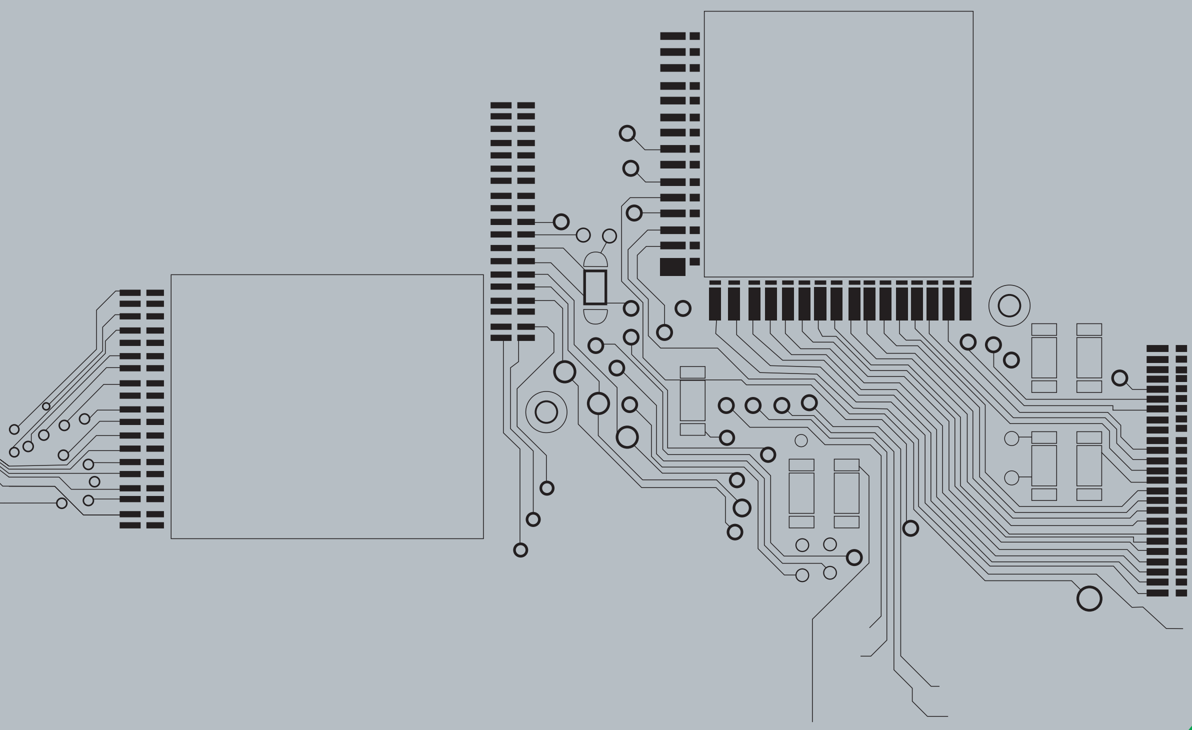

Armitage Technologies Holding Limited

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 8213)

Annual Report 2006-2007

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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this annual 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 annual report.

This annual report, for which the directors (the "Directors") of Armitage Technologies Holding Limited (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 annual 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 annual report misleading; and (3) all opinions expressed in this annual report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CONTENTS

EXECUTIVE DIRECTORS

Mr. Lee Shun Hon, Felix
Mr. To Yung Yui, Steve
Ms. Jim Sui Fun

NON-EXECUTIVE DIRECTOR

Dr. Liao, York

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Anthony Francis Martin Conway
Professor Tsang Hin Pok, Herbert *
Mr. Chan Hang

COMPANY SECRETARY

Mr. Ho King Yee, CPA

QUALIFIED ACCOUNTANT

Mr. Ho King Yee, CPA

COMPLIANCE OFFICER

Mr. Lee Shun Hon, Felix

AUDIT COMMITTEE

Professor Tsang Hin Pok, Herbert *
Mr. Anthony Francis Martin Conway
Mr. Chan Hang

AUTHORISED REPRESENTATIVES

Mr. Lee Shun Hon, Felix
Mr. Ho King Yee, CPA

LEGAL ADVISERS

Hong Kong:
Richards Butler
20th Floor, Alexandra House
16-20, Chater Road, Hong Kong

AUDITOR

PKF
Certified Public Accountants
26th Floor, Citicorp Centre
18 Whitfield Road
Causeway Bay, Hong Kong

PRINCIPAL BANKERS

Fubon Bank (Hong Kong) Limited
Nanyang Commercial Bank, Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Bank (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Ugland House
PO Box 309 GT
South Church Street
George Town
Grand Cayman

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

10th Floor
Everwin Centre
72 Hung To Road
Kwun Tong
Kowloon
Hong Kong

COMPANY'S WEBSITE ADDRESS

www.armitage.com.hk
www.armitage.com.cn
www.szarmitage.com
www.e2smart.com

GEM STOCK CODE

8213

* Professor Tsang Hin Pok, Herbert ceased to be an independent non-executive director and a member of audit committee on 31 March 2007

Armitage Technologies Holding Limited is one of the leading information technology service providers and application software developers in Hong Kong and China. We have over 27 years of proven track record in delivering IT solutions to customers in manufacturing, transportation/logistics, hospitality, government and public sector.

Founded in 1980, our headquarters are located in Hong Kong with subsidiaries in Guangzhou and Shenzhen. Our subsidiary in Guangzhou has also established regional offices in various first tier cities in China such as Shanghai, Beijing, Chengdu and Wuhan.

Since the beginning of the year 2004, through our subsidiary, Eastern Express Solutions Limited, we have commenced the publication of a life style magazine, ***e***^{2}***Smart***, distributing to approximately 300 reputable hotels in major cities of China.

Portfolio of our principal subsidiaries:

Armitage Technologies Limited

- Provision of IT solutions, including provision of outsourcing/insourcing services to customers in Hong Kong
- Sale of proprietary ERP application software packages, ***AIMS*** and ***Konto 21***, to customers in Hong Kong with manufacturing plants in the Pearl River Delta

Armitage Technologies (Shenzhen) Limited

- Research and development centre
- Technical resource centre for Hong Kong outsourcing and fixed-price projects
- Provision of IT solutions, including provision of outsourcing/insourcing services to customers principally in the transportation and logistics sector in Shenzhen

Guangzhou Armitage Technologies Limited

- Sale of proprietary hotel management software package, ***Pegasus***, mainly to customers throughout China
- Sale and implementation of third party ERP application software package, ***IFS***, to customers in southern China

Eastern Express Solutions Limited

- Publication of life style magazine ***e***^{2}***Smart*** for distribution to 4 to 5-star hotels in Beijing, Shanghai, Guangzhou and Shenzhen in China

CHAIRMAN'S STATEMENT

I am pleased to present the financial results for Armitage Technologies Holding Limited ("the Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2007.

In financial year 2006/2007, we restructured the Hong Kong operation into different business units and consolidated the management team in our PRC operation. In this year, a total turnover of HK$53.8 million was recorded, representing a decrease of 6% when compared to the previous year (2005/2006: HK$57.4 million). Turnover generated from our Hong Kong operations recorded a decrease of 8% to HK$37.1 million from the HK$40.5 million recorded last year. Turnover derived from our PRC operations was HK$16.7 million, compared to HK$16.9 million recorded in the previous year. Loss attributed to equity holders of the Company was HK$4.8 million, inclusive of our HK$2.5 million of investment in magazine and distribution costs. It is also included HK$4.7 million of amortisation of research & development cost, software and trademark expenses in respect of ***AIMS*** and ***Pegasus*** products. Earning before interest, tax, depreciation and amortisation (EBITDA) for IT businesses was HK$4.2 million.

During the year, in general, economic condition has greatly improved, and IT spending among our clients has gradually picked up. However, the continuous and aggressive price competition remained the greatest challenge to our Group's operation. In the fiscal year under review, the Group's financial performance was adversely affected on the cost side, mainly due to rising wages in Hong Kong and the PRC as well as the appreciation of the Reminbi (the PRC currency) against the Hong Kong dollar.

In the area of provision of outsourcing/insourcing and IT solutions services, price competition was particularly intense, especially in the Hong Kong market. However, the Group made significant progress in building relationships with two new major transportation and logistics clients, resulting in many on-going fixed price projects and insourcing services. Both of the insourcing contracts will provide a consistent source of future revenue to the Group. We have a sound reputation for delivery of excellent on-time quality products and in-depth business knowledge of the transportation and logistics industry has resulted in our Group being commissioned to the world largest private owned container operator in the development of an e-framework, namely, a standard application development platform. This large-scale project should subsequently lead to future business opportunities in the international transportation and logistics market.

In the area of application software packages, sales revenue generated from the Group's proprietary ***AIMS*** and ***Pegasus*** products was very encouraging and we recorded double digit growth in this financial year. The improvement was mainly contributed by our Research and Development team's continuing efforts to enrich our application software features and to the excellent after-sales services provided by our IT services implementation team. Despite a difficult economic situation brought about by the possible increasing interest rates, high material costs and escalating oil prices deterring buying decisions from many potential customers, our sales in Manufacturing and Hospitality industries remained strong due to the vigorous general economic growth in the PRC. We remain optimistic that the sales volume of our ***AIMS*** and ***Pegasus*** products will result in another double digit growth for the next fiscal year.

Our initiative to diversity into the magazine publishing and advertising industry in the PRC is progressing. Advertisement revenue increased by 143% compared to the previous fiscal year. Though revenue from this market segment was thus far insignificant when compared to our IT business units, the result from this year was extremely encouraging. The marked improvement in sales revenue was mainly due to advertisers now recognising the quality of ***e²Smart***, our life style magazine. Its distribution network is a very effective marketing platform for promoting luxury brands. The immense consuming power of Shanghai's affluent market segment and the establishment of world-wide luxury brands' PRC regional headquarters in Shanghai have further consolidated the Group's belief that Shanghai will remain our main target market for the next 3-5 years. A new Shanghai office with top class facilities has been established and more resources in the PRC have been allocated to show our commitment to this business segment. We have gained much experience in the advertising industry in the PRC for three years and a dynamic management team with top facilities will pave the way for rapid growth in the near future. We believe that ***e²Smart*** has excellent potential and we are optimistic that we will have a quantum leap in revenue in the coming year.

I feel privileged and honored to have led such a versatile team over the past 23 years. Since our inception in 1980, our pioneering spirit has always helped us to thrive in a very challenging environment. Our business motto has been to work hard to overcome adversity. Looking ahead, the key focus in our business planning will be as follow: i) It is to press ahead with the enhanced industrial special features of ***AIMS*** targeting the excellent business opportunities in the PRC private owned manufacturing businesses in the Pearl River Delta; ii) our new ***Pegasus Express*** version which is aimed at the low-end hospitality industry market; iii) ***e²Smart*** expansion by exploring and developing the High Fashion business advertising sector.

Professor Tsang Hin Pok, Herbert, who was an independent non-executive director of the Company, retired in March, 2007. I would like to express my sincere appreciation for his many contributions to the Company during the past 5 years.

In closing, I would like to extend the Group's sincere thanks to our board of directors and employees for their dedication and valuation contributions throughout the year and our appreciation to our shareholders, customers and business partners for their continuing support.

Lee Shun Hon, Felix
Chairman
Hong Kong, 22 June 2007

The Group is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. Set out below are those principles of corporate governance as adopted by the Company during the reporting year.

The Company has complied with the code provisions set out in the Code (the "Code Provisions") contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") throughout the financial year ended 31 March 2007, except for the deviations from Code Provisions A.2.1, A.4.2 and B.1.1 of the Code. Details of the deviations are set out in the relevant sections below.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the financial year ended 31 March 2007, the Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all directors, the Company confirms that all of the Company's directors have complied with such required standard of dealings and its code of conduct regarding directors' securities transactions throughout the financial year ended 31 March 2007.

THE BOARD

Board of Directors

The Board currently consists of seven members including three executive directors (one of them being the Chairman of the Board and the Chief Executive Officer of the Group), one non-executive director and three independent non-executive directors.

The Company complies at all times during the financial year ended 31 March 2007 with the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors. Professor Tsang Hin Pok, Herbert, one of the independent non-executive directors, was a Vice President at Hong Kong Baptist University and he possesses the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules. All independent non-executive directors bring their wealth of experience to the Board and serve the important function of advising the management on strategy development to ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks for safeguarding the interests of the shareholders and the Company as a whole. Except as otherwise disclosed in this Annual Report, none of the independent non-executive directors has any business or financial interests with the Group and confirmed their independence to the Group as at 31 March 2007 in accordance with Rule 5.09 of the GEM Listing Rules.

