

TAI SHING

Tai Shing International (Holdings) Limited

泰盛國際（控股）有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2007

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This announcement, for which the directors of Tai Shing International (Holdings) Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of given information with regard to Tai Shing International (Holdings) Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purpose only

RESULTS

The board of directors (the "Board") of Tai Shing International (Holdings) Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2007, together with the audited comparative figures for the corresponding year in 2006.

Consolidated Income Statement

For the year ended 31 March 2007

	Note	2007 HK\$'000	2006 HK\$'000
Continuing operations:			
Turnover	3	64,706	72,556
Cost of services and merchandise sold		<u>(52,981)</u>	<u>(55,233)</u>
Gross profit		11,725	17,323
Other income	5	6,896	18,574
Selling expenses		(6,604)	(7,261)
General and administrative expenses		(10,035)	(10,171)
Other expenses	6	<u>(4,066)</u>	<u>(3,642)</u>
(Loss)/Profit from operations		(2,084)	14,823
Finance costs	7	<u>—</u>	<u>(64)</u>
(Loss)/Profit before tax		(2,084)	14,759
Income tax	8	<u>(380)</u>	<u>(333)</u>
(Loss)/Profit for the year from continuing operations		(2,464)	14,426
Discontinued operation:			
Profit for the year from discontinued operation	9	<u>—</u>	<u>129</u>
(Loss)/Profit for the year	10	<u>(2,464)</u>	<u>14,555</u>

Consolidated Income Statement (cont'd)

For the year ended 31 March 2007

	Note	2007 HK\$'000	2006 HK\$'000
Attributable to:			
Equity holders of the Company		(2,464)	11,441
Minority interests		—	3,114
		<u>(2,464)</u>	<u>14,555</u>
(Loss)/Earnings per share	11		
From continuing and discontinued operations:			
Basic		<u>(2.7) HK cents</u>	<u>14.6 HK cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>
From continuing operations:			
Basic		<u>(2.7) HK cents</u>	<u>14.4 HK cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

Consolidated Balance Sheet

At 31 March 2007

	Note	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Fixed assets		6,894	7,489
Intangible asset		2,804	—
		<u>9,698</u>	<u>7,489</u>
Current assets			
Inventories		181	140
Financial assets at fair value through profit or loss		328	1,727
Gross amounts due from customers for contract work		14,076	14,255
Trade and other receivables	12	35,916	42,845
Tax recoverable		228	115
Pledged bank deposits		926	3,045
Bank and cash balances		10,146	4,796
		<u>61,801</u>	<u>66,923</u>
Current liabilities			
Gross amounts due to customers for contract work		8,171	153
Trade and other payables	13	31,957	33,677
Receipts in advance		2,149	3,767
Warranty provision		858	283
Amount due to a substantial shareholder		4,028	11,428
Tax payable		—	1
		<u>47,163</u>	<u>49,309</u>
Net current assets		<u>14,638</u>	<u>17,614</u>
NET ASSETS		<u>24,336</u>	<u>25,103</u>
Capital and reserves			
Share capital		4,550	4,550
Reserves		19,786	20,553
EQUITY		<u>24,336</u>	<u>25,103</u>

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

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

Note:

(a) Share premium

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

(b) General reserve

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

(c) Capital reserve

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

(d) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

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

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

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

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

3. TURNOVER

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

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

4. SEGMENT INFORMATION

(a) Primary reporting format - business segments

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

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

4. SEGMENT INFORMATION (cont'd)

(a) Primary reporting format - business segments (cont'd)

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

(b) Secondary reporting format - geographical segments

For the years ended 31 March 2007 and 2006, over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical segments is disclosed.

5. OTHER INCOME

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

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

6. OTHER EXPENSES

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

7. FINANCE COSTS

Finance costs represented interest on bank loans in previous year.

8. INCOME TAX

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

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

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

9. DISCONTINUED OPERATION

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

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

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

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

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

10. (LOSS)/PROFIT FOR THE YEAR

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

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

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

From continuing and discontinued operations

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

From continuing operations

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

11. (LOSS)/EARNINGS PER SHARE (cont'd)

(a) Basic (loss)/earnings per share (cont'd)

From discontinued operation

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

(b) Diluted (loss)/earnings per share

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

12. TRADE AND OTHER RECEIVABLES

	The Group	
	2007	2006
	HK\$'000	HK\$'000
Trade receivables	20,718	23,239
Retention receivables	4,905	2,590
Prepayments, deposits and other receivables	10,293	17,016
	<u>35,916</u>	<u>42,845</u>

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

An aged analysis of trade receivables, net of allowances is as follows:

