Armitage Technologies Holding Limited
(萬 達 資 訊 科 技 控 股 有 限 公 司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

FIRST QUARTERLY REPORT
FOR THE PERIOD ENDED
30 JUNE 2008

* *For identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED 30 JUNE 2008

- Consolidated turnover (inclusive of hardware sales of HK$223,000) at HK$15.3 million was recorded for the reporting period. Excluding hardware sales, turnover increased by 20% compared to HK$12.6 million recorded in the corresponding period last year.
- Turnover from Hong Kong and PRC's IT business, exclusive of hardware sales, increased by 16% and 29% respectively over the corresponding period last year.
- Income from magazine publication was HK$412,000, representing an increase of 11% over the corresponding period last year.
- Amortisation of development costs and software amounted to HK$1.1 million.
- Operating expenses rose by 8%, mainly attributable to the increase in staff costs, rising inflation and the appreciation of Reminbi at 12% compared to the corresponding period last year.
- Continuing with our strategy in magazine publishing, HK$797,000 was invested in this area during the reporting period.
- EBITDA from the Group's IT business for the reporting period was HK$1.1 million, representing an increase of 342% over the corresponding period last year.
- Overall loss attributable to equity holders of the Company was narrowed to HK$1.1 million (improvement of 21% from HK$1.4 million compared to the corresponding period last year).

RESULTS

The board of directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the period ended 30 June 2008, together with the comparative unaudited consolidated figures for the corresponding period, as follows:

		For the three months ended 30 June	
		2008	2007
	Note	***HK$'000***	*HK$'000*
Turnover	2	**15,256**	13,015
Cost of sales and services rendered		**(6,938)**	(6,232)
Gross profit		**8,318**	6,783
Other income		**68**	752
Operating expenses		**(9,239)**	(8,569)
Operating loss		**(853)**	(1,034)
Finance costs		**(241)**	(339)
Loss before income tax		**(1,094)**	(1,373)
Income tax expense	3	**(31)**	(53)
Loss for the period		**(1,125)**	(1,426)
Attributable to equity holders of the Company		**(1,125)**	(1,426)
Dividend		**—**	—
Loss per share (HK cents)			
- Basic	4	**(0.15)**	(0.19)
- Diluted	4	**N/A**	N/A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2008

	Attributable to equity holders of the Company						
	Share Capital	Accumulated losses	Share premium	Special reserve	Exchange reserve	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2007 (Audited)	7,500	(24,538)	42,836	3,801	706	–	30,305
Exchange reserve arising from translation of financial statements of the People's Republic of China ("PRC") subsidiaries	–	–	–	–	206	66	272
Acquistion of minority interests	–	–	–	–	–	(66)	(66)
Loss for the period	–	(1,426)	–	–	–	–	(1,426)
At 30 June 2007 (Unaudited)	7,500	(25,964)	42,836	3,801	912	–	29,085
At 1 April 2008 (Audited)	**7,500**	**(27,248)**	**42,836**	**3,801**	**1,621**	**–**	**28,510**
Exchange reserve arising from translation of financial statements of the PRC subsidiaries	**–**	**–**	**–**	**–**	**614**	**–**	**614**
Loss for the period	**–**	**(1,125)**	**–**	**–**	**–**	**–**	**(1,125)**
At 30 June 2008 (Unaudited)	**7,500**	**(28,373)**	**42,836**	**3,801**	**2,235**	**–**	**27,999**

Notes:

1. **Basis of preparation**

The unaudited consolidated quarterly financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretation issued by the Hong Kong Institute of Certified Public Accountants and are prepared under the historical cost convention as modified by revaluation of financial assets at fair value through profit or loss and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The accounting policies and basis of preparation used in preparing the unaudited consolidated results are consistent with those used in the audited financial statements for the year ended 31 March 2008.

2. **Turnover**

The Group is engaged in the provision of information solutions and design, development, sales of application software packages and magazine publication. Turnover represents revenue recognised in respect of the provision of information solutions and application software packages sold and publishing and advertising income, net of discounts and business tax, during the period. An analysis of the turnover recorded for the period is set out below:

	For the three months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Provision of information solutions		
– System development and integration	**7,107**	6,451
– Maintenance and enhancement income	**229**	313
Sales of application software packages and related maintenance income	**7,508**	5,879
Publishing and advertising income	**412**	372
	15,256	13,015

3. Income tax expense

Income tax expense in the unaudited consolidated income statement represents:

	For the three months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Current tax	**—**	—
Deferred tax	**(31)**	(53)
Income tax expense	**(31)**	(53)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

(ii) The Group's subsidiaries incorporated/established in Hong Kong and PRC are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax ("EIT") at the rates of 16.5% (2007: 17.5%) and 25% (2007: 33%) respectively. No provision for Hong Kong Profits Tax and EIT has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax and EIT for each of the two periods ended 30 June 2007 and 2008.

