1. GENERAL

The Company was incorporated in Bermuda on 16 December 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). As at 31 March 2007, in the opinion of directors, its ultimate holding company is Henry Jewellery Holdings 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 and provision of property agency and consultancy services.

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

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

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (''HKICPA'') that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2006. The adoption of these new and revised Standards and Interpretations did not result in substantial changes to the Group's accounting policies nor have affected the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following Standards and Interpretations relevant to the Group were in issue but not yet effective:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC)-Int 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment	1 November 2006

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

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (''HKFRSs''), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (''HKASs'') and Interpretations issued by HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ii) Basis of preparation of financial statements

The consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of leasehold buildings and certain financial instruments which are carried at fair value.

At the balance sheet date, the Group reported net current liabilities of HK$906,847 and net liabilities of HK$3,819,198. The directors have considered the following sources of funding:

(a) rental income from the acquisition of a property investment company in June 2007 as detailed in note 34 which will provide the Group with a stable net cash inflow; and

(b) long-term advances from a director, a minority shareholder and a former director and additional banking facilities obtained from banks.

Accordingly, the Directors are of the opinion that the Group will have sufficient working capital to meet its normal operational requirements in the coming year and are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

(iii) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

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.

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

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(iv) Subsidiary

A subsidiary is an enterprise in which the Group has the power, directly or indirectly, to govern 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 or convertible are considered when assessing whether the Group controls another enterprise.

Investments in subsidiaries are included in the Company's balance sheet at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities assumed in a business combination are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit and loss account.

(vi) 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 profits.

Depreciation is 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%
Motor vehicle	25%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

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)*

(vii) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill on acquisitions of subsidiaries is presented separately.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Gain or loss on the disposal of a subsidiary includes the carrying amount of goodwill relating to the subsidiary.

(viii) Development costs

An internally-generated intangible asset arising from development costs 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 cost is recognised as an expense in the period in which it is incurred.

(ix) Other investment

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

(x) Impairment of assets (excluding goodwill)

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 and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Impairment of assets (excluding goodwill) *(continued)*

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 and 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.

(xi) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Company and its subsidiaries become a party to the contractual provisions of the instrument.

(a) *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.

(b) *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.

(c) *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.

(d) *Borrowings*

Borrowings 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(xi) Financial instruments *(continued)*

(e) *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.

(f) *Equity instruments*

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

(xii) 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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

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.

(xiii) 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.

(xiv) Employees' benefits

(a) *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.

(b) *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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(xiv) Employees' benefits *(continued)*

(c) *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.

(xv) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(xvi) 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.

(xvii) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(xviii) 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.

(xix) Segment reporting

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

(xx) Revenue recognition

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

Commission income on provision of agency and consultancy services is recognized when the services are provided.

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

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:

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(b) Write-downs of inventories to net realisable value

The Group writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not realised. The identification of write-downs requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

(c) Impairment of trade and other receivable

The Group makes provision for impairment of trade and other receivables based on an estimate of the recoverability of these receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade and other receivables requires the use of estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed.

(d) Assessment of impairment of assets

Management periodically reviews each asset for possible impairment or reversal of previously recognised impairment. Recoverability of assets is measured by a comparison of the carrying amount of an asset to its fair value less costs to sell. If such assets are considered by management to be impaired or no longer be impaired, the impairment or reversal of impairment previously recognised is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets less costs to sell. In the analysis of fair value, management are based on various assumptions and estimates.

(e) Valuation of share options

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.

(f) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5. TURNOVER

Turnover represents the amounts received and receivable for goods sold or services provided 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 four operating divisions — design and manufacture of computer motherboard and network products, supply of computer components and supply of mobile storage and related products and provision of property agency and consultancy services. 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
Provision of property agency and consultancy services	—	Provision of property agency and consultancy services for the retail property sale and leasing market

Segment information about these businesses is presented below.