THE BOARD (cont'd)

Board of Directors (cont'd)

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. Lee Shun Hon, Felix, being the Chairman of the Company, is not subject to retirement by rotation. The management of the Company 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.

Meetings

The Board met regularly throughout the financial year ended 31 March 2007 to discuss the overall strategy as well as the operation and financial performance of the Group. During the year, the Board held six meetings for the discussion and approval of important matters such as the approval of quarterly results, interim results and annual results, dividends, the Group's annual budget, businesses and investments etc. In addition, during the financial year ended 31 March 2007, the Group's management also met with certain non-executive directors to seek their views on certain business and/or operational matters. The attendance record of each director during the year at Board meetings is as follows:

Number of Meetings	6	
Members of the Board	**Meetings Attended**	**Attendance Rate**
Executive directors		
Mr. Lee Shun Hon, Felix (Chairman)	6	100%
Mr. To Yung Yui, Steve	6	100%
Ms. Jim Sui Fun	6	100%
Non-executive director		
Dr. Liao, York	5	83%
Independent non-executive directors		
Mr. Anthony Francis Martin Conway	6	100%
Professor Tsang Hin Pok, Herbert (ceased to be an independent non-executive director on 31 March 2007)	5	100%
Mr. Chan Hang	6	100%
Average Attendance Rate		98%

THE BOARD (cont'd)

Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles 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. Lee Shun Hon, Felix is the Chairman of the Board and the Chief Executive Officer of the Group. As such, such dual role constitutes a deviation from Code Provisions A.2.1. However, the Board is of the view that:

- the Company's size is relatively small and thus does not justify the separation of the roles of the Chairman and Chief Executive Officer;
- the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and Chief Executive Officer;
- Mr. Lee Shun Hon, Felix, as the Chairman of the Board and the Chief Executive Officer of the Group, 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
- this structure will not impair the balance of power and authority between the Board and the management of the Company.

Executive directors

Executive directors are responsible for running the Group and executing the strategies adopted by the Board. They lead the Group's management team in accordance with the directions set by the Board and are responsible for ensuring that proper internal control system is in place and that the Group's business conforms with applicable laws and regulations.

Non-executive directors

Non-executive directors (including independent non-executive directors) serve the important function of advising the management on strategy development and ensure that the Board maintains high standards in financial and other mandatory reporting as well as provide adequate checks and balances for safeguarding the interests of the shareholders and the Company as a whole.

THE BOARD (cont'd)

Non-executive directors (cont'd)

Each of the non-executive directors (including independent non-executive directors) of the Company has signed a letter of appointment for a term of one year with the Company. The term of each of these appointment letters shall automatically be renewed each year unless terminated by either side on three months' prior written notice. The commencement dates of appointment for each of the non-executive directors are as follows:

	Commencement Date
Non-executive director	
Dr. Liao, York	21 February 2002
Independent non-executive directors	
Mr. Anthony Francis Martin Conway	21 February 2002
Professor Tsang Hin Pok, Herbert (ceased to be an independent non-executive director on 31 March 2007)	21 February 2002
Mr. Chan Hang	16 September 2004

AUDIT COMMITTEE

The Group had established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The Audit Committee comprises three independent non-executive directors, namely Professor Tsang Hin Pok, Herbert who was the Chairman of the Audit Committee during the year and ceased to be a member of Audit Committee on 31 March 2007, Mr. Anthony Francis Martin Conway and Mr. Chan Hang. The Chairman of the Audit Committee is Mr. Authony Francis Martin Conway. Professor Tsang was Academic Vice President at Hong Kong Baptist University and Mr. Authony Francis Martin Conway is a fellow of The Hong Kong Institute of Directors.They possess the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules.

A total of four Audit Committee meetings were held during the financial year ended 31 March 2007 to review and discuss the final, quarterly and interim results and annual financial statements of the Group respectively. The adequacy of the Company's policies and procedures regarding financial reporting and internal controls were also discussed. Additional meetings may also be held by the Audit Committee from time to time to discuss special projects or other issues that the Audit Committee considers necessary. The external auditors of the Group may request a meeting with the Audit Committee if they consider necessary.

The authorities of the Audit Committee include (1) investigation of any activity within its term of reference; (2) seeking any information it requires from any employee; and (3) obtaining outside legal or other independent professional advice if it considers necessary.

AUDIT COMMITTEE (cont'd)

The main duties of the Audit Committee are as follows:

- To consider the selection and appointment of the external auditors, the audit fee, and any question concerning the resignation or dismissal of the external auditors
- To discuss with the external auditors the nature and scope of the audit
- To review and monitor the external auditor's independence and the objectivity and the effectiveness of the audit process in accordance with applicable standards
- To develop and implement policy on the engagement of external auditor to supply non-audit services
- To review the Group's quarterly, interim and annual financial statements before the submission of them to the Board
- To discuss any problems and reservations arising from the final audits and any matters that the external auditor may wish to discuss
- To review the Group's statement on internal control system prior to the endorsement of it by the Board
- To consider the major findings of any internal investigation and the management's response
- To consider other topics, as determined by the Board

The attendance record of the Audit Committee meetings during the financial year ended 31 March 2007 is as follows:

Number of Meetings	4	
Members of the Audit Committee	**Meetings Attended**	**Attendance Rate**
Professor Tsang Hin Pok, Herbert	3	100%
Mr. Anthony Francis Martin Conway	4	100%
Mr. Chan Hang	4	100%
Average Attendance Rate		100%

Throughout the year under review, the Audit Committee discharged its responsibilities, reviewed and discussed the financial results and the internal control system of the Group. As regards external auditors' remuneration, audit service was provided by the Group's external auditor during the year under review.

AUDITORS' REMUNERATION

For the year ended 31 March 2007, the auditor's remuneration was approximately HK$347,000 which was for statutory audit services. There was no significant non-audit service assignment provided by the auditor during the year.

REMUNERATION OF DIRECTORS

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.

The Company has not established a remuneration committee as required by this Code Provision considering the small size of the Board, and as such, the Company currently does not have any plan to set up a remuneration committee. During the financial year ended 31 March 2007, the Board is mainly responsible for determining the Company's policy on the remuneration of the directors and the review and approval of all remuneration packages of directors.

During the year under review, the Board determined the remuneration of 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 had 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.

NOMINATION OF DIRECTORS

Paragraph A.4.4 of the recommended best practices under Appendix 15 of the GEM Listing Rules provides that the Company should establish a nomination committee and the majority of the members of the nomination committee should be independent non-executive directors. The Company has not established a nomination committee considering the small size of the Board, and as such, the Company currently does not have any plan to set up a nomination committee.

The Board is responsible for considering the suitability of an individual to act as a director, and approving and terminating the appointment of a director.

The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to each member of the Board for consideration and each member of the Board will review the qualifications of the relevant candidates for determining their suitability to the Group on the basis of their qualifications, experiences and backgrounds. The decision of appointing a director must be approved unanimously by the members of the Board. Any director so appointed by the Board will hold office only until the next following annual general meeting of the Company and will then be eligible for re-election.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

Statements of directors' responsibilities for preparing the financial statements and the external auditors' reporting responsibilities are set out in the Independent Auditor's Report as contained in this Annual Report.

To the best of the knowledge of the directors, there is no material uncertainty relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The directors have reviewed and are satisfied with the effectiveness of the Group's internal control system, including, in particular, financial, operational and compliance controls and risk management functions.

LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the Code.

BUSINESS REVIEW

2006/07 was a challenging year for the IT industry in Hong Kong and the PRC. The Group's audited consolidated turnover for the year ended 31 March 2007 ("the year under review") amounted to HK$53.8 million, representing a decrease of 6% compared to the previous year (2006: HK$57.4 million). The continuous and aggressive price competition remained the single most important factor affecting the Group's performance. Nevertheless, operation costs remained under control, largely attributable to persistent implementation of the team-across-border strategy, enabling utilisation of less expensive resources in Shenzhen to support the product development of our Armitage Industrial Management System ***(AIMS)*** and project implementation for our clients in Hong Kong.

HONG KONG OPERATIONS

Outsourcing and Information Solutions

During the year under review, the total turnover generated from the outsourcing and information solutions sector was HK$25.7 million (exclusive of hardware sales of HK$156,000), representing a decrease of 20% from HK$32.2 million (exclusive of hardware sales of HK$229,000) in the corresponding period last year. The main reason was the suspension of services to a major international client during the first half of the year under review. During the said year, the Group vigorously explored additional business opportunities with our two major transportation and logistic clients and new fixed price projects and insourcing services are either on-going or under negotiation.

The Group has made encouraging progress in building strong business relationships with companies in the transportation and logistics sectors. This resulted in a much remunerative result during the year under review. The Group gained a number of new projects, including a breakthrough insourcing service contract with the largest airline operator in Hong Kong and another HKSAR government transport-related authority. Our Shenzhen subsidiary also obtained a number of projects including the development and implementation of a Warehouse Management System for a logistics company and a Commercial Information System for a Container Terminal Operator in Shenzhen. The successful execution of these projects helped reinforce the good reputation of our subsidiary in the Shenzhen IT industry.

The increase in the number of new projects with the above mentioned transportation and logistics companies further demonstrated the Group's belief that our specialisation in this market sector was a sound strategy.

Application Software Packages

During the year under review, turnover generated from the Group's proprietary ERP application software package, Armitage Industrial Management System ("***AIMS***") together with its previous version ***Konto 21***, was HK$8.6 million. An increase of 34% was recorded when compared to the corresponding figure last year of HK$6.4 million. This improvement was achieved by our continuous efforts of product enhancement and excellent after-sales services to our clients during the past two years. Special new functions such as the "Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS)" compliance and an item code generator were added to meet customers' requirements. The encouraging results attained in the year under review reinforced our belief that the industrial focus strategy on the consumer electronics industry was a correct management decision.

The continuing development in new special features for the consumer electronics industry and KPIs (Key-Performance Indicators) greatly enhanced our competitiveness in the market. During the year under review, the Group concluded a number of contracts with consumer electronics companies, most of whom are suppliers to international top brand OEM and ODM companies.

PRC OPERATIONS

Pegasus Hotel Management System ("*Pegasus*")

During the year under review, turnover generated from the Group's proprietary application software package, ***Pegasus Hotel Management Systems***, was HK$13.1 million (exclusive of hardware sales of HK$658,000). Compared to HK$11.1 million (exclusive of hardware sales of HK$858,000) recorded last year, an increase of 18% was recorded.

During the year under review, the brand new ***Pegasus Express*** version and the ***Pegasus Membership System*** were launched. However, the standard modules - hotel front office and the back office, as well as food and beverage systems, remained as the major revenue stream. ***Pegasus Express***, which is a simplified version of ***Pegasus***, was launched in the last quarter of the year under review. ***Pegasus Express*** targeted a totally different market sector with a lower price range. A separate sales team was established to apply more innovative sales techniques to tap the potential market of ***Pegasus Express***.

In our regional offices, the Southern Region, where our headquarters is located, achieved the best results. The performance of our Northern Region remained encouraging, even though the growth rate remained flat. Significant improvement has been achieved in Fujian, Guangxi and Hainan Provinces. Maintenance income increased by 32% when compared to last year.

Following successful implementation of the central room booking system and bonus point system for the Hotel Canton Group in the first half of the year under review, the core basis for the these systems was formed. Based on these systems, a number of central management reporting systems have been developed to enrich the entire product line. The first project implementing this enhanced system will commence in the third quarter of the coming year. In the past two years, the central room booking system and bonus point system have been widely recognised by the hospitality industry as the future hotel management system. This will lead to a growing market potential. Similar to experience with other new application software packages, the market has yet to accrue additional successful cases. However, our Group is well prepared to take a major share in this new line once market acknowledges the requirement for these advanced systems, in a very competitive hospitality market.

On the whole, demand from the market remained strong because of the vigorous economic growth in the PRC. This strong demand also brought in severe price competition. Small IT companies with lower production costs flooded into the marketplace and obtained the market share by offering much lower prices. The Group believes ***Pegasus*** outperforms these companies in terms of product quality, functions, stability and after-sales service. In the long run, these companies will be eliminated through competition based on price performance. The Group will continue to strive to leverage our strengths in order to expand our share of this market.

