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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2010

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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This announcement, 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purpose only*

RESULTS

The board of directors (the "Board") of the Company hereby presents the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2010, together with the comparative audited consolidated figures for the corresponding year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Note	**2010**	2009
		HK$'000	*HK$'000*
Continuing operations			
Turnover	2	**52,429**	61,831
Cost of sales and services rendered		**(23,586)**	(27,223)
Gross profit		**28,843**	34,608
Other income	3	**549**	197
Operating expenses		**(38,177)**	(34,131)
Impairment on development costs		**(3,319)**	(157)
Operating (loss)/profit		**(12,104)**	517
Finance costs		**(1,432)**	(999)
Loss before income tax	4	**(13,536)**	(482)
Income tax credit/(expense)	5	**70**	(271)
Loss for the year from continuing operations		**(13,466)**	(753)
Discontinued operations	9		
Loss for the year from discontinued operations		**(1,359)**	(2,475)
Loss for the year and attributable to equity holders of the Company		**(14,825)**	(3,228)
Other comprehensive (loss)/income, net of tax			
Exchange (loss)/gain arising from translation of financial statements of foreign operations		**(20)**	615
Total comprehensive loss for the year and attributable to equity holders of the Company		**(14,845)**	(2,613)
Dividend	13	**—**	—
Loss per share (HK cents)	6		
From continuing and discontinued operations			
– Basic		**(1.97)**	(0.43)
– Diluted		**N/A**	N/A
From continuing operations			
– Basic		**(1.79)**	(0.10)
– Diluted		**N/A**	N/A
From discontinued operations			
– Basic		**(0.18)**	(0.33)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	*2010* *HK$'000*	*2009* *HK$'000*
NON-CURRENT ASSETS			
Plant and equipment		**3,180**	3,980
Software		**—**	—
Trade mark		**70**	76
Goodwill on consolidation		**1,721**	1,721
Development costs		**11,354**	13,669
Club debenture, at cost		**200**	200
Deferred tax		**1,617**	1,096
Other financial assets		**16,850**	—
		34,992	20,742
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**870**	412
Debtors, deposits and prepayments	7	**12,478**	17,110
Pledged time deposits		**—**	9,000
Pledged bank balance		**55**	80
Time deposits	10	**10,000**	—
Cash and bank balances	10	**22,076**	3,777
		45,479	30,379
CURRENT LIABILITIES			
Bank overdrafts, secured	10	**119**	11,815
Bank loans, secured		**3,186**	671
Bank loan - discounting arrangement, secured		**806**	1,601
Obligation under finance lease		**21**	78
Creditors, accruals and deposits received	8	**10,650**	8,718
Income tax payable		**332**	—
		15,114	22,883

	Note	*2010* *HK$'000*	*2009* *HK$'000*
NET CURRENT ASSETS		**30,365**	7,496
TOTAL ASSETS LESS CURRENT LIABILITIES		**65,357**	28,238
NON-CURRENT LIABILITIES			
Obligation under finance lease		**—**	21
Convertable bonds		**47,410**	—
Bank loans, secured		**2,585**	2,139
		49,995	2,160
NET ASSETS		**15,362**	26,078
REPRESENTING:			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		**7,703**	7,500
Reserves		**7,659**	18,578
TOTAL EQUITY		**15,362**	26,078

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	*Accumulated losses*	*Share premium*	*Special reserve*	*Exchange reserve*	*Employee share-based compensation reserve*	*Convertible bonds equity reserve*	*Total*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.4.2008	7,500	(27,248)	42,836	3,801	1,621	–	–	28,510
Recognition of equity- settled share-based payment expenses	–	–	–	–	–	181	–	181
Total comprehensive loss for the year	–	(3,228)	–	–	615	–	–	(2,613)
At31.3.2009 and 1.4.2009	7,500	(30,476)	42,836	3,801	2,236	181	–	26,078
Exercise of share options	203	–	1,303	–	–	(389)	–	1,117
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	212	–	212
Recognition of equity component of convertible bonds	–	–	–	–	–	–	2,800	2,800
Total comprehensive loss for the year	–	(14,825)	–	–	(20)	–	–	(14,845)
At 31.3.2010	**7,703**	**(45,301)**	**44,139**	**3,801**	**2,216**	**4**	**2,800**	**15,362**

CONSOLIDATED CASH FLOW STATEMENT

	Note	***2010***	*2009*
		HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax			
– Continuing operations		**(13,536)**	(482)
– Discontinued operations		**(1,359)**	(2,475)
Adjustments for:			
Dividend income		**(8)**	(12)
Interest income		**(38)**	(141)
Interests on bank loans, factoring loans and overdrafts wholly repayable within five years		**936**	921
Interest expense on convertible bonds		**214**	—
Imputed interest on convertible bonds		**210**	—
Finance charge on obligation under finance lease		**6**	12
Depreciation of plant and equipment		**772**	811
Loss on disposal of plant and equipment		**181**	25
Amortisation of intangible assets		**2,294**	3,676
Impairment loss on development costs		**3,319**	157
Equity-settled share-based payment expenses		**212**	181
Impairment loss on trade debtors		**484**	21
Unrealised (gain)/loss on financial assets at fair value through profit or loss		**(455)**	450
Operating (loss)/profit before working capital changes		**(6,768)**	3,144
Decrease in debtors, deposits and prepayments		**4,148**	3,852
Increase/(decrease) in creditors, accruals and deposits received		**1,932**	(577)
Cash (used in)/generated from operations		**(688)**	6,419
PRC income tax paid		**(119)**	—
Dividend received		**8**	12
Interest received		**38**	141
Interests on bank loans, factoring loans and overdrafts wholly repayable within five years paid		**(936)**	(921)
Interest expense on convertible bonds paid		**(214)**	—
Finance charge on obligation under finance lease paid		**(6)**	(12)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		**(1,917)**	5,639