Year ended 31 March 2007

	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Provision of property agency and consultancy services HK$	Consolidated HK$
TURNOVER	6,423,078	223,873,011	16,091,251	6,318,081	252,705,421
RESULTS					
Segment results	1,415,598	3,671,174	822,701	(2,935,219)	2,974,254
Unallocated corporate income					2,403,891
Unallocated corporate expenses					(24,186,110)
Loss from operations					(18,807,965)
Finance costs					(459,285)
Net loss for the year					(19,267,250)

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

At 31 March 2007

BALANCE SHEET

	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Provision of property agency and consultancy services HK$	Consolidated HK$
ASSETS					
Segment assets	4,489,863	1,173,602	391,201	2,343,270	8,397,936
Unallocated corporate assets					4,172,340
Consolidated total assets					12,570,276
LIABILITIES					
Segment liabilities	2,488,018	481,430	160,477	5,907,099	9,037,024
Unallocated corporate liabilities					7,352,450
Consolidated total liabilities					16,389,474

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

At 31 March 2007

OTHER INFORMATION

	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Provision of property agency and consultancy services HK$	Unallocated HK$	Consolidated HK$
Capital additions	8,743	1,051,472	—	218,783	65,935	1,344,933
Depreciation	1,629,369	105,920	66,055	82,830	9,747	1,893,921
Impairment loss on property, plant and equipment	1,669,591	—	—	—	—	1,669,591
Loss on disposal of property, plant and equipment	1,071,240	—	—	311,784	—	1,383,024
Impairment loss on bad and doubtful debts	—	268,343	—	—	—	268,343
Write back of provision for slow-moving and obsolete inventories	554,920	—	—	—	—	554,920
Revaluation surplus on property, plant and equipment	—	87,500	—	—	—	87,500

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

Year ended 31 March 2006

	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Provision of property agency and consultancy services HK$	Consolidated HK$
TURNOVER	18,803,110	331,303,115	53,808,827	—	403,915,052
RESULTS					
Segment results	1,636,271	3,565,197	1,125,947	—	6,327,415
Unallocated corporate income					2,085,898
Unallocated corporate expenses					(19,991,959)
Loss from operations					(11,578,646)
Finance costs					(143,486)
Net loss for the year					(11,722,132)

At 31 March 2006

BALANCE SHEET

	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Provision of property agency and consultancy services HK$	Consolidated HK$
ASSETS					
Segment assets	12,395,445	2,239,740	746,580	—	15,381,765
Unallocated corporate assets					12,100,012
Consolidated total assets					27,481,777
LIABILITIES					
Segment liabilities	7,427,020	1,040,684	346,895	—	8,814,599
Unallocated corporate liabilities					6,708,344
Consolidated total liabilities					15,522,943

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Business segments *(continued)*

At 31 March 2006

OTHER INFORMATION

	Design and manufacture of computer motherboard and network products HK$	Supply of computer related products HK$	Supply of mobile storage and related products HK$	Provision of property agency and consultancy services HK$	Unallocated HK$	Consolidated HK$
Capital additions	32,625	12,743	4,248	—	—	49,616
Depreciation and amortisation	3,366,400	75,134	25,044	—	—	3,466,578
Loss on disposal of property, plant and equipment	1,903,863	—	—	—	—	1,903,863
Impairment loss on bad and doubtful debts	223,844	215,405	71,802	—	—	511,051
Provision for slow-moving and obsolete inventories	9,034	1,781	593	—	—	11,408
Revaluation surplus on property, plant and equipment	—	—	—	—	85,384	85,384

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 and provision of property agency and consultancy services are carried out in Hong Kong.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Geographical segments *(continued)*

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

	Sales revenue by geographical market	
	Year ended 31.3.2007 HK$	Year ended 31.3.2006 HK$
Hong Kong	**61,086,294**	160,050,492
The PRC	**32,398,402**	55,971,817
North America	**3,075,264**	8,141,674
Asia Pacific	**92,403,861**	122,033,662
Europe	**57,357,576**	56,847,559
Others	**6,384,024**	869,848
	252,705,421	403,915,052

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and intangible assets 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 31.3.2007 HK$	At 31.3.2006 HK$	**Year ended 31.3.2007 HK$**	Year ended 31.3.2006 HK$
The PRC	**1,614,643**	9,258,494	**8,743**	32,625
Hong Kong	**10,955,633**	18,223,283	**1,336,190**	16,991
	12,570,276	27,481,777	**1,344,933**	49,616