Industrial and Financial System ("*IFS*")

Total turnover for license sold and implementation of ***IFS*** systems amounted to HK$2.9 million (no hardware sales were recorded), a decrease of 28% compared to HK$4.0 million (exclusive of hardware sales of HK$1.0 million) in the corresponding period last year.

The reason for this unsatisfactory performance was that no substantial new contracts were concluded during the year under review. Revenue was mainly generated from recurrent contracts from existing customers. A number of maintenance contracts were signed with ***IFS*** users who were not satisfied with the services provided by their existing ***IFS*** partners. The Group expects that new business opportunities can be generated through these maintenance contracts.

The PRC is a huge market for ERP systems. With this favourable market environment, the Group will inject more resources to avail of this huge opportunity. To effect this, the sales team was re-organised during the last quarter of the year under review. The Group is optimistic that the performance of ***IFS*** will be improved in the coming year.

Magazine Publication

Our ***e²Smart*** magazine has gradually gained greater recognition in the media and advertising industry during the year under review. Revenue generated from advertisement sales was HK$895,000, compared to HK$368,000 recorded last year, an increase of 143%.

The achievement of the Basel and Christmas supplement publications was attributed to the support of various international renowned luxury brands. With this recognition, not only was ***e²Smart*** able to attract and secure international and luxury brands' interests to further consolidate the Group's belief in publishing these two extra issues, but it should also serve as a new revenue stream in the coming year.

Shanghai was identified as the most important strategic market for ***e²Smart*** and, in line with the growth of the advertising industry in the PRC, further resources have been put in our Shanghai office, including expansion of the sales and marketing team in order to achieve our objectives.

FUTURE PROSPECTS

HONG KONG OPERATIONS

Outsourcing and Information Solutions

With a solid reputation for on-time delivery, coupled with best expertise in business knowledge in the transportation and logistics industry, the Group has been invited to tender and deliver IT services and solutions to many blue-chip conglomerates. The Group believes that it is the first provider in the Pearl River Delta to install a Gasoline Management System (GMS) successfully for a major terminal operator. The Group also partnered the world's largest private container operator to develop an e-framework, a standard application development platform. Development is scheduled to start by end of the fourth quarter in the year under review. These large-scale projects further reinforced the position of the Group in the IT solution industry and will generate future business opportunities not only in the Pearl River Delta, but also around the world. In addition, the Group has been awarded an Information Management System project from an existing educational institution client during the year under review. We also were selected as a qualified contractor to deliver insourcing services to a HKSAR government transport-related authority. Moreover, the Group has built up a long-term and solid working relationship with the largest airline operator in Hong Kong by delivering insourcing service projects. Both insourcing contracts will secure a consistent source of revenue to the Group.

To broaden the source of income, the Group will continue to explore more business opportunities with existing and potential clients. In the coming year, a competency centre will be set up in Shenzhen to train professionals in different technological skills and enterprised business solutions to further strengthen the Group's competitiveness.

Application Software Packages

To provide our customers with optimal IT tools for business success is our Group's mission. The persistent enhancement of ***AIMS*** via regular updates and releases has been executed in order to meet different customers' requirements. With extensive features for the consumer electronics industry, the Group has gained a good reputation in this industry. The positive feedback has further encouraged the Group to develop and enhance industrial specific features of ***AIMS*** continuously in order to satisfy the needs of the various market sectors. In the coming year, the Group aims to explore business opportunities with PRC private enterprise customers in the Pearl River Delta. Even though competition in this market is robust, we believe this is a good potential market to be exploited. A special version of ***AIMS*** has been completed to meet client's requirement in this specific market. To cope with this business expansion, the Group will make substantial efforts to further reinforce our sales and marketing activities.

Currently, the Group is in the negotiation with a number of clients for implementation of ***AIMS*** and EAM (Enterprise Asset Management), a third party application software package. Potential clients include airline operators, hotels, manufacturers and utility companies.

Pegasus

In view of the continuing strong economic growth in the PRC and forthcoming major international events to be held in Beijing, Shanghai and Guangzhou, hospitality will be one of the most booming industries in the PRC. The Group is optimistic about the long-term prospects for ***Pegasus***. The Group is striving to capture this golden opportunity to expand its market share and enlarge its customer base to establish a sound foundation for a long-term strategy. To achieve this goal, a number of decisive steps, including expansion in the low-end market, further opening of both direct and indirect sales channels as well as the strengthening of the existing R&D and technical teams, will be executed.

Currently, the majority of ***Pegasus*** revenue is generated from the sale of traditional modules for mid to high-end customers. ***Pegasus*** modules had been divided into three main categories, front office, back office and food and beverage. To cater for this market situation, the modules will be further divided into seven categories, namely, front office, finance and accounting, logistics, food & beverage, membership, sauna/spa and central systems. The new groupings provide a clear road map to potential clients and they also facilitate our own sales planning.

The Group has a vision that there will be more business opportunities in the low-end hospitality market. Apart from continuing to secure consistent revenue generated from selling traditional modules, the Group will also aggressively penetrate the low-end market. Specific effort will be put to implementing an appropriate strategy to enter this market. Through prudent planning and execution, the Group is confident that we will achieve good results from this market sector in the near future.

In order to expand the business and sales coverage to the Second Tier Cities, the Group plans to set up sales offices in high potential markets and to explore additional sales channels. A sales office in Changsha, Hunan Province will be set up in the first quarter of financial year 2007/2008. A number of experienced staff has been assigned to develop sales channels in these markets.

IFS

With strong demand for ERP systems in the PRC, the Group will make strenuous efforts to explore this market. ***IFS*** China has recently announced that they have more aggressive plans to capture a good share of the PRC market. Being one of the first generation distributors of ***IFS*** in the PRC market, the Group believes that it will receive a more in-depth support from ***IFS*** China. In addition, the Group expects that the establishment of the new sales team will help bring in more revenue in the coming year.

Magazine Publication

With the experience gained from having been in the advertising media industry in the PRC for three years, the Group has decided to increase resources in our Shanghai office to cope with the market potential. The immense consuming power of the Shanghai affluent market segment and the establishment of world-wide luxury brands' regional headquarters in Shanghai further consolidate the Group's belief that Shanghai must be our target market in the coming 3 to 5 years and beyond. To put this into execution, a new office with top class facilities in Shanghai has been established, and a newly recruited General Manager, with over 25 years of experience in the publishing and advertising industry, was stationed at our Shanghai office in mid-March 2007 to manage and motivate the sales and marketing team. In addition, Beijing is another important strategic market for the Group in the near term. Thus, the Group aims to increase the distribution of the magazines in 5-star hotels in both Beijing and Shanghai, in particular to prepare for the Beijing Olympics' 08 and the Expo 2010 in Shanghai.

The prestigious Watch Sector is currently the prime advertising income for ***e²Smart***. Since it's inception, the Group believes that ***e²Smart*** should further expand its client's base and should also explore and develop in the High Fashion sector. High Fashion is one of the fastest growing advertising revenue streams in the PRC. Even though the Group is fully aware that the fashion advertising industry is highly competitive, it is definitely an attractive opportunity for us. In line with our development plan, ***e²Smart*** will strengthen the sales and marketing team both in Hong Kong and Shanghai.

e²Smart has been steadily enlarging its sources of revenue. The Group has successfully renewed contracts with 80% of our existing clients and we are in the final stage of negotiation with a number of prestigious international brands, some of which are expected to be concluded within the first quarter of financial year 2007/2008. In addition, the Group is currently under preliminary discussion with a famous group of men's fashion brands. This is solid proof that the quality of ***e²Smart*** and its hotel distribution network are well recognised by advertisers, and ***e²Smart*** is regarded as an effective platform to promote luxury consumer goods.

FINANCIAL REVIEW

Consolidated results of operations

For the year ended 31 March 2007, the Group recorded a consolidated turnover at HK$53.8 million (2006: HK$57.4 million), representing a decrease of HK$3.6 million or 6% compared to the previous year.

Turnover in Hong Kong decreased by 8% to HK$37.1 million (2006: HK$40.5 million). Revenue generated from information solutions projects decreased by 20% to HK$25.8 million (2006: HK$32.4 million). Sales of the Group's proprietary application software packages, ***AIMS*** together with its previous version ***Konto 21,*** recorded a turnover at HK$8.6 million, an increase of 34% compared to HK$6.4 million recorded last year.

Turnover of our PRC operations slightly decreased by 1% compared to last financial year. Sales of the Group's proprietary application software packages, ***Pegasus***, amounted to HK$13.8 million. When compared to last year's HK$12.0 million, there was an increase of 15%.

An overall turnover of HK$2.9 million was recorded for ***IFS***. When compared to last year's HK$5.0 million, a 42% deterioration resulted.

The Group's core business is provision of IT services and the sales of application software packages. The EBITDA (earnings before interest, income tax, depreciation and amortisation) from its IT businesses was HK$4.2 million (2006: HK$3.2 million).

Net loss attributable to equity holders of the Company increased by 41% to HK$4.8 million (2006: HK$3.4 million). The loss from operations included additional amortisation of development costs of HK$769,000 and further investment in magazine publication of HK$2.5 million.

Gross profit

The overall gross profit margin remained stable at 56% during the year . There was no material fluctuation from the previous year.

Other income

During the year, the Group made unrealised gains on financial assets at fair value through profit or loss at HK$237,000.

Expenses

Total operating expenses increased by 3% to HK$35.1 million (2006: HK$34.2 million). The increase in expenses was mainly attributable to the additional amortisation of development costs for ***AIMS*** v3.30 and v3.40, raised in staff costs and the appreciation of PRC renminbi ("renminbi").

The additional amortisation of development costs amounted to HK$769,000 (2006: HK$689,000). Total staff costs (excluding directors' remuneration) amounted to HK$32.5 million (2006: HK$31.4 million), representing an increase of HK$1.1 million or 4% compared to the previous year.

Financial resources and liquidity

The Group generally relies on internally generated funds and facilities granted by its principal bankers to finance its operation.

As at 31 March 2007, current assets amounted to HK$34.0 million of which HK$11.9 million was cash and bank deposits and HK$20.3 million was debtors, deposits and prepayments. The Group's current liabilities amounted to HK$22.4 million, including bank loans and overdrafts in the amount of HK$14.2 million and creditors, accruals and deposits received in the amount of HK$8.2 million.

Current ratio as at 31 March 2007 was 1.52 (2006: 1.69). Gearing ratio, expressed as a ratio of total bank borrowings to shareholders' funds, was 0.51 (2006: 0.37). The increase in gearing ratio mainly resulted from the continuous operating loss of the Group and the outstanding trade account receivable from the major international client to which the services was suspended during the first half of the year under review.

Foreign exchange

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

Charges on the Group's assets

As at 31 March 2007, the Group's time deposits of HK$9.0 million (2006: HK$9.0 million), bank balance of nil (2006: HK$1,000) and accounts receivable of HK$1.5 million (2006: HK$2.8 million) have been pledged to banks to secure general banking facilities granted to the Group.

Capital commitments

As at 31 March 2007, the Company's subsidiary entered into an agreement with a PRC party to acquire their remaining 10% equity interest in Guangzhou Armitage Technologies Limited at a consideration of RMB130,000.

Contingent liabilities

(a) As at 31 March 2007, the Group had contingent liabilities in respect of performance bonds amounting to HK$156,000 (2006: HK$1.8 million) issued by a bank in favour of a customer for the due performance of contract works undertaken by the Group.

(b) 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$1.5 million at 31 March 2007 (2006: HK$1.3 million).

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 2007, the Group had 299 employees in Hong Kong and the PRC (2006: 301). 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.

EXECUTIVE DIRECTORS

Mr. Lee Shun Hon, Felix, aged 66, is the Chairman of the Board of directors, the Chief Executive Officer and the founder of the Group. With over 30 years of experience in the IT industry, Mr. Lee has established a strong business network and close relationships with customers. Mr. Lee is currently in assist of business development, business planning and policy making of the Group. Mr. Lee is also responsible for the management of the editorial team and the development and maintenance of the magazine distribution network in Eastern Express Solutions Limited and Guangzhou Eastern Express Advertising Limited. Guangzhou Eastern Express Advertising Limited is the publisher of the life style magazine, ***e^2Smart*** which is distributed to 4 and 5-star hotels in China.

