preceding the date of grant and the nominal value of a share.

Due to changes in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Old Option Scheme was terminated at the Annual General Meeting held on 3rd September, 2003. As a result, no further options were granted under the Old Option Scheme. In accordance with the terms of General Offer made in April 2005 and as details in the Company's announcement on 20th May, 2005, 9,400,000 share options granted to certain directors were lapsed after 13th May, 2005 and all the remaining share options were cancelled on 20th May, 2005.

27. Share-based Payment Transactions *(Continued)*

(ii) 2003 share option scheme

A new share option scheme (the "New Option Scheme"), which will expire on 2nd September, 2013, was adopted by the Company at the Annual General Meeting held on 3rd September, 2003. The primary purpose of the New Option Scheme is to provide incentives or reward the employees and other persons who may have contribution to the Group, and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group.

Under the New Option Scheme, the board of directors of the Company may offer to full time employees, including full time executive directors and non-executive directors, of the Company and/or its subsidiaries to subscribe for shares in the Company in accordance with the terms of the New Option Scheme for the consideration of HK$1 for each lot of share options granted. The total number of shares in respect of which options may be granted under the New Option Scheme is not permitted to exceed 20,414,500 shares, being 10% of the shares of the Company in issue at the date of approval of the New Option Scheme. The Company may seek approval from shareholders of the Company in general meeting to refresh the 10% limit.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Option Scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of the Company's shares in issue from time to time. The number of shares in respect of which options may be granted to any employee in any 12-month period is not permitted to exceed 1% of the total number of the Company's shares of the Company in issue, subject to approval from shareholders of the Company.

Options granted must be taken within 28 days of the date of grant or such longer or shorter period as the board of directors of the Company may think fit. An option may be exercised at any time, during a period determined and notified by the board of directors by each grantee, to the 10th anniversary of the date of grant. The exercise price is determined by the board of directors of the Company and will be at least the highest of the following:

a) the closing price of shares at the date of grant of a share option;

b) the average closing price of the shares for the five business days immediately preceding the date of grant; and

c) the nominal value of a share.

27. Share-based Payment Transactions *(Continued)*

Movements in the share options granted to the former directors, directors, employees of the Company and other eligible participants during the year are as follows:

	Date of grant	Exercise price HK$	Number of share options outstanding at beginning of the year	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Number of share options outstanding at end of the year
2005							
2000 share option scheme							
Former directors	5th September, 2000	0.770	600,000	–	–	–	600,000
	21st May, 2001	0.260	9,400,000	–	–	–	9,400,000
			10,000,000	–	–	–	10,000,000
Employees	15th July, 2000	0.568	1,825,000	–	–	(1,150,000)	675,000
	29th January, 2001	0.240	820,000	–	–	(610,000)	210,000
			2,645,000	–	–	(1,760,000)	885,000
			12,645,000	–	–	(1,760,000)	10,885,000
2006							
2003 share option scheme							
Directors	28th October, 2005	0.676	–	6,000,000	–	–	6,000,000
Eligible person	28th October, 2005	0.676	–	1,280,000	–	–	1,280,000
			–	7,280,000	–	–	7,280,000
2000 share option scheme							
Former directors	5th September, 2000	0.770	600,000	–	–	(600,000)	–
	21st May, 2001	0.260	9,400,000	–	–	(9,400,000)	–
			10,000,000	–	–	(10,000,000)	–
Employees	15th July, 2000	0.568	675,000	–	–	(675,000)	–
	29th January, 2001	0.240	210,000	–	–	(210,000)	–
			885,000	–	–	(885,000)	–
			10,885,000	7,280,000	–	(10,885,000)	7,280,000

27. Share-based Payment Transactions *(Continued)*

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price
2003 share option scheme			
28th October, 2005	28th October, 2005	28th October, 2005 to 27th October, 2015	HK$0.676
2000 share option scheme			
15th July, 2000	15th July, 2000 to 14th January, 2001	15th January, 2001 to 14th July, 2005	HK$0.568
5th September, 2000	5th September, 2000 to 25th August, 2001	26th August, 2001 to 25th August, 2005	HK$0.770
29th January, 2001	29th January, 2001 to 28th January, 2002	29th January, 2002 to 28th January, 2006	HK$0.240
21st May, 2001	21st May, 2001 to 6th May, 2002	7th May, 2002 to 6th May, 2006	HK$0.260