7. LOSS FROM OPERATIONS

	2007 HK$	2006 HK$
Loss from operations has been arrived at after charging:		
Directors' remuneration (Note 9)		
Fees	**355,600**	394,318
Director's quarter	**693,000**	—
Other emoluments	**—**	312,000
Retirement benefit scheme contribution	**—**	4,000
Share-based payment	**—**	596,316
	1,048,600	1,306,634
Other staff costs	**13,030,522**	6,517,576
Total staff costs	**14,079,122**	7,824,210
Impairment loss on property, plant and equipment (included in administrative expenses)	**1,669,591**	—
Impairment of goodwill (included in administrative expenses)	**3,882,918**	—
Impairment loss on development costs (included in administrative expenses)	**—**	2,146,035
Impairment loss on bad and doubtful debts	**268,344**	511,051
Bad debts written off	**851,419**	—
Provision for slow-moving and obsolete inventories	**—**	11,408
Amortisation of development costs (included in administrative expenses)	**—**	1,104,486
Net exchange loss	**1,470,061**	—
Auditor's remuneration	**451,715**	300,000
Cost of inventories recognised as an expense	**238,810,294**	392,876,017
Depreciation of property, plant and equipment	**1,893,921**	2,362,092
Write off/loss on disposal of property, plant and equipment	**1,383,025**	1,903,863
and after crediting:		
Gain on disposal of other investment	**25,000**	—
Write back of provision for slow-moving and obsolete inventories	**554,920**	—
Interest income on bank deposits	**115,891**	114,045
Net foreign exchange gains	**—**	6,072
Gain on disposal of properties, plant and equipment	**—**	21,000
Revaluation surplus on property, plant and equipment	**87,500**	85,384
Property rental income	**1,891,553**	1,720,582

8. FINANCE COSTS

	2007 HK$	2006 HK$
Interest expenses:		
— bank borrowings wholly repayable within five years	**443,172**	143,486
— finance charges	**16,113**	—
	459,285	143,486

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

	2007 HK$	2006 HK$
Directors' fees		
Executive	**15,600**	14,341
Non-executive	**80,000**	73,334
Independent non-executive	**260,000**	306,643
	355,600	394,318
Other emoluments of executive directors		
Director's quarter	**693,000**	—
Salaries and other benefits	**—**	312,000
Share-based payment	**—**	596,316
Retirement benefits contributions	**—**	4,000
	1,048,600	1,306,634
Chang Chung Wa, Eddie		
— Salaries and other benefits	**—**	156,000
— Retirement benefit scheme contribution	**—**	2,000
	—	158,000
Tang Kit Ching, Venus		
— Salaries and other benefits	**—**	156,000
— Retirement benefit scheme contribution	**—**	2,000
	—	158,000

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

	2007	2006
	HK$	HK$
Ng Chun For, Henry		
— Fees	**8,000**	7,355
— Share based payment	**—**	198,772
	8,000	206,127
Ng Ian		
— Fees	**3,800**	3,493
— Director's quarter	**693,000**	—
— Share based payment	**—**	198,772
	696,800	202,265
Chan Kwai Ping, Albert		
— Fees	**3,800**	3,493
— Share based payment	**—**	198,772
	3,800	202,265
Cheng Yuk Wo		
— Fees	**100,000**	91,667
Ng Hoi Yue		
— Fees	**80,000**	73,334
Tsang Kwok Ming, Rock		
— Fees	**80,000**	73,334
Mak Wah Chi		
— Fees	**80,000**	73,334
Li Chi Kwong		
— Fees	**—**	30,000
Henry Fung		
— Fees	**—**	30,000
Pan Xiao Mei		
— Fees	**—**	8,308

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

	Number of directors	
	2007	2006
Nil to HK$1,000,000	**7**	12

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

There were no arrangement under which any director waived or agreed to waive any emoluments during the year.

(b) Employees' emoluments

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

	2007	2006
	HK$	HK$
Salaries and other benefits	**3,534,953**	2,274,752
Retirement benefit scheme	**50,474**	40,000
	3,585,427	2,314,752

The above individuals include one executive director (2006: Nil) whose emoluments are set out above. The aggregate emoluments of each of the individuals was less than HK$1,000,000 for both years.

No emoluments were paid or payable to any directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

10. TAXATION

Provision for Hong Kong profits tax is calculated at 17.5% on estimated assessable profit for the year. Enterprise Income Tax (''EIT'') of the subsidiaries in the People's Republic of China (''PRC'') is charged at 15% on the estimated assessable income.

No provision for Hong Kong profits tax and EIT for the year as the Company and its subsidiaries sustained a loss for the year.