Mr. To Yung Yui, Steve, aged 56, joined the Group in 2000. Currently, Mr. To is the Chief Executive Officer of Armitage Technologies Limited. Mr. To is responsible for setting strategic direction of the Group's activities in Hong Kong and Shenzhen. Prior to joining the Group, in 1994, he founded Beijing Amlife Biotechnology Limited, a joint venture with a company owned by the Beijing Feng Shan District Government. Prior to that, he was the General Manager of Apple Computer in Hong Kong and China and General Manager of Digital Equipment Corporation in Beijing, China.

Ms. Jim Sui Fun, aged 48, joined the Group in 1994. Ms. Jim is currently the Chief Executive Officer of Guangzhou Armitage Technologies Limited (Guangzhou Armitage). Assuming the position in April 2006, Ms. Jim is responsible for managing the whole operation of Guangzhou Armitage, which has 13 offices throughout China. Guangzhou Armitage develops and sells the Group's sole proprietary product Pegasus Hotel Management Software. As a partner of ***IFS***, it also distributes ***IFS*** licenses and implements ***IFS*** projects, mainly in the South China Region. She was previously the General Manager of Guangzhou Eastern Express Advertising Limited and prior to that was the Vice President of Administration & Human Resources Department of the Group.

NON-EXECUTIVE DIRECTOR

Dr. Liao, York, aged 61, was appointed as a non-executive director in 2002. Dr. Liao is a non-executive director of Hang Lung Group Limited, as well as a non-executive director of the Securities and Futures Commission. He was appointed by the Hong Kong Government to a number of public service positions, including the chairmanship of the Hong Kong Council for Academic Accreditation, a member of the Steering Committee on Innovation and Technology, and a member of the Committee on Strategic Development. Dr. Liao graduated from California Institute of Technology at Pasadena in the United States and he holds a doctor of philosophy degree in applied physics from Harvard University in the United States.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Anthony Francis Martin Conway, aged 67, was appointed as an independent non-executive director in 2002. He is a fellow of The Hong Kong Institute of Directors, The Hong Kong Management Association and the Hong Kong Institution of Engineers. Mr. Conway has more than 40 years of experience in information technology and general management. He is currently an independent non-executive director of PME Group Limited, Polytec Asset Holdings Limited and Wing On Company International Limited, the shares of all of which are listed on the Stock Exchange of Hong Kong. He is also active in public service, being a Council Member of The Hong Kong Institute of Directors and The Hong Kong Management Association. He serves on a number of Hong Kong Institute of Certified Public Accountants committees and is a member of the Inland Revenue Board of Review.

Mr. Chan Hang, aged 57, was appointed as an independent non-executive director in 2004. He is currently the director of Global Technology Integrator Limited. He is also an adjunct assistant professor at the Department of Information and Systems Management of the Hong Kong University of Science and Technology. Mr. Chan has over 20 years of experience in the information technology profession. Prior to joining Global Technology Integrator Limited, Mr. Chan had held various senior management positions at ComputerVision Corporation, Prime Computer (HK) Limited, Oracle Systems Hong Kong Limited, Stratus Computer (HK) Limited, PowerSoft Corporation, Cadence Design Systems Asia Limited. Mr. Chan holds a bachelor's (hon.) degree in mathematics (computer science) from the University of Waterloo in Canada.

SENIOR MANAGEMENT

Mr. Au On Pong, Calvin, aged 50, joined the Group in March 2007. Mr. Au is the General Manager of Eastern Express Solutions Limited, responsible for the operation, business development as well as sales and marketing activities of ***e²Smart.*** He has over 25 years experience in publishing and advertising industry. Mr. Au holds a diploma of management for executive development from the Chinese University of Hong Kong.

Mr. Lee Wai Yip, Alvin, aged 28, joined the Group in 2001. Mr. Lee is the General Manager of the Group's subsidiary, Armitage Technologies (Shenzhen) Limited. Mr. Lee is responsible for the daily operation and the general administration of the subsidiary. He is also in charge of the sales and marketing activities leading the subsidiary to pursue information solutions projects. Mr. Lee holds a bachelor of business administration degree in management from California State University, San Jose, in the United States. Mr. Lee Wai Yip, Alvin is the son of Mr. Lee Shun Hon, Felix, the Chairman of the Board and the Chief Executive Officer of the Group.

Mr. Wong Ping Kuen, Ambrose, aged 45, joined the Group in 1996. Mr. Wong is the Vice President for IT services of the Group, responsible for managing technical teams in Hong Kong and Shenzhen to deliver business solutions and IT services to enterprise-wide clients in fixed-price and/or time and materials projects. He also acts as the Group's principal technical adviser to provide advice on the company wide IT standards and guidelines in projects management, system development and quality control to the Group. Mr. Wong holds a bachelor of science degree in computer science from the University of Wales (Swansea College) in the United Kingdom.

Mr. Yeung Chun Lam, Cedric, aged 40, joined the Group in 1996. Mr. Yeung is the Vice President for sales and marketing. He is responsible for the sales and marketing activities targeted towards pursuit of information solutions and outsourcing/insourcing in projects from the commercial sector in Hong Kong. He is also responsible for sourcing and liaising with appropriate insource project partners. Mr. Yeung holds a bachelor of science degree in physics from Hong Kong Baptist University and a master of business administration degree from Strathclyde University of Scotland.

Mr. Lau Che Kin, Stephen, aged 45, joined the Group in 1996. Mr. Lau is the Vice President of customer services for the Group's operation in Hong Kong and Shenzhen. He leads the customer services team for providing after-sales technical support and implementation, enhancement and modifications on client's existing systems. He is also responsible for leading the research and development team of the Group. Mr. Lau holds a bachelor of science degree from City University of in Bellevue, Washington, United States.

Mr. Ho King Yee, Stephen, aged 30, joined the Group in 2006. He is the Financial Controller, Qualified Accountant and Company Secretary of the Group. Mr. Ho is responsible for financial management, accounting and company secretarial affairs of the Group. He is an associate member of the Hong Kong Institute of Certified Public Accountants. He has over eight years of auditing and accounting experience. Prior to joining the Group, he has worked in international certified public accountants firms. Mr. Ho holds a bachelor of arts degree in accountancy from Hong Kong Polytechnic University.

Mr. Samuel Cai, aged 32, joined the Group in 1998. Mr. Cai is an Assistant General Manager of the Group's subsidiary, Armitage Technologies (Shenzhen) Limited, responsible for providing outsourcing/insourcing and fixed-price IT services to customers in Hong Kong and Shenzhen. He is also in charge of recruitment and allocation of technical resources of the subsidiary. Mr. Cai holds a bachelor of science degree in mechanics from Zhongshan University, Guangdong, China.

Mr. Chen Chong Bin, aged 42, joined the Group in 1993. Mr. Chen is the General Manager (Southern Region) of Guangzhou Armitage Technologies Limited, stationed in Guangzhou headquarters. He is responsible for the sales and marketing of Pegasus Hotel Management System in the Southern Region. Mr. Chen has established an extensive business network and has in-depth business knowledge in the hospitality industry. Mr. Chen holds a bachelor degree in radio technology from South China University of Technology, Guangdong, China.

Mr. Fred Ruan, aged 32, joined the Group in 2005. Mr. Ruan is the General Manager (Northern Region) of Guangzhou Armitage Technologies Limited, stationed in Beijing. He was previously the Sales Manager for Northern China and was promoted to the current position in April 2006. Mr. Ruan has been working in the hospitality industry since 1998, mainly involved in selling and marketing hotel related products. Mr. Ruan holds a bachelor degree in tourism management from Harbin University of Commerce, Hei Long Jiang, China.

Ms. Flora Xie, aged 39, joined the Group since 1998. Ms. Xie is the Director of Administration, Finance and Human Resources of Guangzhou Armitage Technologies Limited. From the period 1998 to 2003, she was the manager of Administration, Finance and Human Resources of the Group . She left in 2003 and joined the Development Group of Zhongshan University as Deputy Finance Manager. In October 2006, she rejoined the Group assuming the current position. Ms. Xie holds a bachelor degree in finance and accounting from Guangdong University of Business Studies, Guangdong, China.

Mr. Wu Yan, aged 40, joined the Group in 1998. Mr. Wu is the Principal Consultant for the ERP (***IFS***) division of Guangzhou Armitage Technologies Limited. He is responsible for the pre-sale support and provision of advice to the implementation team of the ERP projects. Mr. Wu was initially a Senior Consultant for Pegasus Hotel Management System in the Group. In 2001, the Group decided to set up a new division to distribute and implement ***IFS***. Since then, Mr. Wu has been the head of the ***IFS*** application and technical consultant team. Mr. Wu holds a bachelor degree in computer science from Zhongshan University, Guangdong, China.

The directors are pleased to present to the shareholders their annual report together with the audited financial statements for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was investment holding and those of the subsidiaries are set out in note 15 to the financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2007 are set out in the consolidated income statement on page 35.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2007.

FINANCIAL SUMMARY

The summary of the results of the Group for each of the five years ended 31 March 2007 and the assets and liabilities of the Group as at 31 March 2003, 2004, 2005, 2006 and 2007 are set out on page 76.

FIXED ASSETS

The Group purchased and disposed of fixed assets in the amount of approximately HK$290,000 and HK$503,000 respectively during the year. Detailed movements in fixed assets of the Group are set out in note 12 to the financial statements.

SHARE OPTIONS

Details of the Company's share option schemes are set out in note 26 to the financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 38 and note 24 to the financial statements respectively.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the transactions disclosed in note 31 to the financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

The details of connected transactions during the year under the GEM Listing Rules are set out in note 31 to the financial statements. These connected transactions fall under the definition of "connected transaction" in Chapter 20 of the GEM Listing Rules and the Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company who held office during the year and up to the date of this report were:

Executive directors:

Mr. Lee Shun Hon, Felix *(Chairman)*
Mr. To Yung Yui, Steve
Ms. Jim Sui Fun

Non-executive director:

Dr. Liao, York

Independent non-executive directors:

Mr. Anthony Francis Martin Conway
Professor Tsang Hin Pok, Herbert (ceased to be an independent non-executive director on 31 March 2007)
Mr. Chan Hang

In accordance with Article 87(1) of the Company's Articles of Association, Mr. Chan Hang and Mr. Anthony Francis Martin Conway shall retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The term of non-executive and independent non-executive directorships of Dr. Liao, York, Mr. Anthony Francis Martin Conway and Professor Tsang Hin Pok, Herbert under each letter of appointment is 1 year from 1 April 2002 to 31 March 2003, which shall be automatically renewed each year unless terminated by either party giving to the other not less than 3 months' notice. The term of independent non-executive directorship of Mr. Chan Hang under the letter of appointment is 1 year from 16 September 2004 to 15 September 2005 which shall be automatically renewed each year unless terminated by either party giving to the other not less than 3 months' notice.

The executive director, Mr. Lee Shun Hon, Felix has entered into a service contract for an initial term of 3 years commencing from 18 March 2003 (the "Listing Date") and may be terminated by either party at any time by giving to the other of not less than 6 months' written notice or payment of salary in lieu of notice.

The executive directors, Mr. To Yung Yui, Steve and Ms. Jim Sui Fun, have entered into a service contract for an initial term of 1 year commencing from 17 December 2004 and 27 January 2006 respectively. The respective service contract may be terminated by either party at any time by giving to the other of not less than 2 months' written notice or payment of salary in lieu of notice.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (cont'd)

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

Each of the independent non-executive directors has confirmed his independence to the Company pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") (the "GEM Listing Rules") as at 31 March 2007 and the Company still considers the independent non-executive directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 21 to 23 of the Annual Report.

SHARE OPTIONS

Pursuant to the written resolutions passed by all the shareholders of the Company on 26 February 2003, the Company adopted the following share option schemes:

(A) Share Option Scheme

The purpose of the Share Option Scheme (the "Scheme") is to provide the participants with an opportunity to acquire equity interests in the Company, thus providing them with an incentive to continue contributing to the success of the Company.

Subject to the terms of the Scheme, the committee (the "Committee") which was authorised and charged by the board of directors (the "Board") with the administration of the Scheme may, at any time offer to grant to any employee, agent, consultant or representative of the Company or any of its subsidiaries, including any executive or non-executive director of the Company or any subsidiary of the Company who, the Committee may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his or her performance and/or years of service, or is regarded as valuable human resources of the Group based on his work experience, knowledge in the industry and other relevant factors, options to subscribe for such number of shares as the Committee may determine at the exercise price.