	Note	**2010** **HK$'000**	*2009* *HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of plant and equipment		**(240)**	(1,048)
Sales proceeds from disposal of plant and equipment		**7**	—
Payment for purchase of other financial assets		**(16,850)**	—
Payment for purchase of financial assets at fair value through profit or loss		**(3)**	—
Increase in development costs		**(3,212)**	(4,072)
Decrease/(increase) in pledged time deposits and bank balance		**9,025**	(80)
NET CASH USED IN INVESTING ACTIVITIES		**(11,273)**	(5,200)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of convertible bonds		**50,000**	—
Proceeds from exercise of share options		**1,117**	—
Capital element of finance lease rentals paid		**(78)**	(72)
New secured bank loans raised		**6,000**	—
Repayment of secured bank loans		**(3,834)**	(1,078)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**53,205**	(1,150)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**40,015**	(711)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**(8,038)**	(7,448)
EFFECT OF EXCHANGE RATE CHANGES		**(20)**	121
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**31,957**	(8,038)

Notes:

1. Basis of preparation

(a) Statement of compliance

These consolidated 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 ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

(b) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following new or revised HKFRSs ("new HKFRSs") issued by HKICPA, which are effective for the Group's financial year beginning on 1 April 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Int 18	Transfers of Assets from Customers
Amendments to HKAS 32 and HKAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to HKFRS 2	Share-based payment - Vesting Conditions and Cancellations
Amendments to HKFRS 7	Improving Disclosures about Financial Instruments
Amendments to HK(IFRIC) – Int 9 and HKAS 39	Embedded Derivatives

Amendment to HK - Int 4	Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKFRSs	Improvements to HKFRSs (2008) - Other than amendments to HKFRS 5

The initial application of these new HKFRSs does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented, except the followings:

(i) HKAS 1 (Revised) requires the presentation of a new "statement of comprehensive loss" and disclosure of the components of "other comprehensive (loss)/income", including but not limited to "reclassification adjustments". Comparative information is reclassified to conform to the new presentation.

(ii) HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's consolidated financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has no material impact on the presentation of segment information as the presentation in prior years is consistent with internal reporting provided to the Group's most senior executive management.

(iii) HKAS 38 "Intangible Assets" as amended by Improvements to HKFRSs (2008) requires that expenditures should be recognised as an expense when an entity has a right to access the goods or when it receives the services, unless an intangible asset or other asset that can be recognised is acquired or created as a result of the expenditures incurred. The adoption of this amendment has no material impact on net assets or profit or loss for any of the periods presented.

(iv) As a result of the adoption of the HKFRS 7 (Amendments), the consolidated financial statements include expanded disclosures about the fair value measurement of the financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

(v) The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in investee, rather than as income. As a result, as from 1 April 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, an impairment loss would be recognised. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

The following Hong Kong Financial Reporting Standards in issue at 31 March 2010 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 April 2009:

HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 9	Financial Instruments
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to HK(IFRIC) - Int 14	Prepayments of a Minimum Funding Requirement
Improvements to HKFRSs 2008	Amendments to HKFRS 5
Improvements to HKFRSs 2009	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 18, HKAS 36, HKAS 38, HKAS 39, HKFRS 2, HKFRS 5, HKFRS 8, HK(IFRIC) - Int 9 and HK(IFRIC) - Int 16

The Group is required to initially apply these Hong Kong Financial Reporting Standards in its annual financial statements beginning on 1 April 2010, except that the Group is required to initially apply HKAS 24 (Revised), HK(IFRIC) - Int 19 and Amendments to HK(IFRIC) - Int 14 in its annual financial statements beginning on 1 April 2011, and to initially apply HKFRS 9 in its annual financial statements beginning on 1 April 2013.

2. Turnover

Turnover, for both continuing and discontinued operations, represents revenue recognised in respect of the provision of information solutions, application software packages sold and publishing and advertising income, net of discounts and business tax, during the year. An analysis of the turnover recorded for the period is set out below:

	Continuing operations		Discontinued operations		Total	
	2010	*2009*	**2010**	*2009*	**2010**	*2009*
	HK$'000	*HK$'000*	**HK$'000**	*HK$'000*	**HK$'000**	*HK$'000*
Provision of information solutions						
- System development and integration	**20,978**	30,572	**—**	–	**20,978**	30,572
- Maintenance and enhancement income	**1,541**	1,248	**—**	–	**1,541**	1,248
Sales of application software packages and related maintenance income	**29,910**	30,011	**—**	–	**29,910**	30,011
Publishing and advertising income	**—**	–	**107**	1,243	**107**	1,243
	52,429	61,831	**107**	1,243	**52,536**	63,074

3. Other income

	Continuing operations		Discontinued operations		Total	
	2010	*2009*	**2010**	*2009*	**2010**	*2009*
	HK$'000	*HK$'000*	**HK$'000**	*HK$'000*	**HK$'000**	*HK$'000*
Dividend income	**8**	12	**—**	–	**8**	12
Interest income	**37**	141	**1**	–	**38**	141
Management fee income	**24**	31	**—**	–	**24**	31
Unrealised gain on financial assets at fair value through profit or loss	**455**	–	**—**	–	**455**	–
Exchange gain	**19**	–	**—**	–	**19**	–
Miscellaneous items	**6**	13	**1**	55	**7**	68
	549	197	**2**	55	**551**	252