In accordance with the transitional provisions of HKFRS 2, the Group has not applied HKFRS 2 to options which were granted before 7th November, 2002. The Group has applied HKFRS 2 to options granted in 2006. The estimated fair values of the options on the granted date to directors and an eligible person is HK$0.09939 and HK$0.10153 respectively. The options outstanding at the end of the year have a weighted average remaining contractual life of 9.58 years.

The fair value was determined by using Black-Scholes-Merton Option Pricing Model. The key valuation parameters as adopted in assessing the fair value of the share options were set out below:

Weighted average share price	HK$0.58
Weighted average exercise price	HK$0.676
Expected volatility	53.42%
Expected life	2 years
Risk-free rate (adjusted regarding the expected life)	4.211%
Expected dividend yield	0%
Dilution effect	2.67 and 0.57%

27. Share-based Payment Transactions *(Continued)*

The valuation assumed that there will be no substantial fluctuation in the economic outlook and specific industry outlook affecting the continuity of the Group's business and the price of the underlying securities. It also assumed that there will be no material change in the existing political, legal, technological, fiscal or economic condition which may significantly affect the continuity of the Group's business.

The Group recognised total expense of HK$726,274 related to equity settled share based payment transactions during the year.

28. Retirement Benefits Scheme

The Group operates a Mandatory Provident Fund Scheme ("MPF") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes HK$1,000 or 5% of the relevant payroll costs, whichever is lower for each employee, to the scheme, which contribution is matched by employees.

The employees in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government.

The Company is required to make contributions to the defined contribution pension scheme in the PRC based on 8% of the monthly salaries of its current employees to fund the benefits. The PRC government is responsible for the pension liability to these retired staff.

The total cost of approximately HK$297,000 (2005: HK$127,000) charged to income statement represents contributions payable to these schemes by the Group in respect of current accounting year.

29. Related Party Transactions

During the year, Mr. Chang Chung Wa, Eddie, a former director of the Company, provided a guarantee of HK$1,350,000 to the Company's subsidiary, Vida Design Limited.

In addition, Tactful Finance Limited, a company in which Mr. Chang Chung Wa, Eddie, a former director, is interested, provided finance to the Company as detailed in note 20.

30. Post Balance Sheet Event

On 9th March, 2006, Henry Group Holdings Limited, a company incorporated in the British Virgin Islands and an indirectly wholly owned subsidiary of the Company, entered into a sale and purchase agreement with three independent third parties for the acquisition of a 55% equity interest in Uni-Land Property Consultants Limited ("Uni-Land") at a consideration of HK$3,300,000 (the "Agreement"). The consideration was satisfied as to HK$2,680,000 by cash and HK$620,000 by the allotment of 666,667 new shares of the Company ("Consideration Shares"), credited as fully paid, at an issue price of HK$0.93 per share. Pursuant to the Agreement, the Consideration Shares are subject to a lock up period of 18 months from 7th April, 2006, the completion date of the transaction. Uni-Land is a private limited company incorporated in Hong Kong and principally engaged in the business of provision of property agency and consultancy services.

31. Financial Risk Management

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate and currency risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management. The Group has not used any derivatives and other instruments for hedging purposes nor does it hold or issue derivative financial instruments for trading purposes.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of provisions for doubtful receivables. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

Fair value and cash flow interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest-rate risk arises from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the group to fair value interest-rate risk. All bank borrowings were at floating rates.

Foreign exchange risk

The Group's turnover, expenses, assets and liabilities are principally denominated in Hong Kong Dollars ("HKD"), United States Dollars ("USD") and Renminbi ("RMB"). The Group is exposed to foreign exchange risk arising from the exposure of HKD against USD and RMB respectively.