The maximum number of shares to be issued in respect of which options may be granted (together with shares in respect of which options are then outstanding under the Scheme or any other schemes of the Company) under the Scheme shall not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time.

The maximum entitlement for any one participant (including both exercised and outstanding options) in any twelve-month period shall not exceed 1% of the total number of shares in issue.

SHARE OPTIONS (cont'd)

(A) Share Option Scheme (cont'd)

An option may be exercised in whole or in part in the manner provided in the Scheme by a grantee (or, as the case may be, by his legal personal representative) giving notice in writing to the Company after it has vested at any time during the period (the "Option Period") commencing one year after the date of the grant of the option, which shall be not less than three years nor more than ten years from the date an option is offered (the "Offer Date"). No performance target is required to be reached by the participant before any option can be exercised.

A sum of HK$1 is payable by the participant on acceptance of the option offer.

The exercise price for the shares (the "Exercise Price") in relation to options to be granted under the Scheme shall be determined by the Committee and notified to a participant and shall be at least the higher of:

(i) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the Offer Date; and,

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date (where the Company has been listed on the GEM of the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing).

provided that the Exercise Price shall not be lower than the nominal value of the shares.

As at 31 March 2007, no option under the Scheme has been granted or agreed to be granted.

(B) Pre-IPO Share Option Plan

The Board may offer to grant to any employee of the Company or any subsidiary of the Company before the Listing Date, including any executive director or non-executive director of the Company or any subsidiary of the Company, as the Board may in its absolute discretion select, an option (a "Pre-IPO Option") to subscribe for such number of shares as the Board may determine at the exercise price.

A sum of HK$1 is payable by the grantee on acceptance of the Pre-IPO Option.

The exercise price per share payable by a grantee upon exercise of the Pre-IPO Option (the "Exercise Price") shall be the issue price of HK$0.35 or HK$0.10, if the Board (in its absolute discretion) so elects in respect of the grant of an Option to a person who is a non-executive director of the Company or any subsidiary of the Company.

SHARE OPTIONS (cont'd)

(B) Pre-IPO Share Option Plan (cont'd)

A Pre-IPO Option may be exercised in whole or in part in the manner provided in the Pre-IPO Share Option Plan by a grantee (or, as the case may be, his or her legal personal representative) by giving notice in writing to the Company at any time after it has vested during a period of four years commencing on the commencement date (the "Pre-IPO Option Period"), save that each grantee has undertaken to the Company that he or she would not exercise the Pre-IPO Option, whether in whole or in part, until 18 months after the Listing Date.

The maximum number of shares to be issued in respect of which Pre-IPO Option may be granted (together with shares in respect of which Pre-IPO Options are then outstanding under the Pre-IPO Share Option Plan or any other executive and/or employment share scheme(s) established by the Company from time to time) under the Pre-IPO Share Option Plan shall not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time.

The Pre-IPO Share Option Plan, shall be valid and effective for a period of ten years from 26 February 2003, after which period no further Pre-IPO Options will be issued but the provisions of the Pre-IPO Share Option Plan shall remain in full force and effect in all other respects.

On 17 March 2007, the share option scheme was cancelled and terminated, but without prejudice to any share options previously granted prior to such termination. Except for disclosure as below, no option was granted, exercised, cancelled or lapsed during the year ended 31 March 2007.

SHARE OPTIONS (cont'd)

(B) Pre-IPO Share Option Plan (cont'd)

A summary of the share options granted to eligible participants pursuant to the Pre-IPO Share Option Plan adopted on 26 February 2003 is as follow:

			Number of underlying shares		
Grantees	Exercisable period	Exercise Price	As at 1.4.2006	Lapsed during the year	As at 31.3.2007
Executive directors	18 September 2004 to 17 March 2007	HK$0.35	1,000,000	(1,000,000)	—
Executive directors	18 September 2005 to 17 March 2007	HK$0.35	1,000,000	(1,000,000)	—
Executive directors	18 September 2006 to 17 March 2007	HK$0.35	1,000,000	(1,000,000)	—
Non-executive director	18 September 2004 to 17 March 2007	HK$0.10	2,400,000	(2,400,000)	—
Non-executive director	18 September 2005 to 17 March 2007	HK$0.10	2,400,000	(2,400,000)	—
Non-executive director	18 September 2006 to 17 March 2007	HK$0.10	2,400,000	(2,400,000)	—
Senior management	18 September 2004 to 17 March 2007	HK$0.35	579,334	(579,334)	—
Senior management	18 September 2005 to 17 March 2007	HK$0.35	579,333	(579,333)	—
Senior management	18 September 2006 to 17 March 2007	HK$0.35	579,333	(579,333)	—
Other employees	18 September 2004 to 17 March 2007	HK$0.35	5,605,333	(5,605,333)	—
Other employees	18 September 2005 to 17 March 2007	HK$0.35	5,605,334	(5,605,334)	—
Other employees	18 September 2006 to 17 March 2007	HK$0.35	5,605,333	(5,605,333)	—
			28,754,000	(28,754,000)	—

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

As at 31 March 2007, the interests or short positions of the directors of the Company in the shares or underlying 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 3)*
Mr. Lee Shun Hon, Felix	Personal	205,858,740		27.45%
	Family	90,888,246	*(Note 1)*	12.12%
Ms. Jim Sui Fun	Personal	3,034,786		0.40%
Dr. Liao, York	Corporate	29,988,007	*(Note 2)*	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 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.

3. Based on 750,000,000 shares of the Company in issue as at 31 March 2007.

Save as disclosed herein, as at 31 March 2007, none of the directors of the Company had any interests or short positions in the shares or underlying 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 the directors of the Company, as at 31 March 2007, other than the directors as disclosed above, the persons or companies who had an interest or a short position in the shares or underlying 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 4)*
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%
Ms. Leung Mee Chun, Stella	Personal	37,957,651		5.06%
	Family	258,789,335	*(Note 3)*	34.51%

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

4. Based on 750,000,000 shares of the Company in issue as at 31 March 2007.

Save as disclosed herein, so far as is known to the directors of the Company, as at 31 March 2007, no other persons or companies had interests or short positions in the shares or 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 2007, 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.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 47% of the total sales for the year and sales to the largest customer included therein amounted to approximately 28%. The Group is engaged in the provision of services and therefore has no suppliers.

To the best knowledge of the directors, neither the directors, their associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers during the year.

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.

PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDITOR

A resolution to re-appoint the retiring auditor, Messrs. PKF, is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Lee Shun Hon, Felix
Chairman

Hong Kong, 22 June 2007

TO THE SHAREHOLDERS OF
ARMITAGE TECHNOLOGIES HOLDING LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Armitage Technologies Holding Limited (the "company") set out on pages 35 to 75, which comprise the consolidated and company balance sheets as at 31 March 2007, and consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the group's affairs of the company and of the group as at 31 March 2007 and of the group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PKF
Certified Public Accountants

Hong Kong, 22 June 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	4	**53,782**	57,406
Cost of sales and services rendered		**(23,521)**	(25,534)
Gross profit		**30,261**	31,872
Other income	5	**896**	739
Gain on disposal of subsidiaries		**—**	174
Bad debts		**—**	(878)
Operating expenses		**(35,051)**	(34,184)
Operating loss		**(3,894)**	(2,277)
Finance costs		**(1,164)**	(1,139)
Loss before income tax	6	**(5,058)**	(3,416)
Income tax credit/(expense)	8(a)	**209**	(11)
Loss for the year		**(4,849)**	(3,427)
Attributable to:			
Equity holders of the Company	9	**(4,813)**	(3,411)
Minority interests		**(36)**	(16)
Loss for the year		**(4,849)**	(3,427)
Dividend	10	**—**	—
Loss per share (HK cents)			
– Basic	11	**(0.64)**	(0.45)
– Diluted	11	**N/A**	N/A

BALANCE SHEETS

As at 31 March 2007

		Group		Company	
		2007	2006	**2007**	2006
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
NON-CURRENT ASSETS					
Fixed assets	12	**3,034**	3,716	**—**	—
Software	13	**—**	330	**—**	—
Trade mark	14	**88**	94	**—**	—
Interests in subsidiaries	15	**—**	—	**53,879**	55,320
Goodwill on consolidation	16	**1,584**	1,584	**—**	—
Development costs	17	**13,778**	15,460	**—**	—
Club debenture, at cost		**200**	200	**—**	—
Deferred tax	18	**1,343**	1,113	**—**	—
		20,027	22,497	**53,879**	55,320
CURRENT ASSETS					
Financial assets at fair value through profit or loss	19	**1,105**	854	**—**	—
Debtors, deposits and prepayments	20	**20,257**	18,375	**133**	127
Income tax recoverable		**723**	723	**—**	—
Pledged time deposits	28	**9,000**	9,000	**—**	—
Pledged bank balance	28	**—**	1	**—**	—
Cash and bank balances	21	**2,914**	3,158	**1**	2
		33,999	32,111	**134**	129
DEDUCT:					
CURRENT LIABILITIES					
Bank overdrafts, secured	28	**11,120**	8,214	**—**	—
Bank loans, secured	25 & 28	**1,686**	991	**—**	—
Bank loan – factoring arrangement	28	**1,370**	2,555	**—**	—
Creditors, accruals and deposits received	22	**8,177**	7,247	**648**	536
		22,353	19,007	**648**	536
NET CURRENT ASSETS/(LIABILITIES)		**11,646**	13,104	**(514)**	(407)

BALANCE SHEETS

As at 31 March 2007

		Group		Company	
		2007	2006	**2007**	2006
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**31,673**	35,601	**53,365**	54,913
NON-CURRENT LIABILITIES					
Bank loans, secured	25	**(1,368)**	(1,055)	**—**	—
NET ASSETS		**30,305**	34,546	**53,365**	54,913
REPRESENTING:					
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	23	**7,500**	7,500	**7,500**	7,500
Reserves	24	**22,805**	27,046	**45,865**	47,413
		30,305	34,546	**53,365**	54,913
MINORITY INTERESTS		**—**	—	**—**	—
TOTAL EQUITY		**30,305**	34,546	**53,365**	54,913

Approved and authorised for issue by the Board of directors on 22 June 2007.

Lee Shun Hon, Felix
Director

To Yung Yui, Steve
Director

	Attributable to equity holders of the Company								
	Share capital HK$'000	Accumulated losses HK$'000	Share premium HK$'000	Special reserve HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Employee share-based compensation reserve HK$'000	Minority interests HK$'000	Total HK$'000
At 1.4.2005	7,500	(19,452)	42,836	3,801	174	(5)	2,700	—	37,554
Exchange reserve arising from translation of financial statements of the PRC subsidiaries	—	—	—	—	—	209	—	15	224
Written back on disposal of subsidiaries	—	—	—	—	(174)	—	—	—	(174)
Employee share options benefits	—	—	—	—	—	—	368	1	369
Loss for the year	—	(3,411)	—	—	—	—	—	(16)	(3,427)
At 31.3.2006 and 1.4.2006	7,500	(22,863)	42,836	3,801	—	204	3,068	—	34,546
Exchange reserve arising from translation of financial statements of the PRC subsidiaries	—	—	—	—	—	502	—	36	538
Employee share options benefits	—	—	—	—	—	—	70	—	70
Reverse on lapse of unexercised share options	—	3,138	—	—	—	—	(3,138)	—	—
Loss for the year	—	(4,813)	—	—	—	—	—	(36)	(4,849)
At 31.3.2007	**7,500**	**(24,538)**	**42,836**	**3,801**	**—**	**706**	**—**	**—**	**30,305**

	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(5,058)**	(3,416)
Adjustments for:		
Dividend income	**(12)**	(10)
Interest income	**(373)**	(368)
Interest expenses	**1,146**	944
Depreciation of fixed assets	**726**	680
Loss on disposal of fixed assets	**242**	14
Amortisation of intangible assets	**4,723**	4,044
Gain on disposal of subsidiaries	**—**	(174)
Employee share options benefits	**70**	369
Unrealised gains on financial assets at fair value through profit or loss	**(237)**	(284)
Operating profit before working capital changes	**1,227**	1,799
(Increase)/decrease in debtors, deposits and prepayments	**(1,609)**	1,786
Decrease/(increase) in pledged bank balance	**1**	(1)
Increase/(decrease) in creditors, accruals and deposits received	**765**	(1,524)
Cash generated from operations	**384**	2,060
Dividend received	**12**	10
Interest received	**343**	368
Interest paid	**(1,146)**	(944)
Income tax refunded	**—**	9
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(407)**	1,503

	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**(290)**	(328)
Sales proceeds of fixed assets	**1**	2
Purchase of financial assets at fair value through profit or loss	**(14)**	—
Increase in development costs	**(2,352)**	(2,463)
Decrease in loan receivable	**—**	1,480
NET CASH USED IN INVESTING ACTIVITIES	**(2,655)**	(1,309)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in bank loans	**(177)**	(1,399)
NET CASH USED IN FINANCING ACTIVITIES	**(177)**	(1,399)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,239)**	(1,205)
CASH AND CASH EQUIVALENTS AS AT 1 APRIL	**(5,056)**	(3,899)
EFFECT OF EXCHANGE RATES CHANGES	**89**	48
CASH AND CASH EQUIVALENTS AS AT 31 MARCH	**(8,206)**	(5,056)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**2,914**	3,158
Bank overdrafts	**(11,120)**	(8,214)
	(8,206)	(5,056)

1. GENERAL INFORMATION

Armitage Technologies Holding Limited (the "Company") was incorporated in the Cayman Islands on 13 November 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The principal place of its business is 10/F., Everwin Centre, 72 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company and its subsidiaries (collectively the "Group") is engaged in the provision of information solutions and design, development, sales of application software packages and magazine publication.