4. Loss before income tax

	Continuing operations		Discontinued operations		Total	
	2010	*2009*	***2010***	*2009*	***2010***	*2009*
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss before income tax is arrived at after charging/(crediting):						
(a) Finance costs:						
Interests on bank loans, factoring loans and overdrafts wholly repayable with five years	**936**	921	**—**	–	**936**	921
Interest expense on convertible bonds	**214**	–	**—**	–	**214**	–
Finance charge on obligation under finance lease	**6**	12	**—**	–	**6**	12
Imputed interest on convertible bonds	**210**	–	**—**	–	**210**	–
Other bank charges	**66**	66	**1**	2	**67**	68
	1,432	999	**1**	2	**1,433**	1,001
(b) Other items:						
Amortisation of development costs	**2,288**	3,670	**—**	–	**2,288**	3,670
Amortisation of trade mark	**6**	6	**—**	–	**6**	6
Depreciation	**840**	823	**12**	66	**852**	889
Less: Amounts capitalised as development costs	**(80)**	(78)	**—**	–	**(80)**	(78)
	760	745	**12**	66	**772**	811
Auditor's remuneration	**310**	276	**5**	24	**315**	300
Operating lease rentals for properties	**2,133**	2,151	**55**	169	**2,188**	2,320
Less: Amounts capitalised as development costs	**(151)**	(145)	**—**	–	**(151)**	(145)
	1,982	2,006	**55**	169	**2,037**	2,175
Directors' remuneration	**2,968**	2,502	**—**	138	**2,968**	2,640
Other staff salaries and benefits	**30,512**	36,881	**834**	1,865	**31,346**	38,746
Retirement scheme contributions	**2,104**	2,947	**34**	39	**2,138**	2,986
Equity-settled share-based payment expenses	**80**	68	**—**	–	**80**	68
	32,696	39,896	**868**	1,904	**33,564**	41,800
Less: Amount capitalised as development costs	**(2,630)**	(3,443)	**—**	–	**(2,630)**	(3,443)
Other staff costs	**30,066**	36,453	**868**	1,904	**30,934**	38,357
Impairment loss on trade debtors	**484**	21	**—**	–	**484**	21
Unrealised loss on financial assets at fair value through profit and loss	**—**	450	**—**	–	**—**	450
Loss on disposal of plant and equipment	**48**	6	**133**	19	**181**	25
Exchange loss	**—**	5	**—**	–	**—**	5

5. Income tax (credit)/expense

(a) Taxation in the consolidated statement of comprehensive loss represents:

	2010	*2009*
	HK$'000	*HK$'000*
Current tax	**451**	—
Deferred tax		
- current year	**(521)**	208
- attributable to change in tax rate	**—**	63
	(521)	271
Income tax (credit)/expense	**(70)**	271

(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 the British Virgin Islands.

(ii) The Group's subsidiaries incorporated/established in Hong Kong and the People's Republic of China ("PRC") are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax ("EIT") at the rates of 16.5% and 25% respectively (2009 : 16.5% and 25% respectively). No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for each of the two years ended 31 March 2009 and 2010.

(iii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which was effective on 1 January 2008. As a result of the New Tax Law, the statutory income tax rate adopted by the PRC entities, other than the aforesaid subsidiaries below, changed from 33% to 25% with effect from 1 January 2008.

(a) As approved by the relevant PRC tax authority, Guangzhou Armitage Technologies Limited ("GZATL") 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, GZATL was exempted from EIT for the fiscal years 2007 and 2008. For the following three fiscal years from 2009 to 2011, GZATL is subject to EIT at the rate of 15%. Starting from the fiscal year 2012, GZATL will be subject to EIT at the unified rate of 25% under the transitional arrangement of the New Tax Law.

(b) Armitage Technologies (Shenzhen) Limited ("ATL(SZ)") being engaged in the research and development of IT solutions and provision of customers services was granted a preferential EIT rate of 15%. ATL(SZ) enjoyed preferential policy in the form of reduced tax rate shall have five years from the time when the New Tax Law takes effect to transit progressively to the new statutory tax rate. During this period, ATL(SZ) enjoyed the EIT rate of 15% shall be subject to the tax 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.

(b) The income tax (credit)/expense for the year can be reconciled to the loss for the year as follows:

	2010	*2009*
	HK$'000	*HK$'000*
Loss before income tax		
- Continuing operations	**(13,536)**	(482)
- Discontinued operations	**(1,359)**	(2,475)
	(14,895)	(2,957)
Tax effect at the Hong Kong profits tax rate of 16.5% (2009: 16.5%)	**(2,458)**	(488)
Hong Kong and PRC tax rates differential	**186**	187
Tax effect of income that is not taxable	**(96)**	(916)
Tax effect of expenses that are not deductible	**2,402**	1,515
Effect on opening deferred tax balances resulting from a change in applicable tax rate	**—**	63
Effect on tax losses not recognised	**271**	467
Underprovision of deferred tax assets in prior year	**(74)**	—
Tax holiday	**(301)**	(557)
Income tax (credit)/expense	**(70)**	271

6. Loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK$14,825,000 (2009: HK$3,228,000) and the weighted average number of ordinary shares of 752,670,000 (2009: 750,000,000) in issue during the year ended 31 March 2010, calculated as follows:

	2010		*2009*	
	Loss attributable to equity holders	**Weighted average number of ordinary shares**	Loss attributable to equity holders	Weighted average number of ordinary shares
	HK$'000		*HK$'000*	
Continuing operations	**(13,466)**	**752,670,000**	(753)	750,000,000
Discontinued operations	**(1,359)**	**752,670,000**	(2,475)	750,000,000
	(14,825)	**752,670,000**	(3,228)	750,000,000

Weighted average number of ordinary shares

	2010	*2009*
	'000	*'000*
Issued ordinary shares at the beginning of the year	**750,000**	750,000
Effect of share options exercised	**2,670**	—
Weighted average number of ordinary shares at the end of the year	**752,670**	750,000

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 March 2009 and 2010.

7. Debtors, deposits and prepayments

Debtors, deposits and prepayments comprise:

	2010	2009
	HK$'000	*HK$'000*
Trade debtors	**11,580**	16,139
Less: Accumulated impairment losses *(Note 7(c))*	**(1,932)**	(1,448)
	9,648	14,691
Rental and utility deposits	**427**	506
Prepayments	**1,037**	825
Other debtors	**1,366**	1,088
	12,478	17,110

(a) Aging analysis

The Group allows its customers credit period of 30 days to 60 days depending on their creditworthiness. The following is an aging analysis of trade debtors (net of accumulated impairment losses) at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
0 - 30 days	**7,335**	11,126
31 - 60 days	**213**	228
61 - 90 days	**631**	732
91 - 180 days	**368**	716
181 - 365 days	**352**	793
Over 1 year	**749**	1,096
	9,648	14,691

(b) As at 31 March 2010, trade debtors of approximately HK$896,000 (2009: HK$1,779,000) have been assigned to a bank with recourse under discounting arrangement.