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

	2007	2006
	HK$	HK$
Net loss for the year	**(19,267,250)**	(11,722,132)
Tax credit at the domestic income tax rate of 17.5%	**(3,371,769)**	(2,051,373)
Tax effect of expenses not deductible in determining taxable profit	**2,395,935**	619,355
Tax effect of income not taxable in determining taxable profit	**(27,155)**	(110,549)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**89,681**	(12,356)
Utilisation of deferred tax assets previously not recognised	**—**	(33,434)
Tax effect of deferred tax assets not recognised	**968,806**	1,600,695
Others	**(55,498)**	(12,338)
Tax expense for the year	**—**	—

11. DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since 31 March 2007.

12. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss for the year of HK$19,267,250 (2006: HK$11,722,132) and on the weighted average number of ordinary shares of 224,769,657 (2006: 219,488,867) in issue during the year.

Diluted loss per share was not presented for both years as the potential diluted ordinary shares are anti-dilutive.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK$	Leasehold improvements HK$	Plant and machinery HK$	Furniture, fixtures and equipment HK$	Motor vehicle HK$	Total HK$
THE GROUP						
COST OR VALUATION						
At 1 April 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 31 March 2006	2,800,000	7,042,832	20,776,008	11,193,217	—	41,812,057
Acquisition of a subsidiary	—	338,014	—	695,651	—	1,033,665
Additions	—	206,229	—	102,713	1,035,991	1,344,933
Written off/disposals	—	(338,014)	(8,669,953)	(1,759,725)	—	(10,767,692)
Exchange Adjustments	—	178,837	584,997	69,816	—	833,650
At 31 March 2007	2,800,000	7,427,898	12,691,052	10,301,672	1,035,991	34,256,613
Comprising:						
At cost	—	7,427,898	12,691,052	10,301,672	1,035,991	31,456,613
At valuation — 2007	2,800,000	—	—	—	—	2,800,000
	2,800,000	7,427,898	12,691,052	10,301,672	1,035,991	34,256,613
DEPRECIATION						
At 1 April 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 31 March 2006	—	7,042,832	13,802,758	11,015,028	—	31,860,618
Acquisition of a subsidiary	—	169,710	—	440,669	—	610,379
Impairment loss	—	—	1,669,591	—	—	1,669,591
Charge for the year	87,500	41,246	1,528,491	139,560	97,124	1,893,921
Written back	—	(169,710)	(5,983,497)	(1,604,760)	—	(7,757,967)
Eliminated on valuation	(87,500)	—	—	—	—	(87,500)
Exchange adjustments	—	178,837	417,330	69,243	—	665,410
At 31 March 2007	—	7,262,915	11,434,673	10,059,740	97,124	28,854,452
NET BOOK VALUES						
At 31 March 2007	2,800,000	164,983	1,256,379	241,932	938,867	5,402,161
At 31 March 2006	2,800,000	—	6,973,250	178,189	—	9,951,439

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The leasehold land and buildings were revalued at their open market value at 31 March 2007 by Messrs. Goldrich Planners & Surveyors Limited, an independent professional valuer. This valuation gave rise to a surplus on revaluation of approximately HK$87,500 which has been credited to the income statement.

The Group's leasehold land and buildings are held in Hong Kong under a medium term lease. Had the Group's leasehold properties been measured on a historical cost basis, their carrying amount would have been HK$3,286,498 (2006: HK$3,399,825).

The carrying amount of the motor vehicle of the Group held under a finance lease as at 31 March 2007 was HK$938,867 (2006: HK$Nil). The related depreciation charge were HK$97,124 (2006: HK$Nil).

The Group has pledged its leasehold properties with a carrying amount of HK$2,800,000 at 31 March 2007 (2006: HK$2,800,000) to secure the banking facilities granted to the Group. Details are set out in note 22.

14. DEVELOPMENT COSTS

	HK$
THE GROUP	
COST	
At 1 April 2005 and 31 March 2006 and 2007	7,314,427
AMORTISATION	
At 1 April 2005	4,063,906
Charge for the year	1,104,486
At 31 March 2006 and 2007	5,168,392
IMPAIRMENT	
Impairment loss recognised in 2006 and balance at 31 March 2006 and 2007	2,146,035
NET BOOK VALUES	
At 31 March 2007	—
At 31 March 2006	—

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

In 2006, 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 31 March 2006.

15. OTHER INVESTMENT

	THE GROUP	
	2007	2006
	HK$	HK$
Other investment, at cost	**—**	911,407
Less: Impairment loss recognised	**—**	(666,407)
	—	245,000

The investment represents a golf club debenture. In 2003 and 2005, the directors reviewed its carrying value and identified that the recoverable amount 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. The investment was disposed of during the year.

16. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2007	2006
	HK$	HK$
Unlisted shares, at cost	**60,138,828**	60,138,828
Less: Impairment loss recognised	**(60,138,828)**	(58,500,000)
	—	1,638,828

Details of the Company's subsidiaries as at 31 March 2007 are set out in note 36.

Amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed repayment term.

17. INVENTORIES

	THE GROUP	
	2007	2006
	HK$	HK$
Raw materials	**—**	710,445
Work in progress	**—**	982,218
Finished goods	**20,657**	1,190,239
	20,657	2,882,902

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$2,143,732 (2006: HK$1,782,522) (net of impairment loss for bad and doubtful debts), the aging at the balance sheet date was as follows:

	THE GROUP	
	2007	2006
	HK$	HK$
Up to 30 days	**481,708**	1,610,670
31–60 days	**513,680**	6,174
61–90 days	**558,700**	25,451
More than 90 days	**589,644**	140,227
	2,143,732	1,782,522

The directors consider the carrying amount of trade receivables approximates their fair value.

19. TRADE AND OTHER PAYABLES

Included in trade and other payables were trade payables of HK$2,490,562 (2006: HK$4,841,972), the aging at the balance sheet date was as follows:

	THE GROUP	
	2007	2006
	HK$	HK$
Up to 30 days	**240,025**	2,065,364
31–- 60 days	**130,055**	918,999
61–90 days	**126,395**	774,161
More than 90 days	**1,994,087**	1,083,448
	2,490,562	4,841,972

The directors consider the carrying amount of trade payables approximates their fair value.

20. AMOUNT DUE TO A RELATED COMPANY

The amount is advanced from Tactful Finance Limited, a 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 31 October 2008.

The amount is stated at fair value which is estimated by discounting the nominal amount at current market interest rate of similar financial instruments. The fair value adjustment of HK$780,432 is credited to the capital reserve of the Group.

21. OBLIGATIONS UNDER A FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2007	2006	**2007**	2006
	HK$	HK$	**HK$**	HK$
Amounts payable under finance leases:				
Within one year	**251,663**	—	**210,265**	—
In the second to fifth years inclusive	**670,835**	—	**621,961**	—
	922,498	—	**832,226**	—
Less: Future finance charges	**(90,272)**	—		
Present value of lease obligations	**832,226**	—		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(210,265)**	—
Amount due for settlement after 12 months			**621,961**	—

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The average lease term is 4 years. For the year ended 31 March 2007, the average effective borrowing rate was 5.6% (2006: Nil) which was determined based on 2.4% minus prime rate. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases were secured by the lessors' title to the leased asset.

22. BANK BORROWINGS — SECURED

	THE GROUP	
	2007	2006
	HK$	HK$
Borrowings comprised:		
Bank loan	**—**	1,295,167
Bank overdrafts	**1,983,295**	—
	1,983,295	1,295,167
Current portion	**(1,983,295)**	(228,665)
Non-current portion	**—**	1,066,502

22. BANK BORROWINGS — SECURED *(continued)*

As at 31 March 2007, the Group's bank loans were wholly repayable within five years as follows:

	2007	2006
	HK$	HK$
Within one year	**1,983,295**	228,665
In the second year	**—**	250,355
In the third year	**—**	273,841
In the fourth year	**—**	299,529
In the fifth year	**—**	242,777
	1,983,295	1,295,167

Bank overdrafts were repayable on demand. The average effective interest rate on bank overdrafts approximated 7.3% which was determined based on prime rate minus 0.25% to 1%. The loan in 2006 was fully repaid during the year.

As at 31 March 2007, the Group's banking facilities were secured by the following:

1. the Group's leasehold land and buildings with a net book value of HK$2,800,000 (2006: HK$2,800,000);
2. personal guarantees of HK$4,100,000 (2006: HK$1,350,000) and a property owned by Mr. Chang Chung Wa, Eddie, a former director of the Company and his spouse;
3. a corporate guarantee of the Company.

23. ADVANCES FROM A DIRECTOR

The advances are unsecured, non-interest bearing and repayable on 20 March 2009.

The advances are stated at fair value which is estimated by discounting the nominal value of the advances at current market interest rate of similar financial instruments. The fair value adjustment of HK$593,729 is credited to the capital reserve of the Group.

24. ADVANCES FROM A MINORITY SHAREHOLDER

The advances are unsecured, non-interest bearing and repayable on 30 April 2009.

The advances are stated at fair value which is estimated by discounting the nominal value of the advances at current market interest rate of similar financial instruments. The fair value adjustment of HK$145,296 is credited to the capital reserve of the Group.