The Company is listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated.

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards").

(b) Initial application of Hong Kong Financial Reporting Standards:

In the current year, the Group initially applied the following Hong Kong Financial Reporting Standards:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies

The initial application of these Hong Kong Financial Reporting Standards does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented.

2. BASIS OF PREPARATION (cont'd)

(c) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31 March 2007 have not been applied in the preparation of the Group's consolidated financial statements for the year ended 31 March 2007 since they were not yet effective for the annual period beginning on 1 April 2006:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2- Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

Except for HKFRS 8, the Group is required to initially apply these standards in its annual consolidated financial statements beginning on 1 April 2007. The Group is required to initially apply HKFRS 8 in its annual consolidated financial statements beginning on 1 April 2009, unless the Group elects to initially apply HKFRS 8 earlier.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The consolidated financial statements are prepared under the historical cost basis as modified by revaluation of financial assets at fair value through profit or loss.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2007. The results of subsidiaries acquired or disposed of during the year are dealt with in the consolidated income statement from the dates of acquisition or to the dates of disposal respectively. All significant intra-group transactions and balances have been eliminated on consolidation.

Minority interests represent the results and net assets of the subsidiary attributable to equity interests not owned, directly or indirectly, by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue recognition

Revenue from provision of system development services is recognised when the services are provided.

Revenue from provision of system integration services is recognised in the income statement by reference to the percentage of services performed to date bear to the total services to be performed.

Revenue from maintenance service contracts, which is received or receivable from customers once the maintenance service contracts are signed, is amortised and credited to the income statement on a straight line basis over the terms of the maintenance service contracts.

Revenue from system enhancement is recognised upon acceptance by the customer.

Revenue from sale of application software packages is recognised when the goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

Advertising income is recognised when the advertisements are published in the magazine.

Rental income is recognised on a straight line basis over the terms of the relevant leases.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the Company's right to receive payment is established.

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use.

Repair and maintenance costs are charged to the income statement in the period in which it is incurred.

Depreciation is calculated to write off the costs of fixed assets to their estimated residual values over their estimated useful lives on a straight line basis at the following annual rates:

Furniture, fixtures and equipment	– 10% to 50% or over the lease term whichever is the shorter
Motor vehicle	– 10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill is carried at cost less accumulated impairment losses.

On disposal of a subsidiary, any attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal recognised in the consolidated income statement.

(f) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

Development costs are capitalised only when it can be demonstrated that completing the development is technically and financially feasible, the product under development will generate probable future economic benefits through sale or use, and the development expenditure can be measured reliably. Development costs which do not meet these criteria are expensed when incurred.

Amortisation is calculated to write off the costs of intangible assets over their estimated useful lives on a straight line basis as follow:

Development costs	5 years
Software acquired	5 years
Trade mark acquired	20 years

(g) Interests in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Interests in subsidiaries are stated in the Company's balance sheet at cost less any identified impairment loss. Income from subsidiaries is recognised in the Company's financial statements on the basis of dividends declared by the subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Financial assets

A financial asset is recognised when the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognised using trade date accounting.

Financial assets held for trading are financial assets acquired principally for the purposes of selling in the short term. Derivatives are classified as financial assets held for trading unless they are designated as hedges. Financial assets held for trading are carried at fair value. Gains and losses arising from changes in the fair value of financial assets held for trading are included in the income statement in the period in which they arise.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

When the fair value of financial assets cannot be reliably measured, the financial assets are stated at cost less any identified impairment losses.

The fair values of financial assets that are actively traded are determined by reference to market prices at the close of business on the balance sheet date. For financial assets where there is no active market, fair value is determined by using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are classified as non-current unless they are held for trading or expected to be realised within twelve months after the balance sheet date.

If there is an objective evidence that a financial asset is impaired, impairment loss is recognised in the income statement.

The amount of impairment loss for loans and receivables is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate of the financial asset computed at initial recognition. Impairment losses are reversed in subsequent periods when the decrease of impairment loss can be related objectively to an event occurring after the impairment was recognised.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Provisions and contingent liabilities

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

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

(j) Borrowings and payables

Borrowings and payables are stated at amortised cost using the effective interest method.

(k) Employee benefits

Salaries, annual bonuses and annual leave entitlements are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the consolidated income statement as incurred.

The fair value of share options granted to employees measured at the grant date and adjusted for the estimated number of shares that will eventually be vested is recognised as an employee cost on a straight-line basis over the vesting period, with a corresponding increase in an employee share-based compensation reserve.

For the purposes of diluted earnings per share, the exercise price of the options is adjusted for the cost of employee services to render in the remaining vesting period.

(l) Impairment of assets

At each balance sheet date, the Group determines whether there is any indication of impairment of assets. If there is any indication of impairment, the recoverable amount of the relevant asset or group of assets is estimated and compared with the carrying amount. Goodwill is subject to annual impairment review.

If the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset or group of assets is reduced to the recoverable amount. Impairment loss is recognised as an expense in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Borrowing costs

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds and are expensed as incurred.

(n) Income tax

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

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

Deferred tax is the tax expected to be payable or recoverable when the Group recovers or settles the carrying amounts of assets or liabilities recognised in the financial statements.

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

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(o) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(p) Leases

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the terms of the relevant leases.

(q) Related parties

An individual is related to the Group if the individual (i) has, directly or indirectly, control or joint control or significant influence over the Group, or (ii) is a member of the key management personnel of the Group, or (iii) if the individual is a close member of the family of the individuals in (i) or (ii).

An entity is related to the Group if the entity (i) has, directly or indirectly, control or joint control or significant influence over the Group, or (ii) is controlled by or under common control with the Group, or (iii) is an associate or jointly controlled entity of the Group, or (iv) is controlled, jointly-controlled or significantly influenced by an individual related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Foreign currency translation

The consolidated financial statements are presented in Hong Kong dollar, which is also the Company's functional currency. The functional currency of the Company or its subsidiaries is the currency of the primary economic environment in which the Company or its subsidiaries operates.

Foreign currency transactions of the Company or its subsidiaries are initially recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date and the exchange differences arising are recognised in the income statement. Non-monetary items carried at fair value denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined and the exchange differences arising are recognised in the income statement, except for the exchange component of a gain or loss that is recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into the presentation currency of the Company at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising are recognised as a separate component of equity. Such translation differences are recognised in the consolidated income statement for the year in which the foreign operation is disposed of.

(s) Segment reporting

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

Inter-segment pricing is based on similar terms as those available to other external parties.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment assets consist primarily of fixed assets, receivables and operating cash and mainly exclude income tax recoverable and deferred tax assets. Segment liabilities comprise operating liabilities and mainly exclude items such as income tax payable and deferred tax liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Segment reporting (cont'd)

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items may comprise financial and corporate assets, interest-bearing loans, corporate and financing expenses and minority interests.

(t) Significant judgement

In the process of applying the Group's accounting policies, judgements that can significantly affect the amounts recognised in the financial statements are made in determining:

(i) whether there is an indication of impairment of assets;

(ii) the expected manner of recovery of the carrying amount of assets;

(iii) the discount rates used to calculate the recoverable amount of goodwill and other assets for the purposes of impairment review; and

(iv) the valuation method used to calculate the fair value of share options at the measurement date.

4. TURNOVER

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

	2007	2006
	HK$'000	HK$'000
Provision of information solutions		
System development and integration	**23,916**	31,464
Maintenance and enhancement income	**1,932**	969
Sales of application software packages and related maintenance income	**27,039**	24,604
Advertising income	**895**	369
	53,782	57,406

5. OTHER INCOME

	2007	2006
	HK$'000	HK$'000
Dividend income	12	10
Interest income	373	368
Management fee income	24	24
Miscellaneous items	197	53
Net realised and unrealised gains on financial assets at fair value through profit or loss	237	284
Exchange gain	33	—
Written back of bad debt provision	20	—
	896	739

6. LOSS BEFORE INCOME TAX

	2007	2006
	HK$'000	HK$'000
Loss before income tax is arrived at after charging/(crediting):		
Amortisation of development costs	**4,387**	3,598
Amortisation of software	**330**	440
Amortisation of trade mark	**6**	6
Depreciation	**768**	730
Less: Amounts capitalised as development costs	**42**	50
	726	680
Auditor's remuneration	**347**	334
Interest on bank loans and overdrafts and other loans wholly repayable within five years	**1,146**	944
Operating lease rentals for properties	**2,167**	2,154
Less: Amounts capitalised as development costs	**129**	164
	2,038	1,990
Directors' remuneration – *Note 7(a)*	**3,387**	3,197
Other staff salaries and benefits	**32,737**	32,049
Retirement scheme contributions	**1,756**	1,437
	34,493	33,486
Less: Amount capitalised as development costs	**2,011**	2,098
Other staff costs	**32,482**	31,388
Net sales proceeds	**(1)**	(2)
Less: Net book value	**243**	16
Loss on disposal of fixed assets	**242**	14
Dividend income from listed investments	**(12)**	(10)
Exchange loss	**—**	23

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Details of emoluments paid by the Group to the directors during the year are as follows:

	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
2007				
Executive directors:				
Mr. Lee Shun Hon, Felix	—	1,506	—	1,506
Mr. To Yung Yui, Steve	—	888	12	900
Ms. Jim Sui Fun	—	600	12	612
	—	**2,994**	**24**	**3,018**
Non-executive director:				
Dr. Liao, York	70	89	—	159
	70	**89**	**—**	**159**
Independent non-executive directors:				
Mr. Anthony Francis Martin Conway	70	—	—	70
Professor Tsang Hin Pok, Herbert	70	—	—	70
Mr. Chan Hang	70	—	—	70
	210	**—**	**—**	**210**
	280	**3,083**	**24**	**3,387**

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (cont'd)

	Fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
2006				
Executive directors:				
Mr. Lee Shun Hon, Felix	—	1,645	12	1,657
Mr. To Yung Yui, Steve	—	893	12	905
Ms. Jim Sui Fun	—	94	2	96
	—	2,632	26	2,658
Non-executive director:				
Dr. Liao, York	60	299	—	359
	60	299	—	359
Independent non-executive directors:				
Mr. Anthony Francis Martin Conway	60	—	—	60
Professor Tsang Hin Pok, Herbert	60	—	—	60
Mr. Chan Hang	60	—	—	60
	180	—	—	180
	240	2,931	26	3,197

No directors waived any emoluments during the year.

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS (cont'd)

(b) Five highest paid individuals

The remuneration of employees who were not directors during the year and who were amongst the five highest paid individuals of the Group are as follows:

	2007	2006
	HK$'000	HK$'000
Basic salaries, allowances and benefits in kind	**1,241**	1,824
Retirement scheme contributions	**24**	36
	1,265	1,860

The number of employees whose remuneration fell within the following band is as follow:

	2007	2006
	HK$'000	HK$'000
Nil - HK$1,000,000	**2**	3

8. INCOME TAX (CREDIT)/EXPENSE

(a) Income tax (credit)/expense in the consolidated income statement represents:

	2007	2006
	HK$'000	HK$'000
Current tax	**—**	—
Deferred tax – *Note 18*	**(209)**	11
Income tax (credit)/expense	**(209)**	11

Provision for Hong Kong profits tax at 17.5% on the estimated assessable profits for the year.

8. INCOME TAX (CREDIT)/EXPENSE (cont'd)

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

	2007	2006
	HK$'000	HK$'000
Loss before income tax	**(5,058)**	(3,416)
Tax effect at the profits tax rate of 17.5%	**(885)**	(597)
Hong Kong and PRC tax rates differential	**34**	(75)
Tax effect of income that is not taxable	**(717)**	(541)
Tax effect of expenses that are not deductible	**990**	790
Effect of tax loss and decelerated depreciation allowances not recognised	**369**	434
Income tax (credit)/expense	**(209)**	11

(b) The components of unrecognised deductible temporary differences in certain subsidiaries of the Company are as follows:

	2007	2006
	HK$'000	HK$'000
Deductible temporary differences *(Note 8(b)(i))*		
Unutilised tax losses *(Note 8(b)(ii))*	**10,217**	10,358
Decelerated depreciation allowances	**17**	16
	10,234	10,374

(i) Deductible temporary differences have not been recognised owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

(ii) The unutilised tax losses accumulated in the PRC subsidiaries amounted to approximately HK$5,164,000 (2006: approximately HK$6,556,000) would expire in five years from the respective year of loss. The unutilised tax losses accumulated in the Hong Kong subsidiaries amounted to approximately HK$5,053,000 (2006: approximately HK$3,802,000) can be carried forward indefinitely.

9. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Loss attributable to equity holders of the Company includes a loss of approximately HK$1,637,000 (2006: approximately HK$1,269,000) which has been dealt with in the financial statements of the Company.

10. DIVIDEND

No dividend has been paid or declared by the Company since the date of its incorporation.

11. LOSS PER SHARE

The calculation of basic loss per share for each of the two years ended 31 March 2007 is based on the Group's loss attributable to equity holders of the Company and 750,000,000 ordinary shares in issue during the year.

No diluted loss per share for each of the two years ended 31 March 2007 has been presented as the potential ordinary shares to be issued upon exercise of the outstanding options under the Pre-IPO Share Option Plan are anti-dilutive.

12. FIXED ASSETS

	Furniture, fixtures and equipment HK$'000	Motor vehicle HK$000	Total HK$'000
Cost:			
At 1.4.2005	9,627	220	9,847
Exchange adjustment	49	—	49
Additions	328	—	328
Disposals	(143)	—	(143)
At 31.3.2006	9,861	220	10,081
Accumulated depreciation:			
At 1.4.2005	5,577	158	5,735
Exchange adjustment	27	—	27
Charge for the year	718	12	730
Written back on disposals	(127)	—	(127)
At 31.3.2006	6,195	170	6,365
Net book value:			
At 31.3.2006	3,666	50	3,716
Cost:			
At 1.4.2006	9,861	220	10,081
Exchange adjustment	107	—	107
Additions	290	—	290
Disposals	(503)	—	(503)
At 31.3.2007	**9,755**	**220**	**9,975**
Accumulated depreciation:			
At 1.4.2006	6,195	170	6,365
Exchange adjustment	68	—	68
Charge for the year	756	12	768
Written back on disposals	(260)	—	(260)
At 31.3.2007	**6,759**	**182**	**6,941**
Net book value:			
At 31.3.2007	**2,996**	**38**	**3,034**

13. SOFTWARE

	HK$'000
Cost:	
At 1.4.2005	3,785
Exchange adjustment	30
At 31.3.2006	3,815
Accumulated amortisation:	
At 1.4.2005	3,015
Exchange adjustment	30
Charge for the year	440
At 31.3.2006	3,485
Net book value:	
At 31.3.2006	330
Cost:	
At 1.4.2006	3,815
Exchange adjustment	65
At 31.3.2007	**3,880**
Accumulated amortisation:	
At 1.4.2006	3,485
Exchange adjustment	65
Charge for the year	330
At 31.3.2007	**3,880**
Net book value:	
At 31.3.2007	**—**

14. TRADE MARK

	HK$'000
Cost:	
At 1.4.2005 and 31.3.2006	110
Accumulated amortisation:	
At 1.4.2005	10
Charge for the year	6
At 31.3.2006	16
Net book value:	
At 31.3.2006	94
Cost:	
At 1.4.2006 and 31.3.2007	**110**
Accumulated amortisation:	
At 1.4.2006	16
Charge for the year	6
At 31.3.2007	**22**
Net book value:	
At 31.3.2007	**88**

15. INTERESTS IN SUBSIDIARIES

	2007 **HK$'000**	2006 HK$'000
Unlisted shares	**11,006**	11,006
Amounts due from subsidiaries – *Note 15(b)*	**43,382**	44,823
	54,388	55,829
Less: Impairment loss for amount due from a subsidiary	**509**	509
	53,879	55,320

The carrying value of the Company's interests in the subsidiaries is determined by the directors on the basis of the underlying assets of the subsidiaries at the time they were acquired by the Company pursuant to the reorganisation which took place on 6 December 2001.

15. INTERESTS IN SUBSIDIARIES (cont'd)

(a) Details of the subsidiaries are as follows:

Name of company	Place of incorporation/ establishment	Attributable equity interest % Direct	Attributable equity interest % Indirect	Issued/ registered capital	Principal activities
Armitage Technologies Holding (BVI) Limited	British Virgin Islands	100	—	HK$1,020,130	Investment holding
Armitage Holdings Limited	Hong Kong	—	100	HK$1,020,130	Investment holding
Armitage Technologies Limited	Hong Kong	—	100	HK$996,000	Provision of information solutions and sales of application software packages and investment holding
Armitage Technologies (Shenzhen) Limited	PRC	—	100	RMB5,000,000	Research and development of IT solutions and provision of customer services
Guangzhou Armitage Technologies Limited	PRC	—	90	RMB6,800,000	Design, development and sales of application software packages and provision of information solutions
Eastern Express Solutions Limited	Hong Kong	—	100	HK$100	Investment holding and provision of advertising services
Guangzhou Eastern Express Solutions Limited	PRC	—	100	RMB3,000,000	Publication of hotel magazine and investment holding
廣州市東驛廣告有限公司	PRC	—	100	RMB1,500,000	Provision of advertising services

(b) The amounts are interest-free, unsecured and have no fixed repayment term. The directors consider that the carrying amounts of amounts due from subsidiaries approximate their fair values.

16. GOODWILL ON CONSOLIDATION

	HK$'000
Cost:	
At 1.4.2005 and 31.3.2006	1,584
Cost:	
At 1.4.2006 and 31.3.2007	**1,584**

Impairment test for goodwill

The recoverable amount has been determined based on a value in use calculation using cash flow projection which is based on financial budget approved by management covering a period of five years. The discounted rate applied to cash flow projection is 8.00%.

Based on the impairment testing of goodwill, in the opinion of the directors, no impairment provision is considered necessary for the Group's goodwill on consolidation.

Key assumptions used in value in use calculations

The followings describe each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill:

– *Budgeted turnover*

The basis used to determine the budgeted turnover is with reference to the expected growth rate of the market in which the assessed entity operates.

– *Budgeted gross margins*

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the first budgeted year, increased for expected efficiency improvements.

– *Business environment*

There will be no major changes in the existing political, legal and economic conditions in the PRC in which the assessed entity carries on its business.

17. DEVELOPMENT COSTS

	HK$'000
Cost:	
At 1.4.2005	31,871
Exchange adjustment	219
Additions	2,513
At 31.3.2006	34,603
Accumulated amortisation:	
At 1.4.2005	3,535
Exchange adjustment	27
Charge for the year	3,598
At 31.3.2006	7,160
Accumulated impairment loss:	
At 1.4.2005	11,931
Exchange adjustment	52
At 31.3.2006	11,983
Net book value:	
At 31.3.2006	15,460
Cost:	
At 1.4.2006	34,603
Exchange adjustment	536
Additions	2,394
At 31.3.2007	**37,533**
Accumulated amortisation:	
At 1.4.2006	7,160
Exchange adjustment	115
Charge for the year	4,387
At 31.3.2007	**11,662**
Accumulated impairment loss:	
At 1.4.2006	11,983
Exchange adjustment	110
At 31.3.2007	**12,093**
Net book value:	
At 31.3.2007	**13,778**

18. DEFERRED TAX

The following is deferred tax (assets)/liabilities recognised by the Group and movements thereon during the current and prior years:

	Tax losses HK$'000	Accelerated depreciation allowances HK$'000	Provision for bad debts HK$'000	Total HK$'000
At 1.4.2005	(1,314)	372	(174)	(1,116)
Exchange adjustment	(4)	—	(4)	(8)
Charge/(credit) to the income statement for the year – *Note 8(a)*	278	(44)	(223)	11
At 31.3.2006 and 1.4.2006	(1,040)	328	(401)	(1,113)
Exchange adjustment	(5)	—	(16)	(21)
(Credit)/charge to the income statement for the year – *Note 8(a)*	(134)	(97)	22	(209)
At 31.3.2007	**(1,179)**	**231**	**(395)**	**(1,343)**

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007 HK$'000	2006 HK$'000
Listed shares in Hong Kong, at market value	**1,105**	854

20. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:

	2007 HK$'000	2006 HK$'000
Trade debtors	**19,074**	17,901
Less: Provision for bad debts	**1,195**	1,215
	17,879	16,686
Rental and utility deposits	**684**	442
Prepayments	**702**	507
Other debtors	**992**	740
	20,257	18,375

(a) 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:

	2007 HK$'000	2006 HK$'000
0 - 30 days	**13,975**	13,162
31 - 60 days	**385**	1,819
61 - 90 days	**304**	238
91 - 180 days	**323**	115
181 - 365 days	**2,511**	705
> 1 year	**1,576**	1,862
	19,074	17,901

(b) As at 31 March 2007, a sum of trade accounts receivables of approximately of HK$1,522,000 (2006: HK$2,839,000) has been assigned to a bank with recourse as collateral under factoring arrangement (note 28).

21. CASH AND BANK BALANCES

At 31 March 2007, the cash and bank balances of the Group denominated in Renminbi amounted to approximately HK$2,267,000 (2006: approximately HK$2,094,000).

22. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:

	2007 HK$'000	2006 HK$'000
Trade creditors	**1,408**	1,764
Deferred enhancement and maintenance income – *Note*	**1,699**	1,618
Deposits received	**—**	6
Accruals and provisions	**4,516**	3,291
Other creditors	**554**	568
	8,177	7,247

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:

	2007 HK$'000	2006 HK$'000
0 - 30 days	**591**	441
31 - 60 days	**193**	52
61 - 90 days	**21**	—
91 - 180 days	**112**	891
> 180 days	**491**	380
	1,408	1,764

23. SHARE CAPITAL

	Number of shares	HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
at 1.4.2006 and 31.3.2007	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
at 1.4.2006 and 31.3.2007	750,000,000	7,500

24. RESERVES

	Share premium HK$'000	Accumulated losses HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000
The Compnay				
At 1.4.2005	52,822	(5,887)	1,448	48,383
Employee share options benefits	—	—	299	299
Loss for the year	—	(1,269)	—	(1,269)
At 31.3.2006 and 1.4.2006	52,822	(7,156)	1,747	47,413
Employee share options benefits	—	—	89	89
Reverse on lapse of unexercised share options	—	1,836	(1,836)	—
Loss for the year	—	(1,637)	—	(1,637)
At 31.3.2007	**52,822**	**(6,957)**	**—**	**45,865**

(a) The share premium of the Company includes (i) shares issued at premium and (ii) the difference between the nominal value of the shares of the Company issued in exchange for the entire issued share capital of Armitage Technologies Holding (BVI) Limited and the value of the underlying net assets of Armitage Technologies Holding (BVI) Limited and its subsidiaries at the date they were acquired by the Company. Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

24. RESERVES (cont'd)

(b) As at 31 March 2007, in the opinion of the directors, the reserves of the Company available for distribution to the shareholders amounted to approximately HK$45,865,000 (2006: approximately HK$45,666,000), subject to the restrictions stated in note 24(a) above.

25. BANK LOANS – SECURED

	2007 HK$'000	2006 HK$'000
Amounts repayable		
– within one year	**1,686**	991
– one year to two years	**697**	1,055
– two years to five years	**671**	—
	3,054	2,046
Less: Amounts repayable within twelve months (shown under current liabilities)	**1,686**	991
Non-current portion of bank loans	**1,368**	1,055

26. SHARE OPTIONS

The Company operates two share option schemes, namely the Share Option Scheme and Pre-IPO Share Option Plan, adopted on 26 February 2003.

The committee (the "Committee") which was authorised and charged by the board of directors (the "Board") with the administration of the Share Option Scheme, and the Board in case of the Pre-IPO Share Option Plan, are authorised, at their discretion, to invite employees of the Group, including any executive director or non-executive director of the Company or other eligible employees to take up options to subscribe for the shares of the Company.

A sum of HK$1 is payable by the participant on acceptance of the option offer.

The exercise price for the shares (the "Exercise Price") in relation to options to be granted under the Share Option Scheme shall be determined by the Committee and notified to a participant and shall be at least the higher of:

(i) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the date an option is offered (the "Offer Date"); and

26. SHARE OPTIONS (cont'd)

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date (where the Company has been listed on the GEM of the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing).

provided that the Exercise Price shall not be lower than the nominal value of the shares.

As at 31 March 2007, no option under the Share Option Scheme has been granted or agreed to be granted.

As at 31 March 2007, details of share options granted to eligible employees of the Group under the Pre-IPO Share Option Plan are as follows:

			Number of shares under option		
Grantees	**Date of grant**	**Exercise Price**	**As at 1.4.2006**	**Lapsed during the year**	**As at 31.3.2007**
Directors, senior management and other employees	26 February 2003	HK$0.35	21,554,000	(21,554,000)	—
A non-executive director	26 February 2003	HK$0.10	7,200,000	(7,200,000)	—
			28,754,000	(28,754,000)	—

The grantees shall be entitled to exercise the above share options granted according to the following time schedule:

Exercisable period	**Maximum percentage of shares under option exercisable**
18 September 2004 to 17 March 2007	33 1/3%
18 September 2005 to 17 March 2007	66 2/3%
18 September 2006 to 17 March 2007	100%

The fair value of options granted determined using the Black-Scholes valuation model. The significant inputs into the model were share price of HK$0.35 at the grant date, exercise price shown above, expected average life of options of 2.5 years, no expected dividend paid out, average annual risk-free interest rate of 1.94% and annualised volatility of 26.78%.

On 17 March 2007, the share option scheme was cancelled and terminated, but without prejudice to any share options previously granted prior to such termination. Except for the aforesaid, no option was granted, exercised, cancelled or lapsed during the year ended 31 March 2007.

27. CONTINGENT LIABILITIES

(a) As at 31 March 2007, the Group had contingent liabilities in respect of performance bonds amounted to approximately HK$156,000 (2006: approximately HK$1,804,000) issued by a bank in favour of a customer for the due performance of contract works undertaken by the Group.

(b) The Group has contingent liabilities in respect of possible future long service payments to employees under the Employment Ordinance, with a maximum possible amount of approximately HK$1,518,000 at 31 March 2007 (2006: approximately HK$1,303,000). The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. No provision has been recognised for employees in respect of such possible payments, as it is not considered probable that the situation will result in material future outflow of resources from the Group.

28. BANKING FACILITIES

As at 31 March 2007, the Group had banking facilities to the extent of HK$26,733,000 (2006: HK$24,033,000) which were secured by the Group's time deposits of HK$9,000,000 (2006: approximately HK$9,000,000), bank current account designated for the settlement of factored trade accounts receivables as mentioned below, properties of Supercom Investments Limited ("Supercom") in which a director, Mr. Lee Shun Hon, Felix has controlling interest and corporate guarantees executed by the Company.

Included in the above, the Group obtained a trade accounts receivable factoring facility of HK$8,000,000 (2006: HK$8,000,000). Under the facility, the Group will receive with recourse from the bank advances representing 90% of the Group's trade accounts receivables due from selected customers within the factoring limit of HK$8,000,000 (2006: HK$8,000,000) (less service and monthly discounting charges). As at 31 March 2007, the Group utilised the factoring facility amounted to approximately HK$1,370,000 (2006: HK$2,555,000).

29. OPERATING LEASE ARRANGEMENTS

As at 31 March 2007, the Group had outstanding commitments for future minimum leases payments under non-cancellable operating leases, which fall due as follows:

	2007 HK$'000	2006 HK$'000
Within one year	**1,914**	1,374
After one year but within five years	**2,233**	1,369
	4,147	2,743

Operating lease payments represent rentals payable by the Group for the use of office premises, staff quarters and a carpark. Leases are negotiated for terms of half year to two years with fixed monthly rentals.

30. CAPITAL COMMITMENTS

As at 31 March 2007, the Company's subsidiary entered into agreement with the PRC party to acquire the remaining 10% equity interest in Guangzhou Armitage Technologies Limited at a consideration of RMB130,000.

31. RELATED PARTY AND CONNECTED TRANSACTIONS

The Group had the following related party and connected transactions under the GEM Listing Rules during the year:

		Note	**2007 HK$'000**	2006 HK$'000
(i)	Rentals paid to Supercom	(a)	**444**	444

(ii) Pledge of properties of Supercom to secure banking facilities of the Group as detailed in note 28 to the financial statements.

Note:

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

The directors have reviewed the above related party 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

	2007 HK$'000	2006 HK$'000
Fees for key management personnel	**—**	—
Salaries, allowances and other benefits in kind	**5,896**	6,392
Retirement scheme contributions	**99**	103
	5,995	6,495

32. RETIREMENT BENEFIT COSTS

Two Hong Kong operating subsidiaries of the Group had participated in the Mandatory Provident Fund Scheme ("MPF Scheme"). The assets of the MPF Scheme are held separately in an independently managed and administered fund. Contributions to the MPF Scheme are made by both the employer and employees at 5% on the employees' salaries or HK$1,000 whichever is the lower.

The Company's subsidiaries in the PRC had participated in the state-sponsored retirement plan, contributions are made by the subsidiaries to the plan based on 11% to 21% of the applicable payroll costs. The Group has no other obligation other than the above-mentioned contributions.

33. FINANCIAL INSTRUMENTS

Foreign exchange risk

The Group is exposed to foreign currency risk primarily through business transactions of the PRC subsidiaries that are denominated in currency other than the functional currency of the Group. The currency giving rise to this risk is primarily, Renminbi ("RMB"). The foreign exchange risk in the translation of RMB to HK$ is limited as RMB is practically linked with HK$ and its fluctuation is insignificant.

Interest rate risk

The Group is exposed to fair value interest-rate risk which is attributable to the Group's cash and cash equivalents held with financial institutions and bank loans. The risk is considered limited as the range of interest rates fluctuation is not significant and the impact is considered limited.

Credit risk

The Group's credit risk is primarily attributable to trade debtors, pledged time deposits and cash and cash equivalents. The credit risk on trade debtors, the Group has adopted credit policies, which include the analysis of the financial position of its clients and a regular review of their credit limits. The Group maintains an allowance for doubtful accounts and actual losses have been less than management's expectations and the Group has policies in place to ensure that sales are made to clients with an appropriate credit history. Also, the Group's pledged time deposits and cash and cash equivalents were held by major financial institutions located in Hong Kong and the PRC, which management believes are of high credit quality. Accordingly, the overall credit risk is considered limited.

Liquidity risk

The Group maintains sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities, thus the liquidity risk is considered minimal.

Fair value

The carrying amounts of the Group's financial instruments including debtors, deposits and prepayments, income tax recoverable, pledged time deposits, cash and cash equivalents and creditors, accruals and deposits received approximate their fair values due to the short maturity of these instruments.

The carrying amounts of bank loans also approximate their fair values because the applicable interest rates approximate current market rates.

34. SEGMENT REPORTING

Segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by geographical segment; and (b) on a secondary segment reporting basis, by business segment.

(a) Geographical segments by the location of customers and by the location of assets

The Group's business can be subdivided into the Hong Kong and PRC markets.

The Group's geographical segments are classified according to the location of the customers. No separate disclosure of the Group's geographical segments according to the location of assets has been made as there is no material difference between the Group's geographical segments classified by location of customers or by location of assets.

Management considers that all items in the consolidated income statement and assets included in the consolidated balance sheet can be reasonably allocated to each geographical segment.

	Hong Kong		PRC		Inter-segment		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	**37,085**	40,474	**16,697**	16,932	**—**	—	**53,782**	57,406
Cost of sales and services rendered	**(18,856)**	(19,760)	**(4,665)**	(5,774)	**—**	—	**(23,521)**	(25,534)
Gross profit	**18,229**	20,714	**12,032**	11,158	**—**	—	**30,261**	31,872
Other income	**839**	713	**57**	26	**—**	—	**896**	739
Gain on disposal of subsidiaries	**—**	174	**—**	—	**—**	—	**—**	174
Bad debts	**—**	(137)	**—**	(741)	**—**	—	**—**	(878)
Operating expenses	**(23,198)**	(21,940)	**(11,853)**	(12,244)	**—**	—	**(35,051)**	(34,184)

34. SEGMENT REPORTING (cont'd)

(a) Geographical segments by the location of customers and by the location of assets (cont'd)

	Hong Kong		PRC		Inter-segment		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Operating profit/(loss)	**(4,130)**	(476)	**236**	(1,801)	**—**	—	**(3,894)**	(2,277)
Finance costs	**(1,149)**	(1,108)	**(15)**	(31)	**—**	—	**(1,164)**	(1,139)
Profit/(loss) before income tax	**(5,279)**	(1,584)	**221**	(1,832)	**—**	—	**(5,058)**	(3,416)
Income tax credit/(expense)	**388**	(171)	**(179)**	160	**—**	—	**209**	(11)
Profit/(loss) for the year	**(4,891)**	(1,755)	**42**	(1,672)	**—**	—	**(4,849)**	(3,427)
Attributable to:								
Equity holders of the Company	**(4,891)**	(1,755)	**78**	(1,656)	**—**	—	**(4,813)**	(3,411)
Minority interests	**—**	—	**(36)**	(16)	**—**	—	**(36)**	(16)
Profit/(loss) for the year	**(4,891)**	(1,755)	**42**	(1,672)	**—**	—	**(4,849)**	(3,427)
Depreciation and amortisation	**4,048**	3,590	**1,401**	1,134	**—**	—	**5,449**	4,724
Capital expenditure incurred during the year	**1,454**	1,761	**1,230**	1,080	**—**	—	**2,684**	2,841
Segment assets and total assets	**55,599**	55,529	**15,200**	13,372	**(18,839)**	(16,129)	**51,960**	52,772
Segment liabilities and total liabilities	**(22,280)**	(17,896)	**(29,251)**	(27,097)	**27,810**	24,931	**(23,721)**	(20,062)

34. SEGMENT REPORTING (cont'd)

(b) Business segments

The Group principally operates in two business segments, (i) provision of information solutions and design, development and sales of application software packages and (ii) magazine publication.

	Provision of information solutions and design, development and sales of application software packages		Magazine publication		Unallocated		Consolidated	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Revenue from external customers	**52,887**	57,037	**895**	369	**—**	—	**53,782**	57,406
Segment assets	**51,354**	52,203	**466**	434	**140**	135	**51,960**	52,772
Capital expenditure incurred during the year	**2,681**	2,827	**3**	14	**—**	—	**2,684**	2,841

Unallocated assets consist of assets of the Company and certain non-operating subsidiaries.

RESULTS

	Years ended 31 March				
	2003	2004	2005	2006	**2007**
	HK$'000	HK$'000	HK$'000	HK$000	**HK$000**
Turnover	42,306	52,733	50,594	57,406	**53,782**
Profit/(loss) for the year	599	(8,745)	(13,039)	(3,427)	**(4,849)**

ASSETS AND LIABILITIES

	At 31 March				
	2003	2004	2005	2006	**2007**
	HK$'000	HK$'000	HK$'000	HK$000	**HK$000**
NON-CURRENT ASSETS	30,671	32,446	25,014	22,497	**20,027**
CURRENT ASSETS	51,467	46,431	39,501	32,111	**33,999**
DEDUCT:					
CURRENT LIABILITIES	27,617	27,615	24,929	19,007	**22,353**
NET CURRENT ASSETS	23,850	18,816	14,572	13,104	**11,646**
TOTAL ASSETS LESS CURRENT LIABILITIES	54,521	51,262	39,586	35,601	**31,673**
NON-CURRENT LIABILITIES	(285)	(1,748)	(2,032)	(1,055)	**(1,368)**
NET ASSETS	54,236	49,514	37,554	34,546	**30,305**