(c) Movements of the accumulated impairment losses during the year are as follow:

	2010	*2009*
	HK$'000	*HK$'000*
At the beginning of the year	**1,448**	1,380
Impairment loss for the year	**484**	21
Exchange adjustment	**—**	47
At the end of the year	**1,932**	1,448

(d) Trade debtors that are not impaired

The aging analysis of trade debtors that are not considered to be impaired is as follow:

	2010	*2009*
	HK$'000	*HK$'000*
Neither past due nor impaired	**6,448**	10,857
Past due but not impaired:		
1 - 30 days	**887**	269
31 - 60 days	**213**	228
61 - 90 days	**631**	732
91 - 180 days	**368**	716
181 - 365 days	**352**	793
Over 1 year	**749**	1,096
	3,200	3,834
	9,648	14,691

Trade debtors that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade debtors that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

8. Creditors, accruals and deposits received

Creditors, accruals and deposits received comprise:

	2010	2009
	HK$'000	*HK$'000*
Trade creditors	**1,115**	1,449
Deferred enhancement and maintenance income — *Note*	**1,747**	1,843
Accruals and provisions	**7,421**	5,157
Other creditors	**367**	269
	10,650	8,718

Note: Deferred maintenance income represents after-sales maintenance service income from customers in respect of system development and integration projects and sales of application software packages. After the completion of the system development project or sales of application software packages, the Group charged its customers the maintenance service fee in advance.

The following is an aging analysis of trade creditors:

	2010	2009
	HK$'000	*HK$'000*
0 - 30 days	**145**	548
31 - 60 days	**34**	76
61 - 90 days	**32**	—
91 - 180 days	**106**	97
Over 180 days	**798**	728
	1,115	1,449

9. Discontinued operations

The Company passed an ordinary resolution on 1 August 2009 to discontinue all the business of magazine publication and provision of advertising services.

For the purpose of disclosure, the comparative figures for the year ended 31 March 2009 have been re-presented for the discontinued operations.

(a) Loss for the year for the publishing and advertising income was as follows:

	2010	*2009*
	HK$'000	*HK$'000*
Turnover	**107**	1,243
Cost of sales and services rendered	**(149)**	(940)
Gross (loss)/profit	**(42)**	303
Other income	**2**	55
Operating expenses	**(1,318)**	(2,831)
Operating loss	**(1,358)**	(2,473)
Finance costs	**(1)**	(2)
Loss before income tax	**(1,359)**	(2,475)
Income tax expenses	**—**	—
Loss for the year	**(1,359)**	(2,475)

(b) The net cash flows incurred by publishing and advertising income was as follows:

	2010	*2009*
	HK$'000	*HK$'000*
Operating activities	**61**	57
Investing activities	**—**	(64)
Financing activities	**—**	—
	61	(7)

10. Cash and cash equivalents

	2010	*2009*
	HK$'000	*HK$'000*
Time deposits	**10,000**	—
Cash and bank balances	**22,076**	3,777
Bank overdrafts, secured	**(119)**	(11,815)
	31,957	(8,038)

11. Related party and connected transactions

The Group had the following material transactions with its related parties in which a director, Mr. Lee Shun Hon, Felix has controlling interest under the GEM Listing Rules during the year:

		2010	*2009*
	Note	***HK$'000***	*HK$'000*
(i) Rentals paid to Supercom Investments Limited "(Supercom)"	(a)	**504**	512
(ii) Management fee income from Supercom	(b)	**12**	16
(iii) Management fee income from Kingspecial Investments Limited	(b)	**12**	16

(iv) Pledge of properties of Supercom to secure banking facilities of the Group.

Note:

(a) The transaction was entered into with reference to market rate as appraised by independent professional valuers.

(b) The amounts were predetermined by both parties.

The directors have reviewed the above related parties and connected transactions and are of the opinion that these transactions were effected on normal commercial terms (or better to the Group) and in the ordinary course of the business of the Group.

Key management compensation

	2010	2009
	HK$'000	*HK$'000*
Fees for key management personnel	—	—
Salaries, allowances and other benefits in kind	**5,061**	6,419
Retirement scheme contributions	**103**	175
Equity-settled share-based payment expenses	**174**	149
	5,338	6,743

12. Segment reporting

The Group manages its businesses by two geographical divisions, Hong Kong and PRC. These divisions are the basis on which the Group reports its segment information and consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Except for those items attributable to discontinued operations, segment assets include all tangible, intangible assets and current assets. Segment liabilities include current and non-current liabilities attributable to the individual segments.

Except for those items attributable to discontinued operations, revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment result is profit after tax from continuing operations. In addition, management is also provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances or deposits and borrowings managed directly by the segments, depreciation, amortisation, impairment losses and additions to non-current segment assets used by the segments in their operations.

Information about these segments is presented below:

	Hong Kong		PRC		Inter-segment		Total	
	2010	*2009*	***2010***	*2009*	***2010***	*2009*	***2010***	*2009*
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations								
Turnover	**29,813**	40,720	**22,616**	21,111	**–**	–	**52,429**	61,831
Cost of sales and services rendered	**(18,353)**	(22,643)	**(5,233)**	(4,580)	**–**	–	**(23,586)**	(27,223)
Gross profit	**11,460**	18,077	**17,383**	16,531	**–**	–	**28,843**	34,608
Other income	**544**	169	**5**	28	**–**	–	**549**	197
Operating expense	**(21,559)**	(17,948)	**(16,618)**	(16,183)	**–**	–	**(38,177)**	(34,131)
Impairment loss on development costs	**(3,319)**	(157)	**–**	–	**–**	–	**(3,319)**	(157)
Operating (loss)/profit	**(12,874)**	141	**770**	376	**–**	–	**(12,104)**	517
Finance costs	**(1,420)**	(985)	**(12)**	(14)	**–**	–	**(1,432)**	(999)
(Loss)/profit before income tax	**(14,294)**	(844)	**758**	362	**–**	–	**(13,536)**	(482)
Income tax credit/ (expense)	**448**	(303)	**(378)**	32	**–**	–	**70**	(271)
(Loss)/profit for the year from continuing operations	**(13,846)**	(1,147)	**380**	394	**–**	–	**(13,466)**	(753)
Interest income	**35**	133	**3**	8	**–**	–	**38**	141
Depreciation and amortisation	**1,802**	3,213	**1,264**	1,274	**–**	–	**3,066**	4,487
Capital expenditure incurred during the year	**1,264**	2,730	**2,268**	2,468	**–**	–	**3,532**	5,198
Segment assets and total assets	**79,475**	50,218	**18,514**	17,880	**(17,518)**	(16,977)	**80,471**	51,121
Segment liabilities and total liabilities	**(80,775)**	(39,830)	**(3,571)**	(3,910)	**19,237**	18,697	**(65,109)**	(25,043)