25. DEFERRED TAX

As at 31 March 2007, the Group had unused tax losses of approximately HK$49,928,000 (2006: HK$42,452,000) 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 net deductible temporary differences of approximately HK$1,363,000 (2006: HK$1,798,000). 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 net deductible temporary differences can be utilised.

26. SHARE CAPITAL

	Number of shares		**Amount**	
	2007	2006	**2007** **HK$**	2006 HK$
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	**224,145,000**	204,145,000	**22,414,500**	20,414,500
Issue of shares (Note)	**666,667**	20,000,000	**66,667**	2,000,000
At end of the year	**224,811,667**	224,145,000	**22,481,167**	22,414,500

Note:

On 24 April 2006, the Company issued 666,667 ordinary shares at a price of HK$0.93 per share to Uni-Land Property Group Limited as part of the consideration for the acquisition of 55% of the issued share capital of Uni-Land Property Consultants Limited. The premium on the issue of these new shares amounted to approximately HK$553,000, net of issue expenses, was credited to the Company's share premium account.

27. RESERVES

(a) Reserve of the Company

	Share premium HK$	Share-based payment reserve HK$	Contributed surplus HK$	Accumulated losses HK$	Total HK$
THE COMPANY					
At 1 April 2005	24,897,257	—	39,257,654	(75,221,466)	(11,066,555)
Shares issued at a 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 31 March 2006	32,881,833	726,274	39,257,654	(83,384,091)	(10,518,330)
Shares issued at a premium, net of share issue expenses	553,333	—	—	—	553,333
Net loss for the year	—	—	—	(5,950,246)	(5,950,246)
At 31 March 2007	33,435,166	726,274	39,257,654	(89,334,337)	(15,915,243)

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 on 29 April 2000 and the nominal value of the Company's shares issued for the acquisition. In addition to retained 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:

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

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

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

(b) Nature of reserves

Capital reserve

The capital reserve represents the capital portion of advances from a related company, a minority shareholder and a director. The amounts are estimated by discounting the nominal value of their non-interest bearing advances to the Group at current market interest rate for similar financial instruments. Details are set out in note 20, 23 and 24.

Special reserve

The special reserve represents the excess of the nominal value of the share capital and share premium of Zida International Holding Limited ("ZIHL") of HK$97,500 and HK$9,730,500 respectively over the nominal value of the shares of HK$200,000 issued by the Company for the acquisition of the 100% equity interest in ZIHL on the effective date of the reorganisation of Group on 29 April 2000.

27. RESERVES

(b) Nature of reserves *(continued)*

Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors or employees of the Company recognised in accordance with the accounting policy adopted for share based payment set out in note 3(xiv)(c)

Exchange reserve

Exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(xv).

28. ACQUISITION OF A BUSINESS

On 6 April 2006, Henry Group Holdings Limited, an indirect wholly-owned subsidiary of the Company, completed the acquisition of a 55% equity interest in Uni-Land Property Consultants Limited (''Uni-Land''), which is a private limited company incorporated in Hong Kong, for a consideration of HK$3,300,000. This transaction has been accounted for using the purchase method.

The net liabilities acquired in the transaction, and the goodwill arising, are as follows:

	HK$
Purchase consideration	3,300,000
Fair value of net liabilities acquired	582,918
Goodwill arising from the acquisition (note i)	3,882,918
Impairment loss on goodwill (note ii)	(3,882,918)
Goodwill at 31 March 2007	—

Note:

(i) The goodwill arising on the acquisition of Uni-Land is attributable to the anticipated profitability of its property agency and consultancy operation.

(ii) At balance sheet date, the directors review the carrying value of the goodwill and identified that the future economic benefits to be generated from the goodwill will be less than its carrying value. Accordingly, an impairment loss of HK$3,882,918 was recognised during the year.

28. ACQUISITION OF A BUSINESS *(continued)*

Details of the net liabilities acquired are as follows:

	Acquiree's carrying amount	Fair value adjustment	Acquiree's fair value
	HK$	HK$	HK$
Property, plant and equipment	423,286		423,286
Trade receivables and deposits paid	1,773,962		1,773,962
Cash at banks and in hand	225,489		225,489
Deferred tax assets	347,057	(347,057)	—
Other payables, rental deposits received and accruals	(2,459,840)		(2,459,840)
Tax payable	(545,815)		(545,815)
	(235,861)	(347,057)	(582,918)

Total consideration satisfied by:

	HK$
Cash	2,680,000
Issue of shares (note 26)	620,000
Total	3,300,000

Net cash outflow:

	HK$
Cash consideration paid	(2,680,000)
Bank balance and cash acquired	225,489
Total	(2,454,511)

Uni-Land contributed HK$6,318,081 of revenue and HK$2,995,145 of net loss for the period between the date of acquisition and the balance sheet date.