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

13. TRADE AND OTHER PAYABLES

	The Group	
	2007	2006
	HK\$'000	HK\$'000
Trade payables	12,730	9,881
Other payables	19,227	23,796
	<u>31,957</u>	<u>33,677</u>

An aged analysis of trade payables is as follows:

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

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

Chairman's Statement

BUSINESS REVIEW

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

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

BUSINESS OUTLOOK

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

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

Management Discussion and Analysis

FINANCIAL PERFORMANCE

During the year ended 31 March 2007, the Group recorded a turnover of HK\$64.7 million (2006: HK\$72.6 million) representing a decrease of approximately 11% as compared with the comparative figure of the corresponding year, and a decrease of approximately 1% as compare with the turnover for the nine months ended 31 December 2006. The decrease was caused by the revision downward of the percentage of completion for a number of projects in the forth quarter of the financial year. The management believed the set-back to be temporarily. General and administrative expenses were approximately HK\$10 million as compared to HK\$10.1 million of the previous corresponding year, representing a decrease of approximately 1%. Loss attributable to the shareholders amounted to approximately HK\$2.5 million (2006: profit HK\$11.4 million).

LIQUIDITY AND FINANCIAL RESOURCES

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

The Group currently has not engaged in any borrowing activities. The Group further confirms that it does not have any impending capital expenditure commitments.

GEARING RATIO

The gearing ratio calculated on the basis of total liabilities over the total shareholders' fund as at 31 March 2007 was 194% (2006: 196%).

CAPITAL STRUCTURE

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

FOREIGN CURRENCY EXPOSURE

During the year ended 31 March 2007, the Group experienced only immaterial exchange rate fluctuations, as the Group's operations were mainly denominated in Hong Kong dollars and Renminbi. As the risk on exchange rate difference considered being minimal, the Group did not employ any financial instruments for hedging purposes.

NEW PRODUCTS AND SERVICES

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

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

As at 31 March 2007 and up to the date of this announcement, the Group did not have any other significant investments, material acquisitions or disposal of subsidiaries.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

SEGMENT INFORMATION

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

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2007, the Group had hired 4 and 226 (2006: a total of 179) employees in Hong Kong and PRC respectively including the executive directors of the Company. Total staff costs including directors' remuneration for the year under review amounting to approximately HK\$19.2 million (2006: HK\$20.8 million). The decrease was mainly due to the departure of a number of high paid employees at Beijing Tongfang. The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees.

The Group had not made any changes to its remuneration policy and no bonuses were granted to any of its executive directors or employees for the year ended 31 March 2007.

CHARGES ON GROUP'S ASSETS AND CONTINGENT LIABILITIES

- (a) At 31 March 2007, the Group's bank deposits of approximately HK\$926,000 (2006: HK\$3,045,000) were pledged to two banks for bank guarantees of approximately HK\$3,203,000 (2006: HK\$3,045,000) issued to certain customers on the performance of contracts under systems development. A corporate guarantee executed by an investee company of Tongfang Co., Ltd. was also issued to one of the banks in respect of bank guarantees issued of approximately HK\$3,148,000 (2006: Nil).

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

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

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with 5.28 and 5.33 of the Listing Rules. The Audit Committee comprises 4 Independent Non-executive Directors of the Company, one of them has the appropriate professional qualifications, accounting or related financial management expertise. The Audit Committee is chaired by Mr. Chung Shui Ming, Timpson and the other members are Professor Ip Ho Shing, Horace, Mr. Yan Yonghong and Mr. Peng Lijun.

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

The Audit Committee held 4 meetings in the financial year ended 31 March 2007. The attendance records of the Audit Committee meetings are set out below:

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

For 2006/07, the Audit Committee reviewed with senior management and the auditors of the Company their audit findings, the accounting principles and practices adopted by the Company, legal and regulatory compliance, and financial reporting matters (including the unaudited quarterly and interim results and audited financial statements for the year ended 31 March 2007).

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

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

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

PRE-EMPTIVE RIGHTS

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

BOARD PRACTICES AND PROCEDURES

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

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTION BY DIRECTORS

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

AUDITOR

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

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

On behalf of the Board

Li Wenli

Chief Executive Officer and Executive Director

Hong Kong, 29 June 2007

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

Executive Directors:

Mr. Ho Cho Hang

Ms. Li Wenli

Non-executive Director:

Mr. Luk Yat Hung (Chairman)

Independent Non-executive Directors:

Mr. Chung Shui Ming, Timpson

Professor Ip Ho Shing, Horace

Mr. Yan Yonghong

Mr. Peng Lijun

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