Reconciliation of reportable segment profit or loss

	2010	2009
	HK$'000	*HK$'000*
Reportable segment loss for the year	**(13,466)**	(753)
Loss for the year from discontinued operations	**(1,359)**	(2,475)
Consolidated loss for the year	**(14,825)**	(3,228)

The analysis of the Group's turnover by products and services of its external customers has been shown in Note 2.

The total amount of turnover from a group of companies from Hong Kong segment amounted to 10 per cent or more of the Group's turnover was HK$13.9 million (2009: HK$17.9 million).

13. Dividend

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The financial year 2009/10 will be remembered as one of the most turbulent years in the history of the global financial services sector. It was a year characterised by financial corporate failures and unprecedented government bailouts. The international liquidity and credit tightening led to economic slowdown, and business activities only began to pick up steam in the last quarter of this fiscal year. The Group's Outsourcing and Information Solutions Business Unit was the hardest hit, business environment in the logistic and transportation industry remained skeptical all the way up to the last fiscal quarter. For the year ended 31 March 2010, the Group recorded a total turnover of HK$52.5 million (2009: HK$ 63.1 million), of which HK$52.4 million (2009: HK$61.8 million) is from continuing operations and HK$107,000 (2009: HK$1.3 million) is from discontinued operations. For the continuing operations, exclusive of hardware sales of HK$2.6 million (2009: HK$1.3 million), turnover decreased by 18% compared with previous year.

BUSINESS REVIEW

HONG KONG OPERATIONS

Outsourcing and Information Solutions

During the year under review, total turnover generated from the Outsourcing and Information Solutions Business Unit was HK$22.5 million, representing a decrease of 29% when compared with HK$31.8 million recorded for the last year.

The after-effects of the economic downturn have affected the logistic and transportation industry severely during the first two quarters of our fiscal year. Insourcing contracts with the world largest private-owned container terminal operator and a global leading airline operator in Hong Kong continue but the revenue has dropped significantly by approximately 25%. However, our reputation in the industry has earned us a long-term contract with the Hong Kong's largest air cargo terminal operator in the fourth fiscal quarter. We have started the contract in March 2010, providing off-shore services to developing a critical cargo handling operations system. This is an important milestone for the Group in securing yet another long term contract that will be a steady source of income to the Group's revenue.

Following the successful installation of Integrated Customer Enquiry System (ICES) Phase II for a reputable telecom company in Hong Kong in the first fiscal quarter, the Group has subsequently concluded three new projects with the same client — the Learning Management System (LMS) and the Administration Jobs Request Handling System (AJRHS) by our Shenzhen offshore development team, and the code review project for Human Resources Management System (HRMS) by our Hong Kong team during the year under review.

During the first half of the fiscal year, our Shenzhen subsidiary has successfully completed the Gasoline Management System ("GMS") Phase II Stage I & II for a private container terminal operator in Yantian. Meanwhile, our subsidiary has also completed two projects, the Roster 4.0 and Miscellaneous Charges System Phase 2 (MCS2) for the same client.

All other insourcing contracts are still ongoing and will continue to provide a steady income to this business unit. The Group will continue to exert efforts to consolidate and expand business opportunities with these clients.

Application Software Packages Solutions

Turnover generated from the Group's proprietary ERP application software package Armitage Industrial Management System ("***AIMS***"), together with its previous version ***Konto 21***, decreased to HK$5.4 million, a 18% decrease when compared with HK$6.6 million of last year. Although a total of seven new contracts were concluded during the year under review, as well as a number of system enhancements and additional services contracts requested by existing ***AIMS/Konto*** clients, business significantly deteriorated towards the last fiscal quarter, explaining the decrease in revenue generated from this business unit.

Because of the extreme competitiveness in the ERP market, our research and development team has been working on developing similar but more cost-efficient systems. The sister version of ***AIMS Express***, the ***Konto Express***, was launched in the first fiscal quarter as planned. The Group believes that this simpler budget version of ***Konto*** will be able to attract new client in a different sector and bring in new businesses for the Group.

PRC OPERATIONS

The total turnover for the Group's PRC operations under Guangzhou Armitage Technologies Limited amounted to HK$20.0 million (exclusive of hardware sales of HK$2.6 million), representing an increase of 10% compared with last year.

Due to the global economic downturn, business in the first two fiscal quarters had been very difficult. Hotel development projects were postponed or cancelled and the license sale of ***Pegasus PMS*** (Property Management System) was affected. However, significant improvement was recorded towards the end of 2009 because of the prosperity in the property market and forthcoming major events such as the Asian Games 2010 in Guangzhou and the World Expo 2010 in Shanghai. A few notable cases included an agreement with a renowned budget chain hotel to develop their Central Reservation System and to implement ***Pegasus PMS*** for over a hundred hotels under their management. The subsidiary has also successfully entered into contract with a reputable hotel group in Beijing in the second fiscal quarter.

During the year under review, the Group has also successfully implemented the Asia Pacific Central Reservation System for a Singaporean chain hotel, as well as completed the implementation of ***Pegasus PMS*** for three of their hotels located in Bangkok, Thailand. It is an important step in signifying the Group's entry into the South East Asia hospitality market.

The Group will continue to exert effort on working towards the Group's long-term strategy on establishing relationships with chain hotel operators.

Meanwhile, the Group has organised several workshops and meetings with various customers from the central and northern region to strengthen business relationships. Feedbacks were positive, and we received a lot of valuable comments and suggestions from our clients.