29. SIGNIFICANT NON-CASH TRANSACTION

During the year, additions to property, plant and equipment of HK$900,000 were financed by a finance lease.

30. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	THE GROUP	
	2007	2006
	HK$	HK$
Minimum lease payments paid under operating leases for premises recognised in the income statement for the year	**2,697,207**	1,833,249

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	
	2007	2006
	HK$	HK$
Within one year	**2,994,637**	1,856,968
In the second to fifth year inclusive	**351,560**	1,856,968
	3,346,197	3,713,936

Operating lease payments represent rentals payable by the Group for certain of its warehouses, factory and office 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$1,891,553 (2006: HK$1,720,582). The Group has sub-leased its warehouse and factory premises to tenants from one to five years term.

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

	THE GROUP	
	2007	2006
	HK$	HK$
Within one year	**2,180,154**	1,452,605
In the second to fifth year inclusive	**—**	1,022,106
	2,180,154	2,474,711

31. 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 29 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 Extraordinary General Meeting held on 3 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 detailed in the Company's announcement on 20 May 2005, 9,400,000 share options granted to certain directors were lapsed after 13 May 2005 and all the remaining share options were cancelled on 20 May 2005.

(ii) 2003 share option scheme

A new share option scheme (the ''New Option Scheme''), which will expire on 2 September 2013, was adopted by the Company at the Extraordinary General Meeting held on 3 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.

31. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

(ii) 2003 share option scheme *(continued)*

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 22,481,166 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 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 10^{th} 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.

31. 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
2007							
2003 share option scheme							
Directors	28 October 2005	0.676	6,000,000	—	—	—	6,000,000
Eligible person	28 October 2005	0.676	1,280,000	—	—	—	1,280,000
			7,280,000	—	—	—	7,280,000
2006							
2003 share option scheme							
Directors	28 October 2005	0.676	—	6,000,000	—	—	6,000,000
Eligible person	28 October 2005	0.676	—	1,280,000	—	—	1,280,000
			—	7,280,000	—	—	7,280,000
2000 share option scheme							
Former directors	5 September 2000	0.770	600,000	—	—	(600,000)	—
	21 May 2001	0.260	9,400,000	—	—	(9,400,000)	—
			10,000,000	—	—	(10,000,000)	—
Employees	15 July 2000	0.568	675,000	—	—	(675,000)	—
	29 January 2001	0.240	210,000	—	—	(210,000)	—
			885,000	—	—	(885,000)	—
			10,885,000	7,280,000	—	(10,885,000)	7,280,000

31. 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			
28 October 2005	28 October 2005	28 October 2005 to 27 October 2015	HK$0.676
2000 share option scheme			
15 July 2000	15 July 2000 to 14 January 2001	15 January 2001 to 14 July 2005	HK$0.568
5 September 2000	5 September 2000 to 25 August 2001	26 August 2001 to 25 August 2005	HK$0.770
29 January 2001	29 January 2001 to 28 January 2002	29 January 2002 to 28 January 2006	HK$0.240
21 May 2001	21 May 2001 to 6 May 2002	7 May 2002 to 6 May 2006	HK$0.260

32. 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 Group is required to make contributions to the defined contribution pension scheme in the PRC based on a percentage 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$408,000 (2006: HK$297,000) charged to the income statement represents contributions payable to these schemes by the Group for the year.

33. RELATED PARTY TRANSACTIONS

During the year, the Group had the following material transactions and balances with related parties:

(a) Tactful Finance Limited, a company in which Mr. Chang Chung Wa, Eddie, a former director of the Company, has a beneficial interest, has provided an advance of HK$5,080,000 with a fair value of approximately HK$4,337,000 (2006: HK$5,080,000) to the Group as detailed in note 20.

33. RELATED PARTY TRANSACTIONS *(continued)*

(b) Mr. Chang Chung Wa, Eddie, a former director of the Company and his spouse, have provided personal guarantee of approximately HK$4,100,000 (2006: HK$1,350,000) and pledged their own property in favour of a bank to secure bank facilities granted to the Group to the extent of approximately HK$4,100,000 (2006: HK$1,350,000) of which approximately of HK$1,869,000 (2006: HK$1,295,000) was utilised as at 31 March 2007.