(iii) As approved by the relevant PRC tax authority, Guangzhou Armitage Technologies Limited was entitled to a two-year exemption from EIT followed by 50% tax exemption for the next three years, commencing from the first cumulative profit-making year in 2007. Therefore, Guangzhou Armitage Technologies Limited was exempted from EIT for the fiscal years 2007 and 2008. For the following three fiscal years from 2009 to 2011, Guangzhou Armitage Technologies Limited is subject to EIT at the rate of 15%. Starting from the fiscal year 2012, Guangzhou Armitage Technologies Limited will be subject to EIT at 25%.

Armitage Technologies (Shenzhen) Limited being engaged in the research and development of IT solutions and provision of customers services was granted a preferential EIT rate of 18% for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011, and 25% for the year 2012 and afterwards.

4. Loss per share

The calculation of basic loss per share for each of two periods ended 30 June 2007 and 2008 is based on the Group's loss attributable to equity holders of the Company and 750,000,000 ordinary shares in issue during both periods.

Diluted loss per share has not been disclosed as no dilutive potential equity shares were in existence as at 30 June 2007 and 2008.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the period ended 30 June 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the three months ended 30 June 2008, the Group's unaudited total turnover amounted to HK$15.3 million (2007: HK$13.0 million), an increase of 18% when compared to the corresponding period last year. Excluding hardware sales of HK$223,000 (2007: HK$412,000), turnover increased by 20% compared to the corresponding period last year. Net loss attributable to equity holders of the Company was narrowed down to HK$1.1 million from HK$1.4 million, compared to the corresponding period last year.

HONG KONG OPERATIONS

Outsourcing and Information Solutions

Total turnover generated from the Outsourcing and Information Solutions Business Unit for the three months ended 30 June 2008 was HK$7.3 million, representing an increase of 7% when compared to HK$6.8 million recorded in the corresponding period last year.

The increase in turnover was mainly attributable to the expansion of our insourcing team from our client, the largest airline operator in Hong Kong. Maintenance revenue also generated from the Barge Berth Planning System, the Roster System, the Online Hotel Reservation System and the Integrated Customer Enquiry System by providing on-going supporting service. Insourcing revenue from our existing contracts with our client, the world largest private container terminal operator continued to grow, as headcounts were constantly added.The continuing business activities with the two major container terminal operators in Shenzhen is on-going and growing steadily.

Application Software Packages Solutions

Turnover generated from the Group's proprietary ERP application software package in the first financial quarter of 2008 was significantly improved. Sales revenue generated from ***AIMS***, together with its previous version ***Konto 21***, was HK$1.8 million, a 29% increase when compared to HK$1.4 million in the corresponding period last year. During the reporting period, we have concluded two major contracts, namely, a global electronic applications conglomerate ERP migration project and the conclusion of an ***AIMS*** project with significant modifications signed with a jewellery company. Our Shenzhen subsidiary also concluded an ***AIMS*** contract of significant value with a local toy manufacturing company by the end of June.The Group will continue its effort to enhance ***AIMS*** product features and control the delivery schedule better.

PRC OPERATIONS

Pegasus Hotel Management System *("Pegasus")*

Turnover was HK$4.4 million (exclusive of hardware sale of HK$115,000), representing an increase of 47% as compared to the HK$3.0 million (exclusive of hardware sales of HK$412,000) recorded in the corresponding period last year. The maintenance income increased by approximately 73% as compared to the corresponding period last year.

The natural earthquake disaster happened in Sichuan province in May 2008, coupled with continued high inflation, created adverse effects on the business sentiment. In the Southern region, hotels which had planned to renovate or upgrade their system suspended their plans. The new hotel developments in Guangzhou were booming, but those are mainly international chained hotels which are not our target customers. The situation in the Northern region was better because of the Beijing Olympic Games. During the reporting period, two contracts of the group solutions were concluded, one with a regional renowned Singaporean based hotel management group. In the process of developing and implementing projects with this high profile hotel management group, we have gained much and solidify our business knowledge in hotel loyalty program and centralised reservation concept. The upgraded Version 8.0 of ***Pegasus*** was launched in May and subsequently two hotels implemented the new version during the reporting quarter.

Industrial and Finance System *("IFS")*

During the reporting period, turnover generated from ***IFS*** implementation amounted to HK$508,000, a decrease of 39% when compared to the HK$827,000 recorded during the corresponding period last year. This was due to the global economic downturn and had seriously diminished the demands for the ERP systems. Income for this reporting period mainly came from maintenance and enhancement services for existing customers. No substantial new contract was concluded.