FUTURE PROSPECTS

HONG KONG OPERATIONS

Outsourcing and Information Solutions

As our client, the largest airline operator in Hong Kong is in the process of restructuring it's Information Management department, projects with this client will be suspended upon completion of our current contract. Upon request from the largest private container terminal operators in Hong Kong and Shenzhen, the insourcing master contract for the coming year was renewed. However, due to negative business sentiment and unforeseeable economic uncertainties, client has to introduce cost justification and operation efficiency practices, hence, total contract value for this client has decreased accordingly. Willingness to listen to clients' needs is one of the Group's company values, and we are always more than willing to work closely with our valuable customers to meet their short-term challenges and long-term goal.

However, the business relationship with the Hong Kong's largest air cargo terminal operator (probably the world's largest in term of cargo tonnage volume), secured in the fourth fiscal quarter of the year under review, has opened a new dimension for the Group to acquire air cargo handling business knowledge. We are confident that revenue from this client will be steady and will be on a long-run basis.

With the consolidation of businesses in the eastern container terminal port of Shenzhen, the Group is expecting to expand our business scope to the western container terminal ports of Shenzhen. Being a leader of providing information technology ("I.T.") services in the container terminal port industry, our Shenzhen subsidiary will restructure the sales team in the coming fiscal year focusing on selling our unique services and products such as GMS and Roster system to respective clients in the transportation and logistic industries.

Application Software Packages Solutions

The Group has been developing a new cost-efficient ERP system known as ***Tactics***, a combination of the previous ***AIMS Express*** and ***Konto Express***, in the last fiscal quarter of the year under review. It is expected to be launched this fiscal year, and we will aggressively promote and market the product accordingly. A new sales team designated to sell this system will be established soon. At the same time, we will continue our ongoing business strategies for our existing products such as ***AIMS*** and ***Konto***.

Food and Beverage

During the third fiscal quarter, the Group and First Glory Holdings Limited ("First Glory") entered into a subscription agreement whereby First Glory agreed to subscribe for a convertible bond at a principal amount of HK$52 million. Out of the gross proceeds of HK$52 million, approximately HK$16 million was utilised for the subscription of a convertible bond from PJ Partners Pte Limited, a food and beverage management company, and the balance amount of approximately HK$36 million will be utilised to finance the operation and development of the Group's existing I.T. businesses and for the general working capital of the Group. The transactions were completed on 10 February 2010. The transactions offer business opportunities to the Group to tap into the food and beverage business and resources to further develop the existing I.T. business.

After the end of the fiscal year, the Group has entered into agreements to acquire a Japanese restaurants franchise in Hong Kong. It is the first attempt of the Group to invest in restaurant business. The management is confident that the investment will bring a promising impact to the Group in the coming years. The management believes that this diversification will not only increase the sources of income but also will enhance the future development of the Group.

PRC OPERATIONS

In view of the potential of the hospitality industry in the PRC and its robust economy, the Group has been planning to develop a B2B platform which connects hotels and hotel distribution channels and corporate customers. This platform will enable real-time hotel room booking for instant room-booking confirmation through the internet. As this will greatly reduce manpower requirement from both ends and thus promotes economic efficiency, we believe that there exists good business opportunities once this platform is developed. In the last fiscal quarter, the Group has launched www.fangcoo.com (房庫) to act as a preliminary trial platform for our users. As this platform benefits ***Pegasus PMS*** users by connecting hotels to direct customers, this can, in the long run, assist us to accumulate hotel customers' database. We will continue to explore the most appropriate business model that can give us maximal result.

With the continuous improvement in the living standards in the PRC, the food and beverage industry is thriving at a fast-growing pace. It is estimated that there are over two million restaurants in first tier cities in the PRC. In order to cope with the markets' needs and requirements, the Group has decided to streamline the operation procedure of our existing ***Pegasus*** Food and Beverage System by increasing its user-friendliness and enhancing the backend functions to fit the market needs. With PRC's huge population, the increasing popularity of dining out, plus the fact that there is a lack of a major local I.T. player in the industry, we have good reasons supporting us to explore in this dynamic and fast-pace business sector.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2010, the Group recorded a total turnover of HK$52.5 million (2009: HK$63.1 million), of which HK$52.4 million (2009: HK$61.8 million) is from continuing operations and HK$107,000 (2009: HK$1.3 million) is from discontinued operations. For the continuing operations, exclusive of hardware sales of HK$2.6 million (2009: HK$1.3 million), turnover decreased by 18% compared with the previous year.

Turnover generated from Hong Kong continuing operations was HK$29.8 million (2009: HK$40.7 million), representing a decrease of 27% compared with previous year. Revenue generated from information solutions decreased by 29% to HK$22.5 million (2009: HK$31.8 million). Sales of the Group's proprietary application software packages ***AIMS***, together with its previous version ***Konto 21***, recorded a turnover of HK$5.4 million, a decrease of 18% compared with HK$6.6 million recorded last year.

Turnover generated from PRC continuing operations was HK$22.6 million (2009: HK$21.1 million). Exclusive of hardware sales of HK$2.6 million (HK$1.3 million), representing an increase of 10% compared with last year.

Losses for the year from continuing and discontinued operations were HK$13.5 million and HK$1.4 million respectively (2009: HK$753,000 and HK$2.5 million respectively). Net loss attributable to the equity holders of the Company was HK$14.8 million (2009: HK$3.2 million).which included approximately HK$3.3 million expenses in relation to the completion of general offer and approximately HK$3.3 million impairment loss on the development costs.

Gross profit

The gross profit margin from the continuing operations of the Group was 55% (2009: 56%), a slight decrease compared with last year.

Expenses

Total operating expenses increased by 21% to HK$41.5 million (2009: HK$34.3 million). After taking out the impairment loss on development costs of approximately HK$3.3 million (2009: HK$157,000) and the expenses in relation to the completion of general offer approximately amounted to HK$3.3 million, the operating expenses are adjusted to HK$34.9 million (2009: HK$34.1 million), representing an increase of 2%.