Considering that the exchange rate between HKD and USD is pegged, the Group believes its exposure to exchange rate risk arising from fluctuation in USD is normal. Although the Group is exposed to foreign exchange risk arising from HKD against RMB, at present, the Group has not found it appropriate to substantially hedge currency risk through forward exchange contracts upon consideration of currency risks involved and costs of obtaining such cover. The Group continues to monitor the exposures to RMB and will take necessary procedures to reduce the risk involved in the fluctuations in exchange rates at reasonable costs.

31. Financial Risk Management *(Continued)*

Fair values estimation

All financial instruments are carried at amount not materially different from their fair values as at 31st March, 2006.

The fair values of interest-bearing loan is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

32. Subsidiaries

Details of the Company's subsidiaries at 31st March, 2006 were as follows:

Name of subsidiary	Place of incorporation/ establishment/ operations	Issued and paid up share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dailyview Limited	Hong Kong	Ordinary HK$10,000	–	100%	Property holding
Frontline Group Limited	The British Virgin Islands/ Hong Kong	Ordinary US$10,000	–	100%	Investment holding
華電資訊科技（深圳）有限公司 Huadian Information Technologies (Shenzhen) Company Limited ("Huadian")	The PRC	Registered capital US$2,500,000 *(Note (i))*	–	100%	Inactive and in process of deregistration
Macrocal SDN BHD	Malaysia/ Hong Kong	Ordinary RM$2	–	100%	Inactive
Peair Design Limited	Hong Kong	Ordinary HK$10,000	–	100%	Inactive
深圳華基粵海科技有限公司 Shenzhen Huaji Yuehai Technologies Company Limited ("Shenzhen Huaji") *(Note (ii))*	The PRC	Registered capital US$5,000,000	–	100%	Manufacture, marketing and research and development of computer motherboards, computer related products and network products
Vida Design Limited	Hong Kong	Ordinary HK$20,000	–	100%	Marketing, development and supply of computer products and supply of mobile storage and related products

32. Subsidiaries *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operations	Issued and paid up share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zida Information Technologies Limited	Hong Kong	Ordinary HK$10,000	–	100%	Marketing, development and supply of computer related products and supply of mobile storage and related products
Zida International Holding Limited	The British Virgin Islands/ Hong Kong	Ordinary US$12,500	100%	–	Investment holding
Zida Manufacturing Holding Limited	The British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	Investment holding
Zida Technologies Holding Limited	Hong Kong	Ordinary HK$10,000	–	100%	Investment holding
Zida Technologies Limited	Hong Kong	Ordinary HK$2,000,000	–	100%	Manufacture, marketing and research and development on computer motherboards and computer related products and network products
Zida Technologies Limited	The British Virgin Islands	Ordinary US$1	100%	–	Inactive
New Treasure Group Limited	The British Virgin Islands	Ordinary US$1	100%	–	Investment holding
Henry Group Holdings Limited	The British Virgin Islands	Ordinary US$1	–	100%	Inactive
Gold Matrix Holdings Ltd	The British Virgin Islands	Ordinary US$1	100%	–	Investment holding
Henry Group Property Management Limited (formerly known as Henry Group Holdings Limited)	Hong Kong	Ordinary HK$1	–	100%	Inactive
Maxgain Limited	Hong Kong	Ordinary HK$1	100%	–	Inactive

32. Subsidiaries *(Continued)*

Notes:

(i) Huadian is a wholly-owned foreign investment enterprise. As at 31st March, 2006, the registered capital was paid up to the extent of US$411,700 (2005: US$411,700).

(ii) Shenzhen Huaji was established as a co-operative joint venture enterprise ("JV") for a term of 30 years commencing from 16th July, 1999. Under the relevant joint venture agreement, the Group is responsible for managing the operations of this company. The Group accounts for this enterprise as a wholly-owned subsidiary since the Group is accountable for all of the results of the operations and is also responsible for all its assets and liabilities after the payment of a fixed amount of management fee to the PRC party each year during the term of the joint venture. In February 2005, the PRC party withdrew its interest in the JV. Since then, the JV no longer need to pay the management fee to the PRC party.

None of the subsidiaries had issued any debt securities at the end of the year or at any time during the year.