MAGAZINE PUBLICATION AND ADVERTISING

Revenue generated from advertising and publishing sales of the Group's hotel guest room magazine ***e^2Smart*** was HK$412,000. Advertising contracts with existing clients were secured and we successfully confirmed two new clients for our July issue, one of which is a renowned Japanese high-end jewellery brand and another is a watch brand under one of the largest global watch groups. The second issue of the Macau supplement in April 2008 was successfully launched, with the full title sponsored by the Macau Tourism Board, as well as the launching of the first issue of the marketing newsletter with the Hong Kong Institute of Marketing at the end of April 2008. Widespread positive feedbacks were received for the new logo design of our magazine ***e^2Smart***.

FUTURE PROSPECTS

HONG KONG OPERATIONS

Outsourcing and Information Solutions

Business relationship with the two major transportation and logistics customers remained strong, and the Group is expecting a considerably growth from these two accounts in the many years to come. The business relationship we tried hard to build in the last couple of years with another major container terminal operator in Hong Kong is starting to bear fruitful results, and we remain highly optimistic on this new prospect. The successful implementation of the Roster System and Contractor Information Management System further led us to win a consultancy study contract of these systems during the reporting period. We are anticipating future major enhancement work to be followed.

Application Software Packages Solutions

We are currently investigating of the possibility of integrating REACH, an international environmental protection ordinance program, into ***AIMS***, and the possibility of building a platform to interface with the Integration Technology Limited ("ITC") CAD/CAM software solutions. Meanwhile, ***AIMS Express***, with a new user-friendly interface, will be launched in the coming quarter and the redevelopment of the ***AIMS*** Accounting System is still undergoing. On the promotion aspects, we are currently planning for two upcoming major events- the Innovation Days event jointly held with ITC and the event held by the Hong Kong Polytechnic University in respect of choosing ***AIMS*** as the teaching materials in the education workshop and laboratory.

PRC OPERATIONS

Pegasus Hotel Management System *("Pegasus")*

The positive market sentiment will come to an end together with the closing of the Olympics Game, and it is expected that construction and all other related projects will slow down in Beijing and its neighbouring areas. In the Northern region, the Group is planning to extend businesses into new developing areas such as Zhengzhou in Henan (河南鄭州) and Lanzhou in Ganzu (甘肅蘭州). The Southern region is confronting similar slow down situation, but to a lesser extent, and the Group is planning to promote aggressively the upgraded Version 8.0 of ***Pegasus*** to existing clients in order to ensure a steady source of income.

The flourishing of the food and beverage industry in the PRC had triggered the Group to review our existing Food and Beverage system features. We are planning to revamp the system to make it more suitable for commercial restaurants not owned and operated by the hotel itself. We will also consider to cooperate with suitable and reliable hardware vendors. Although profit margin for the food and beverage industry does not appear to be attractive, however, it is still worthwhile to explore the potential for such huge market in the PRC.

Leveraging on the large quantity of hotels using our ***Pegasus*** Property Management System (PMS) and our expertise in central reservation, we are in a preliminary planning stage to develop an internet room booking engine by deploying the total real time digital room booking concept.

Industrial and Finance System *("IFS")*

The Group is currently negotiating with several potential customers concerning the ***IFS*** implementation. These prospects are mainly in the paper manufacturing, a field where the Group has strong expertise in, as well as in ship building industry, where there are very few ERP competitors in the PRC. We are hopeful that we will be able to successfully conclude some of the above said contracts in the coming quarters. Moreover, we will continue to exert our efforts to generate more recurrent business from existing ***IFS*** customers.

MAGAZINE PUBLICATION AND ADVERTISING

Viewing watches as one of the industries with most potential for our magazine ***e²Smart***, we will continue to pay great effort in this sector, and meanwhile we are under negotiation terms with one of the largest global watch brands. We are in the discussion with the Bank of Communications in providing our editorial contents for their internal web as a means to explore new business income, and we are also exploring business opportunities with various banks and financial institutions to advertise for their credit cards and debit cards businesses. Currently, on the operation aspect, in order to speed up communication and to improve operations efficiency, the editorial team will be moved to Shanghai in the next quarter.

FINANCIAL REVIEW

For the three months ended 30 June 2008, the Group recorded a total turnover at HK$15.3 million (2007: HK$13.0 million). Excluding revenue generated from hardware sales of HK$223,000 (2007: HK$412,000), turnover increased by 20% compared to the corresponding period last year.

Turnover generated from Hong Kong operations was HK$10.3 million (2007: HK$8.8 million). Exclusive of hardware sales of HK$107,000 (2007: Nil), representing an increase of 16% compared to the corresponding period last year.

Turnover generated from PRC operations was HK$5.0 million (2007: HK$4.2 million). Exclusive of hardware sales of HK$116,000 (2007: HK$412,000), representing an increase of 29% compared to the corresponding period last year.

The gross profit margin of the Group was 55% (2007: 52%), a slightly increase compared to the corresponding period last year.

The realised and unrealised losses on financial assets at fair value through profit or loss at HK$30,000 (2007: gains of HK$587,000).

The Group's core business is provision of IT services and sales of application software packages ("IT business"). The EBITDA (earnings before interest, income tax, depreciation and amortisation) for the three months ended 30 June 2008 from its IT business was HK$1.1 million (2007: HK$249,000).

Net loss attributable to equity holders of the Company was HK$1.1 million (2007: HK$1.4 million).

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

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2008, the interests or short positions of the directors of the Company in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the ordinary shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 4)*
Mr. Lee Shun Hon, Felix	Personal	206,188,740	27.49%
	Family	85,798,246 *(Note 1)*	11.44%
	Corporate	34,373,452 *(Note 2)*	4.58%
Ms. Jim Sui Fun	Personal	3,034,786	0.40%
Dr. Liao, York	Corporate	29,988,007 *(Note 3)*	4.00%

Notes:

1. These shares are held by Mr. Lee Shun Hon, Felix's wife, Ms. Leung Mee Chun, Stella, his son, Mr. Lee Wai Yip, Alvin and his daughter, Ms. Lee Sze Yee, Joyce and therefore Mr. Lee Shun Hon, Felix is deemed to have interests in these shares in which Ms. Leung Mee Chun, Stella, Mr. Lee Wai Yip, Alvin and Ms. Lee Sze Yee, Joyce are interested.

2. These shares are held by Kingspecial Investments Limited ("Kingspecial"), which is owned as to 30% by Mr. Lee Shun Hon, Felix and therefore Mr. Lee Shun Hon, Felix is deemed to have an interest in these shares in which Kingspecial is interested.

3. These shares are held by Winbridge Company Limited ("Winbridge"), which is owned as to 99% by Dr. Liao, York and therefore Dr. Liao, York is deemed to have an interest in these shares in which Winbridge is interested.

4. Based on 750,000,000 shares of the Company in issue as at 30 June 2008.

Save as disclosed herein, as at 30 June 2008, none of the directors had any interests or short positions in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to any directors of the Company, as at 30 June 2008, other than the directors as disclosed above, the persons or companies who had an interest or short position in the shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Long positions in the ordinary shares of the Company

Name	**Type of interests**	**Number of shares**	**Approximate percentage of the issued share capital** *(Note 3)*
Kingspecial Investments Limited	Corporate	114,578,176 *(Note 1)*	15.28%
Mr. Lee Shun Kwong	Corporate	34,373,452 *(Note 2)*	4.58%
	Personal	22,212,000	2.96%

Notes:

1. The issued share capital of Kingspecial Investments Limited is beneficially owned as to 30% by Mr. Lee Shun Hon, Felix, as to 30% by Mr. Lee Shun Kwong and as to 30% by Dr. Lee Shun Hung, Kelvin (both of whom are brothers of Mr. Lee Shun Hon, Felix) and as to 10% by Mrs. So Li Hang Lin, the sister of Mr. Lee Shun Hon, Felix.

2. Mr. Lee Shun Kwong has an attributable interest of 34,373,452 shares through his shareholding interest of 30% in Kingspecial Investments Limited.

3. Based on 750,000,000 shares of the Company in issue as at 30 June 2008.

Save as disclosed herein, so far as is known to the directors of the Company, as at 30 June 2008, no other persons or companies had interests or short positions in the shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

COMPETING INTERESTS

None of the directors, the substantial shareholders or the management shareholders (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive directors, namely Mr. Anthony Francis Martin Conway, Mr. Chan Hang and Mr. Li Pak Ki.

Up to the date of approval of the Group's unaudited results for the three months ended 30 June 2008, the Audit Committee has held one meeting and has reviewed the draft quarterly report and accounts for the three months ended 30 June 2008 prior to recommending such report and accounts to the Board for approval.

On behalf of the Board
Lee Shun Hon, Felix
Chairman

Hong Kong, 8 August 2008

As at the date of this report, the executive directors of the Company are Mr. Lee Shun Hon, Felix and Ms. Jim Sui Fun, the non-executive director of the Company is Dr. Liao, York and the independent non-executive directors of the Company are Mr. Anthony Francis Martin Conway, Mr. Chan Hang and Mr. Li Pak Ki.