Financial resources and liquidity

The Group generally relies on internally generated funds and facilities granted by its principal bankers to finance its operation. In addition, the Company issued convertible bonds in the principal amount of HK$52 million on 12 February 2010 to First Glory Holdings Limited. Out of the gross proceeds of HK$52 million, approximately HK$16 million has been invested in other financial assets and the balance amount of approximately HK$36 million will be utilised to finance the operation and development of the Group's existing I.T. businesses and for the general working capital of the Group.

As at 31 March 2010, current assets amounted to HK$45.5 million (2009: HK$30.4 million) of which HK$32.1 million (2009: HK$12.9 million) was cash and bank deposits and HK$12.5 million (2009: HK$17.1 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to HK$15.1 million (2009: HK$22.9 million), including bank loans, overdraft and obligation under finance lease in the amount of HK$4.1 million (2009: HK$14.2 million) and creditors, accruals and deposits received in the amount of HK$10.7 million (2009: HK$8.7 million).

Current ratio as at 31 March 2010 was 3.01 (2009: 1.33). Debt-to-equity ratio, expressed as a ratio of total debts less pledged time deposits, pledged bank balance, time deposits and cash and bank balances to shareholders' funds, was 2.15 (2009: 0.47).

Foreign exchange

The Group received renminbi income from sales in the PRC. Fluctuations in exchange rates of renminbi currencies against foreign currencies can affect the Group's results of operations. During the year under review, no hedging transactions or other exchange rate arrangements were made.

Charges on the Group's assets

As at 31 March 2010, a bank balance of HK$55,000 and accounts receivable of HK$896,000 have been pledged to a bank to secure general banking facilities granted to the Group. As at 31 March 2009, there were time deposits of HK$9.0 million, bank balance of HK$80,000 and accounts receivable of HK$1.8 million have been pledged to a bank to secure general banking facilities granted to the Group.

Capital commitments

For both years under review, the Group had no material capital commitments.

Contingent liabilities

As at 31 March 2010, the Group has contingent liabilities in respect of possible future long service payments to employees under the Employment Ordinance in Hong Kong, with a maximum possible amount of HK$1.6 million (2009: HK$1.5 million).

Subsequent Events

(a) On 21 April 2010, First Glory converted 25% of its convertible bonds, equivalent to the principal amount of HK$13,000,000, to 200,000,000 ordinary shares of the Company at a conversion price of HK$0.065 per share.

(b) On 17 May 2010, Marvel Success Limited ("Marvel Success"), a wholly-owned subsidiary of the Company, entered into two separate share purchase agreements with Strong Venture Limited ("Strong Venture") and Caddell Investments Limited ("Caddell") respectively pursuant to which Marvel Success conditionally agreed to acquire (i) Strong Venture's 75% equity interest in Netaria Limited ("Netaria") and Strong Venture's loan to Netaria amounting to HK$1,721,367 at a total cash consideration of HK$7,000,000; and (ii) Caddell's 25% equity interest in Netaria at a consideration of HK$3,000,000, which will be settled by issuing of 15,000,000 ordinary shares of the Company. The transactions have not yet been completed up to the date of the announcement of the annual results.

(c) On 18 May 2010, First Glory and the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place First Glory's 110,000,000 ordinary shares in the Company at a placing price of HK$0.20 per share to not less than six placees ("Placing Transaction"). On the same date, First Glory entered into a subscription agreement with the Company pursuant to which First Glory agreed to subscribe newly issued 110,000,000 ordinary shares of the Company at a price of HK$0.20 per share ("Subscription"). The Placing Transaction and Subscription were completed on 20 May 2010 and 27 May 2010 respectively.

Other financial assets

On 10 February 2010, Marvel Success subscribed at face value, a two-year 5% convertible bond in the principal amount of US$2,000,000 issued by PJ Partners Pte Limited ("PJ Partners"), a company which is incorporated in Singapore with limited liability and is engaged in food and beverage management business. According to the terms of the subscription agreement, the conversion price is lower of the net asset value per share and 2.5 times P/E of PJ Partners at the time of conversion. Although the conversion price may vary in along with the net asset value per share or P/E, Marvel Success is allowed to use US$2,000,000 to convert to common shares of PJ Partners up to 75% or minimum 25%.

At initial recognition, the loan receivable component of convertible bond was recognised at fair value of HK$16,217,000 which was estimated by discounted cash flows method using a market interest rate for a similar investment plus allocated transaction costs. The loan receivable is carried at amortised cost in subsequent measurement.

For derivative component of convertible bond, the fair value at initial recognition was HK$633,000, which was estimated by the difference between the consideration paid and the fair value of loan receivable component at initial recognition. In the opinion of the directors, since this derivative financial assets are linked to the shares of PJ Partners, which do not have a quoted market price in an active market and whose fair value cannot be reliable measured, and must be settled by delivery of the shares of PJ Partners, it is carried at cost less impairment in subsequent measurement.

Save as disclose above, during both years under review, there was no on-going financial exposure to borrowers or other on-going matters of relevance as defined in Rules 17.22 to 17.24 of the GEM Listing Rules.

Employees and remuneration policies

As at 31 March 2010, the Group had 282 employees in Hong Kong and the PRC (2009: 309). Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward of their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies and pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of the Employees Share Option Scheme.

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

During the year, 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

During the periods from 7 May 2009 to 3 June 2009 and from 28 July 2009 to 10 August 2009, Ms. Leung Mee Chun, Stella ("Mrs. Lee"), the spouse of Mr. Lee Shun Hon, Felix ("Mr. Lee"), the executive director of the Company, had dealt with the Company's shares during the blackout periods in 2009.

As Mr. Lee is financially independent from Mrs. Lee, he was not aware of such dealings until when he reviewed his associates' as well as his own shareholding positions for the purposes of the disposal of his controlling stake in the Company as announced by the Company on 6 November 2009. In the course of such review, it had come to the attention of Mr. Lee that Mrs. Lee had dealt in the shares of the Company during the blackout periods.