(c) The Company has given a corporate guarantee in favour of a bank for bank facilities granted to its indirect non wholly-owned subsidiary to the extent of approximately HK$950,000 (2006: Nil) of which approximately HK$948,000 (2006: Nil) was utilsed as at 31 March 2007.

(d) Mr. Ng Chun For, Henry, a director of the Company has provided advances of HK$3,300,000 with a fair value of approximately HK$2,706,000 (2006: Nil) to the Group for general working capital purposes as detailed in note 23.

(e) Uni-Land Property Group Limited, a minority shareholder of Uni-Land, has provided advances of HK$777,273 with a fair value of approximately HK$649,000(2006: Nil) to Uni-Land for general working capital purposes as detailed in note 24.

34. POST BALANCE SHEET EVENTS

(a) On 2 April 2007, the Company granted 11,000,000 share options under the share option scheme adopted on 3 September 2003 to several directors and an employee. The fair value of these share options on the grant date amounted to HK$2,569,747.

(b) On 30 April 2007, Rose City Group Limited (''Rose City''), an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the ''Agreement'') with Jumbo Step International Limited (''Jumbo Step''), a company wholly-owned by Mr. Ng Chun For, Henry, a director and one of the ultimate beneficial owners of Henry Jewellery Holdings Limited, the controlling shareholder of the Company. Under the Agreement, Rose City would acquire a 100% equity interest in Max Act Enterprises Limited (''Max Act''). Max Act in turn is the indirect owner of a commercial building known as Jardine Center located in Causeway Bay, Hong Kong. Under the Agreement, the aggregate consideration for the acquisition was approximately HK$244 million and was satisfied by:

(i) taking up the indebtedness of Jumpo Step of HK$54,823,984 due to a subsidiary of Max Act;

(ii) issue of 61,296,333 new shares in the Company at HK$0.98 per share to Jumpo Step; and

(iii) issue of a 5-year convertible note of HK$129,105,609 to Jumpo Step.

Further details of the acquisition were set out in the Company's announcements dated 9 May 2007 and 14 June 2007 and the circular dated 30 May 2007.

(c) On 25 June 2007, the Company's issued share capital and share premium was increased by HK$6,129,633 and HK$53,940,773 respectively as a result of the issue of 61,296,333 new shares at HK$0.98 per share as referred to above.

(d) On 28 June 2007, 640,000 share options under the share option scheme adopted on 3 September 2003 were exercised. Accordingly, the Company's issued share capital and share premium was increased by HK$64,000 and HK$368,640 respectively.

(e) On 25 June 2007, the Company gave a corporate guarantee in favour of a bank for bank facilities granted to its indirect non wholly-owned subsidiary to the extent of approximately HK$269 million (2006: Nil).

35. 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 risk 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 which are at floating rates and expose the Group to cash flow interest-rate risk. Details of bank borrowings are set out in note 22.

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 risk involved in the fluctuations of exchange rates at reasonable costs.

Fair values estimation

All financial instruments are carried at amount not materially different from their fair values as at 31 March 2007.

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

36. SUBSIDIARIES

Details of the Company's subsidiaries at 31 March 2007 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 Direct	Indirect	Principal activities
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")	The PRC	Registered capital US$5,000,000 *(Note (ii))*	—	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
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

36. 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 Direct	Indirect	Principal activities
Zida Technologies Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Inactive
New Treasure Group Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Investment holding
Henry Group Holdings Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding
Gold Matrix Holdings Ltd	The British Virgin Islands/Hong Kong	Ordinary US$1	100%	—	Investment holding
Henry Group Property Management Limited	Hong Kong	Ordinary HK$1	—	100%	Inactive
Henry Group Management Limited (formerly known as Maxgain Limited)	Hong Kong	Ordinary HK$10,000	100%	—	Inactive
Uni-land Property Consultants Limited	Hong Kong	Ordinary HK$10,000	—	55%	Provision of property agency and consultancy services in Hong Kong
Rose City Group Limited	The British Virgin Islands/Hong Kong	Ordinary US$1	—	100%	Investment holding

Notes:

(i) Huadian is a wholly-owned foreign investment enterprise. As at 31 March 2007, the registered capital was paid up to the extent of approximately US$411,700 (2006: US$411,700).

(ii) Shenzhen Huaji is a wholly-owned foreign investment enterprise.

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