As at 31 March 2010, the interests or short positions of the directors or chief executives of the Company in the shares, underlying shares and debentures 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 required to be 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 relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the ordinary shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 2)*
Mr. Tang Sing Ming Sherman	Corporate	432,845,290 *(Note 1)*	56.19%
Mr. Lee Shun Hon, Felix	Personal	100,000	0.01%

Notes:

1. These shares are held by First Glory Holdings Limited ("First Glory") which is wholly and beneficially owned by Mr. Tang Sing Ming Sherman ("Mr. Tang"). First Glory also holds convertible bonds ("Convertible Bonds") issued by the Company in the aggregate principal amount of HK$52 million pursuant to which a total of 800,000,000 shares of the Company will be issued upon full conversion assuming that there is no adjustment to the initial conversion price of HK$0.065 per share. Mr. Tang is the sole legal and beneficial owner of First Glory. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in the said 432,845,290 shares and the Convertible Bonds which First Glory is interested in.

2. Based on 770,300,000 shares of the Company in issue as at 31 March 2010.

(b) Interests and short positions in underlying shares of equity derivatives of the Company

Name	**Type of interests**	**Number of shares**	**Approximate percentage of the issued share capital** *(Note 2)*
Tang Sing Ming Sherman	corporate	800,000,000 *(Note 1)*	103.86%

Note:

1. The said 800,000,000 shares represent the total number of shares which will be issued upon full conversion of the Convertible Bonds held by First Glory in the aggregate principal amount of HK$52 million, assuming that there is no adjustment to the initial conversion price of HK$0.065 per share. According to the terms of the Convertible Bonds, conversion of the Convertible Bonds is subject to compliance with the GEM Listing Rules and the Code on Takeovers and Mergers, and any such conversion shall not result in the shareholding of the Company held by the public being less than the then minimum public float requirements as stipulated in the GEM Listing Rules at the time of such conversion. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in the Convertible Bonds held by First Glory.

2. Based on 770,300,000 shares of the Company in issue as at 31 March 2010.

(c) Interests in the shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
Tang Sing Ming Sherman	First Glory Holdings Limited	Beneficial owner	1	100%

(d) Interests in debentures of the Company

Name	Type of interests	Amount of Debentures
Tang Sing Ming Sherman	corporate	HK$52 million *(Note 1)*

Note:

1. The said HK$52 million represents the aggregate outstanding principal amount of the Convertible Bonds held by First Glory, which is wholly-owned by Mr. Tang. Assuming that there is no adjustment to the initial conversion price of HK$0.065 per share, a total of 800,000,000 shares will be issued upon full conversion of the Convertible Bonds.

Save as disclosed herein, as at 31 March 2010, none of the directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be 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 were 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 relating to securities transactions by directors 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

Save as disclosed under the section headed "Directors' interests in the securities of the Company or any associated corporations", so far as is known to the directors and chief executives of the Company, as at 31 March 2010, no other persons or companies had interests or short positions in the shares and underlying 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.

MANAGEMENT SHAREHOLDERS' INTERESTS

Save as disclosed under the sections headed "Directors' interests in the securities of the Company or any associated corporations" and "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" above, as at 31 March 2010, no other person was able, as a practical matter, to direct or influence the management 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 during the year ended 31 March 2010.

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 of the Company, namely Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.

Up to the date on which these financial statements for the year ended 31 March 2010 have been approved, the audit committee has held four meetings and has reviewed the Company's draft annual, interim and quarterly financial reports and accounts prior to recommending such reports and accounts to the Board for approval.

CODE OF BEST PRACTICE

The Company has complied with the code provisions set out in Code on Corporate Governance Practices under Appendix 15 of the GEM Listing Rules of the Stock Exchange throughout the year ended 31 March 2010 except the followings:

Code Provision A.2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. The responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. Mr. Tang Sing Ming Sherman ("Mr. Tang") is the Chairman of the Board and the Chief Executive Officer of the Company. As such, such dual role constitutes a deviation from Code Provisions A.2.1. However, the Board is of the view that: (i) the Company's size is relatively small and thus does not justify the separation of the roles of the Chairman and Chief Executive Officer; (ii) the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and Chief Executive Officer; (iii) Mr. Tang as the Chairman of the Board and the Chief Executive Officer of the Company is responsible for ensuring that all directors act in the best interests of the shareholders. He is fully accountable to the shareholders and contributes to the Board and the Group on all top-level and strategic decisions; and (iv) this structure will not impair the balance of power and authority between the Board and the management of the Company.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to the Articles of Association of the Company, at every annual general meeting of the Company, one-third of the directors (for the time being or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall retire from office by rotation, provided that the chairman of the Board and/or the managing director of the Company shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. As such, as at the date hereof, Mr. Tang, being the Chairman of the Company, is not subject to retirement by rotation. The management of the Board is of the view that the membership of the Board represents rich and diversified background and industry expertise and as such, the management considers that there is no imminent need to amend the relevant provisions of the Articles of Association of the Company.

Code Provision B.1.1 stipulates that the Company should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors. During the financial year ended 31 March 2010, the Company has not established a remuneration committee as required by this Code Provision considering the small size of the Board. During such financial year, the Board was mainly responsible for determining the Company's policy on the remuneration of the directors and the review and approval of all remuneration packages of the directors. During the year under review, the Board determined the remuneration of executive director and independent non-executive directors appointed during the year on the basis of the existing remuneration policy adopted by the Company, and approved their service contracts with the Company. During the year under review, the Board also reviewed the remuneration packages of all directors, based on the salaries paid by comparable companies, and the time commitment and responsibilities of the directors. However, the Company has established a Remuneration Committee on 23 April 2010 with written terms of reference in compliance with Code Provision B.1.3 under Appendix 15 of the GEM Listing Rules. The members of the Remuneration Committee consist of Mr. Tang Sing Ming Sherman and all independent non-executive directors of the Company. The Chairman of the Remuneration Committee is Mr. Chan Kam Fai Robert.

On behalf of the Board
Tang Sing Ming Sherman
Chairman

Hong Kong, 21 June 2010

As at the date of this announcement, the Company's executive directors are Mr. Tang Sing Ming Sherman and Mr. Lee Shun Hon, Felix; independent non-executive directors are Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting.