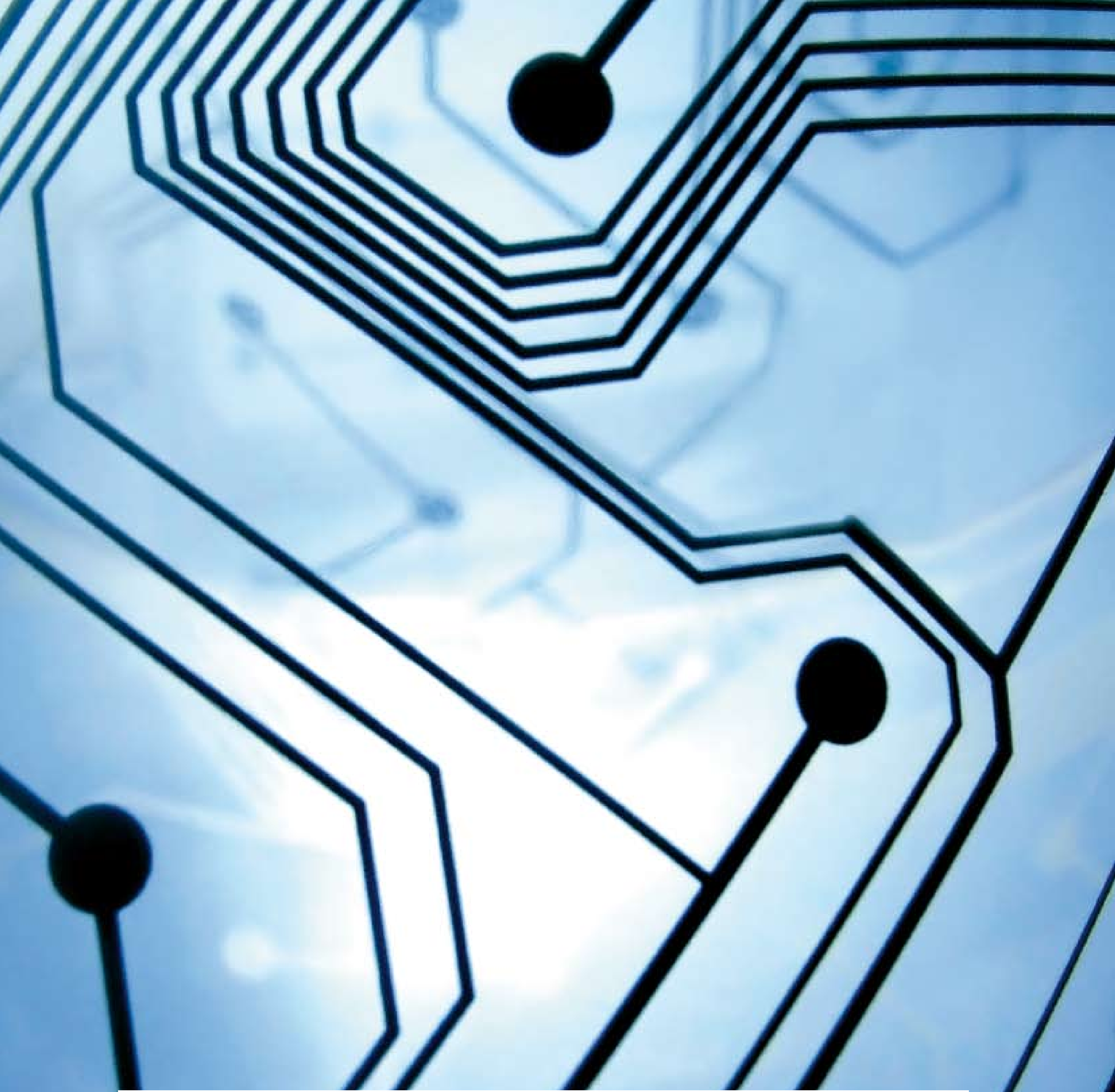
FIRST CMM LEVEL 5 IN GREATER CHINA

AZEUS SYSTEMS HOLDINGS LTD.

ANNUAL REPORT 2007



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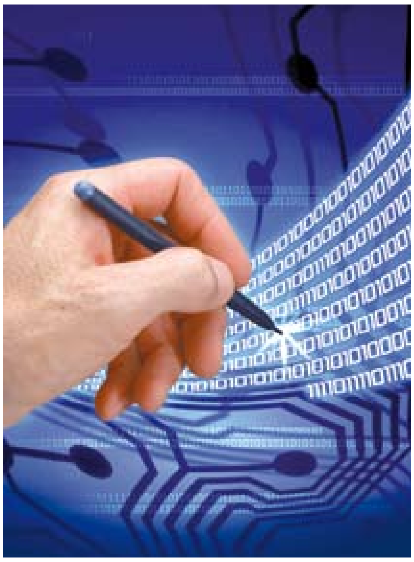


Established in 1991, we are a leading provider of IT consultancy services based in Hong Kong. We were the first company in Hong Kong to be appraised at the highest level (Level 5) of the CMMI-SW model in November 2003. This is a strong endorsement of our commitment to achieving best practice processes and maintaining high quality standards for our IT solutions and services.

Under our IT services segment, we design and implement a broad range of IT software and systems, as well as develop and integrate various software programs of IT systems to fulfill the outsourcing needs of our customers.

We also provide a vast spectrum of maintenance and support services. In addition, we are engaged in business process outsourcing ("BPO"). One of our milestone achievements is having won the first business outsourcing project from the Hong Kong Government – covering IT consulting, IT maintenance and support, as well as office operations and support services.

We have a solid track record of completing over 100 projects for more than 40 Government departments, as well as over 16 projects for the private sector in Hong Kong. While our strength has traditionally been in the public sector, we continue to develop our business on the regional commercial front.

We have an experienced management team, supported by a core group of highly competent and skilled IT professionals. Together, we are committed to continuously engineer innovative IT solutions and deliver excellent IT services.

Our established quality assurance systems, working methodologies and processes allow for a seamless integration of operations across multiple locations. Our software development centres are based in the Philippines and China, where lower costs of operations in these countries enable us to maintain competitive pricing for our tenders, without compromising the quality of our work.

IT Consultancy Services

Azeus offers clients with consultancy services in developing comprehensive business and technology strategies to ensure long-term business growth and success.

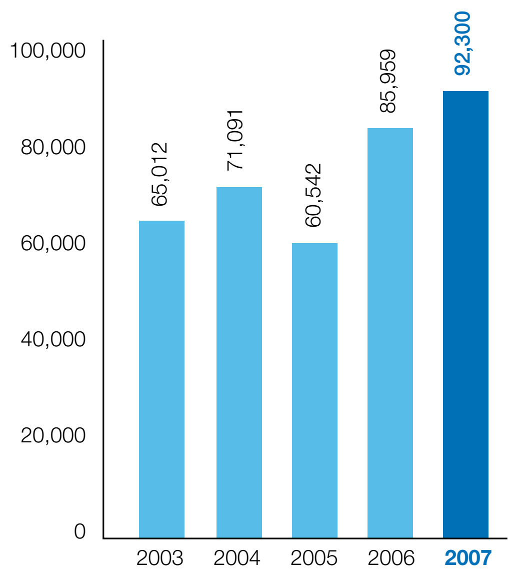
Maintenance & Support Services

Our extensive scope of maintenance and support services includes software upgrades, problems resolution and bug fixing, disaster recovery planning and disaster recovery drill, and system technical support.

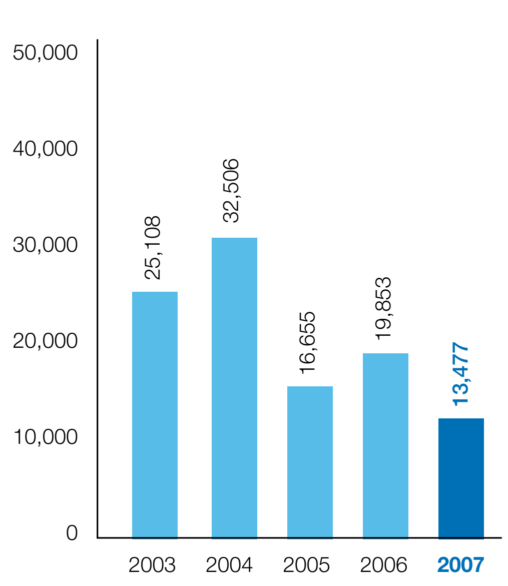
Business Process Outsourcing (BPO)

Our extensive experience and expertise in rendering business process management and providing business technology solutions offer a total solution to meet your business process outsourcing needs.

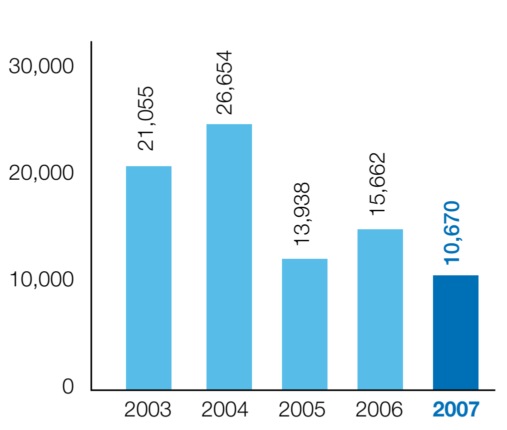
REVENUE (HK $'000)



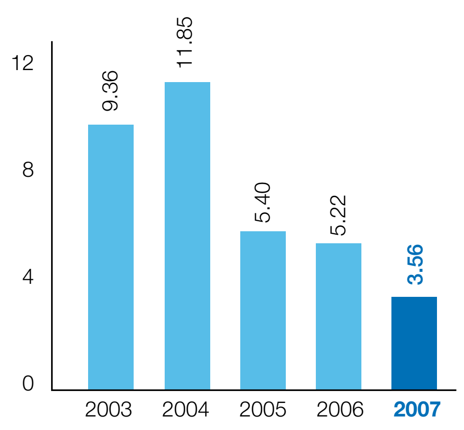
PROFIT BEFORE TAX (HK $'000)



NET PROFIT (HK $'000)



EARNINGS PER SHARE (HK cents)



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present you our results for the financial year ended March 31, 2007 ("FY2007").

THE YEAR IN REVIEW

In spite of the challenging operating environment through FY2007 and stiff competition from other IT service providers, we were able to grow Group revenue by an encouraging 7% this year to HK$92.3 million and achieved a net profit of HK$10.7 million for FY2007. I am pleased that we have also managed to build on our good reputation in the Hong Kong public sector, securing a significant contract with the Hong Kong Government during the year under review.

Operationally, gross profit fell 16% to HK$35.5 million as our margins decreased to 38% from 49% in FY2006. This was mainly attributable to a 29% rise in cost of sales, mainly attributable to salaries and third party hardware and software sales as well as increased third party consultancy fees. The increase in headcount by 5% to 332 is in line with our aim of recruiting more staff to better position ourselves for future growth opportunities. In addition, margins were also lower as we increased our salaries cost and sales of hardware materials, which carry lower margins as compared to IT services.

During the year, we also managed to secure a new 5-year, US$10 million IT and BPO contract with a department of the Hong Kong Government. This contract is expected to contribute towards our results through to FY2011.

SEGMENTAL CONTRIBUTIONS

We derive our revenue from three main business segments – IT services, maintenance and support services, and business process outsourcing ("BPO").

IT SERVICES

IT services remained the Group's major revenue contributor, accounting for HK$69.8 million or 76% of total revenue in FY2007. This was marginally lower than the HK$70.3 million recorded by the segment in FY2006 when IT services accounted for 82% of total Group revenue. Contribution from the segment was lower this financial year due to fewer contracts being secured, as well as lower fees. IT services' share of total revenue also fell in the wake of rapid growth in our remaining two segments.

MAINTENANCE AND SUPPORT SERVICES

Maintenance and support services fees rose 43% to HK$14.6 million in FY2007, due to a rise in both the number of contracts (from 26 in FY2006 to 35 in FY2007) as well as larger maintenance and support service contracts secured. Many of these contracts were renewed or commenced during the year, following the expiry of the warranty period for projects completed in FY2007.

Our extensive scope of maintenance and support services includes software upgrades, problem resolution and bug fixing, disaster recovery planning and disaster recovery drill, and system technical support.

Contribution from the Business Process Outsourcing segment climbed 46% to HK$7.9 million in FY2007

BUSINESS PROCESS OUTSOURCING

Contribution from the Business Process Outsourcing (BPO) segment climbed 46% to HK$7.9 million in FY2007 due to higher chargeable rates, and a larger headcount that was outsourced to the Hong Kong Government Intellectual Property Department (IPD).

We were privileged to be the first IT consultancy services provider to be awarded a BPO project by the Intellectual Property Department of the Hong Kong Government. The project involved the outsourcing of maintenance and support for office operations for five years beginning December 2001. We are proud to have been commissioned by the IPD for a subsequent 5-year project this financial year and believe this is testimony to the quality of service we are able to provide.

OUTLOOK FOR FY2008

The public sector in Hong Kong is one of the largest consumers of IT services, and is regularly engaged in the upgrading of Government IT systems. At present, most of our revenue comes from the public sector and we are privileged to have developed a good reputation and working understanding of the needs of our Public Sector clients. The Government remains a good customer in view of its low credit risk.

We will grow our business by expanding our presence in the private sector while at the same time penetrating new markets regionally and around the world.

We are exploring suitable alliances in the region which provide attractive business opportunities, for example, South Africa, where we are planning to open a representative office. Our expansion into South Africa is still in its infancy and we

view this as an encouraging start. Regarding our expansion in Japan, our credentials are well received. We are continuing to explore the business opportunities and are making investments in language training, which will create a solid engine to support our future growth in Japan in the long term.

We are committed to superior quality and process execution. We constantly benchmark our services and process against globally recognised quality standards including SEI CMMI Level 5 and CMM Level 5 certifications. We will continue to attract and retain high quality professionals to further enhance our capabilities and ability to take on new businesses. Although the increased headcount and salaries has impacted our bottom line in FY2007, I am confident that Azeus is now better placed to take advantage of the opportunities that lie ahead.

Although we expect competitive conditions in our traditional markets to remain challenging in FY2008, we are cautiously optimistic on the overall prospects for the Group given our progress in new geographical regions and various domestic private and public sector projects for which we are currently in the tendering stage.

A WORD OF THANKS

Lastly, I would like to thank our shareholders, customers, staff, suppliers and business partners for their strong and unwavering support these past years. We wish to extend our appreciation by declaring a final dividend totaling 3.56 HK cents for FY2007. We are committed to delivering even better shareholder value in future and look forward to your continued support as we look to ride on the opportunities that lie ahead.

LEE WAN LIK
Founder and Managing Director

BOARD OF DIRECTORS

MR LEE WAN LIK, Managing Director

Appointed to our Board on May 12, 2004, Mr Lee Wan Lik is responsible for overseeing the Group's overall management and operations, including project management and the provision of consultancy services.

Prior to founding Azeus in 1991, he was a Manager in Oracle Systems (Hong Kong) Limited. In 1990, Mr Lee was a Project Team Leader at the Versant Object Technology Corp. (now Versant Corporation). He was also a Researcher at the Microelectronics and Computer Technology Corporation in the United States from 1987 to 1990.

Mr Lee holds a Bachelor of Science in Computer Science and Engineering, and a Bachelor of Science in Mathematics from the Massachusetts Institute of Technology ("MIT"). He also has a Master of Science in Computer Sciences from the University of Texas. Mr Lee is a fellow member of the Hong Kong Institution of Engineers and past Chairman of its IT division. In addition, he is the President of the MIT Club of Hong Kong.

MS LAM PUI WAN, Executive Director

Ms Lam Pui Wan was appointed to our Board on May 12, 2004. She is the Head of Human Resource and Administration and assists our Managing Director in managing Azeus Hong Kong as well as the Group's offshore development centres, Azeus Philippines and Azeus China. Prior to joining our Group, Ms Lam was a Teaching Assistant at the Chinese University of Hong Kong. She holds a Bachelor of Arts from the University of Minnesota.

MR YAP WAI MING, Independent Director

Mr Yap Wai Ming was appointed as an Independent Director of Azeus on September 14, 2004. Mr Yap holds an LLB (Honours) from the National University of Singapore and is called to both the Malaysian and Singapore bar. Apart from a short stint as a Trade Officer with the Singapore Trade Development Board (now IE Singapore), he has been in active legal practice since 1988, initially as a Litigation Lawyer and subsequently as a Corporate Lawyer in both Singapore and Malaysia. He is currently a Director of the Stamford Law Corporation in Singapore and also a Partner in the Malaysian law firm, Tay & Partners. His main area of practice is Corporate Law.

MR MICHAEL YAP KIAM SIEW, Independent Director

Mr Michael Yap Kiam Siew was appointed as an Independent Director of Azeus on September 14, 2004. He is currently Deputy Chief Executive Officer of the Media Development Authority of Singapore (MDA).

Prior to his position at MDA, Mr Yap was the Chief Executive Officer of Commerce Exchange Pte Ltd. Before that, he was the Chief Executive Officer of the National Computer Board and has served as a board member of various public organisations. He is also on the board of directors of various companies, including public listed ones in Singapore and Malaysia.

Mr Yap holds a Bachelor of Science and a Master of Science from the University of Maryland, College Park, United States. He has also completed the Stanford Executive Program from Stanford University. Mr Yap was named one of Business Week's 50 Stars of Asia for his significant contributions to the IT industry in Singapore in 1999. He was nominated by the World Economic Forum as one of the Top 100 Future Global Leaders in 2000.

MR KOJI MIURA, Independent Director

Mr Koji Miura was appointed as an Independent Director of Azeus on September 14, 2004. He is currently the Founder and Managing Director of Miura & Associates Management Consultants Pte Ltd.

Prior to that, Mr Miura worked as a Japanese Consultant in the Japanese Practice Department of Peat Marwick between 1986 and 1989, where he was responsible for servicing and expanding the Japanese clientele base of the firm. He started his career with Sato Kogyo Co. Ltd, a company listed in Japan.

Mr Miura holds a degree in Business Administration from the University of Aoyama Gakuin, Tokyo, Japan.

SENIOR MANAGEMENT

MR TAO WING HONG, Chief Operating Officer

Mr Tao Wing Hong is responsible for the provision of professional services to our customers, including project management, consultancy study, system implementation and system maintenance.

Mr Tao joined our Group as a Junior Associate in 1991. He was promoted to an Associate in 1994 and Managing Consultant in 2000. Mr Tao holds a Bachelor of Science from the University of Hong Kong.

MS PEGGY SAM, Group Financial Controller

Ms Peggy Sam has been with our Group since March 15, 2004. She is responsible for all financial activities of Azeus.

Between 1994 and 2003, Ms Sam was with PricewaterhouseCoopers, including a two year secondment to PricewaterhouseCoopers, Toronto, Canada. Her last position, prior to joining Azeus, was as Senior Manager of the assurance and business advisory service.

Ms Sam holds a Bachelor of Arts in Accountancy from the City University of Hong Kong. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

MS MARY ROSE T. TAN, President of Azeus Philippines

Ms Mary Rose T. Tan joined Azeus Philippines in July 1996. She is in charge of the management of the Group's Philippines operations as well as human resource management. Ms Tan also heads the team that is responsible for conducting quality assurance review of project deliverables.

Between 1991 and 1996, she was with Ayala Systems Technology, Inc where she started as a Senior System Analyst and was later promoted to Project Manager and Senior Manager. She had also worked as an Analyst and Programmer at New York City Parks and Recreation Department and PCI Capital Corporation.

Ms Tan holds a Bachelor of Science in Industrial Management Engineering from De la Salle University, Taft, Manila and a Master of Science in Computer Science from Pace University, New York.

MR RENE TOLING LINDIO, Chief Technology Officer

Mr Rene Toling Lindio is responsible for providing strategic direction for the Group on matters related to technology, technical consultation on technical issues and technical project management for various projects. He is also the Corporate Secretary of Azeus Philippines.

Mr Lindio joined Azeus Philippines as a Junior Associate in April 1994 and was promoted to an Associate in 1996. He holds a Bachelor of Science in Mathematics from the University of the Philippines – Los Banos.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Lee Wan Lik (Managing Director)
Ms Lam Pui Wan (Executive Director)
Mr Yap Wai Ming (Independent Director)
Mr Michael Yap Kiam Siew (Independent Director)
Mr Koji Miura (Independent Director)

SENIOR MANAGEMENT
Mr Tao Wing Hong (Chief Operating Officer)
Ms Peggy Sam (Group Financial Controller)
Ms Mary Rose T. Tan (President of Azeus Philippines)
Mr Rene Toling Lindio (Chief Technology Officer)

AUDIT COMMITTEE
Mr Koji Miura (Chairman)
Mr Yap Wai Ming
Mr Michael Yap Kiam Siew

REMUNERATION COMMITTEE
Mr Michael Yap Kiam Siew (Chairman)
Mr Koji Miura
Mr Yap Wai Ming

NOMINATING COMMITTEE
Mr Yap Wai Ming (Chairman)
Mr Michael Yap Kiam Siew
Mr Lee Wan Lik

JOINT COMPANY SECRETARIES
Mr Paul Michael Fitzgerald
Mr Lean Min-tze

REGISTERED OFFICE
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda
Tel: 441 295 1443
Fax: 441 295 9216

PRINCIPAL OFFICE
33/F, Cambridge House,
Taikoo Place, 979 King's Road,
Quarry Bay, Hong Kong

BERMUDA SHARE REGISTRAR AND SHARE TRANSFER AGENT
Reid Management Limited
Argyle House
41a Cedar Avenue
Hamilton HM12
Bermuda

SINGAPORE SHARE TRANSFER AGENT
Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

AUDITORS
PricewaterhouseCoopers
Certified Public Accountants
8 Cross Street
#17-00 PWC Building
Singapore 048424

Ms Tan Khiaw Ngoh
Partner-in-charge since financial year ended
March 31, 2005

PRINCIPAL BANKERS
DBS (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Central, Hong Kong

PRINCIPAL LEGAL ADVISER
Stamford Law Corporation
9 Raffles Place
#32-00 Republic Plaza
Singapore 048619

INVESTOR RELATIONS CONTACT
Citigate Dewe Rogerson
i.MAGE Pte Ltd
1 Raffles Place
#26-02 OUB Centre
Singapore 048616
Tel: (65) 6534 5122
Fax: (65) 6534 4171

The directors and the management of the Company are committed to maintaining a high standard of corporate governance and transparency in order to protect the interests of the shareholders of the Company. Processes and procedures have been instituted and are being constantly reviewed and revised to ensure effective corporate governance.

BOARD MATTERS

Principle 1: Board's Conduct of its affairs

The Board supervises the management of the business and the affairs of the Company and the Group. Apart from its fiduciary duties and statutory responsibilities, it also focuses on formulating the strategic direction and policies, paying particular attention to the growth of the Group and its financial performance. It has delegated the formulation of business policies and day-to-day management to the Executive Directors.

The principal functions of the Board are:

(a) to approve the Group's key business strategies and financial objectives;

(b) to approve the major investments and divestments, and funding proposals;

(c) to oversee the process for evaluating the adequacy of internal controls; risk management, financial reporting and compliance; and

(d) to assume overall responsibility for corporate governance.

The Board intends to hold at least two scheduled meetings each year to review and deliberate on the key activities and business strategies of the Group, including reviewing and approving acquisitions and financial performance, and to endorse the release of the interim and annual results. Ad hoc meetings are held when circumstances require, such as to address significant transactions or issues. The Company's By-Laws permits a Board meeting to be conducted by way of teleconference and video-conference.

During the financial year ended 31 March 2007, the Board has conducted two meetings and the attendance record of each member of the Board is as follows:-

Name of Directors	Appointment	Number of meetings held	Attendance
Mr Lee Wan Lik	Executive	2	2
Mr Lam Pui Wan	Executive	2	2
Mr Koji Miura	Independent	2	2
Mr Yap Wai Ming	Independent	2	2
Mr Michael Yap Kiam Siew	Independent	2	2

To assist in the execution of its responsibilities, the Board has established and is supported by a number of Committees, including an Audit Committee, a Nominating Committee and a Remuneration Committee. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with entire Board.

Newly appointed directors are provided with information on their duties and obligations as a director under the Bermuda law, and given training on the governance practices and business activities of the Group. The Board is also regularly updated with changes to regulatory and accounting standards in Singapore.

Principle 2: Board Composition and Balance

The Board currently comprises of 5 members, three of whom are independent non-executive directors.

Name of Directors	Appointment
Mr Lee Wan Lik	Executive Director
Ms Lam Pui Wan	Executive Director
Mr Koji Miura	Independent Non-Executive Director
Mr Michael Yap Kiam Siew	Independent Non-Executive Director
Mr Yap Wai Ming	Independent Non-Executive Director

It is to be noted that the chairman and each member of the Nominating Committee had abstained from commenting on and validating his own independence.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company.

The Nominating Committee is responsible for reviewing the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The Board in consultation with the Nominating Committee has reviewed its composition and is satisfied that such composition ensures that there is adequate representation in respect of potential issues and challenges, without compromising the Board's effectiveness and participation in decision-making. Objectivity on issues deliberated by the Board is assured, given the majority of non-executive Directors who are independent of management and are also independent in terms of character and judgment.

Principle 3: Role of Chairman and Chief Executive Officer

The Group's Managing Director is Mr Lee Wan Lik, who is responsible for the day-to-day operations of the Group, as well as monitoring the quality, quantity and timeliness of the flow of information between the Board and the management. Mr Lee is the founder of the Group and has played a key role in developing the Group's business. He is being assisted by a group of Executive Directors and Executive officers in carrying out his executive duties and responsibility for the Group's operation and business. Through the Group's success and development in these few years, Mr Lee has demonstrated his vision, strong leadership and enthusiasm in this business.

The Board is of the opinion that the absence of the appointment of a Chairman to their Board does not affect the effective running of the Board.

Principle 4: Board Membership

The Nominating Committee ("NC") comprises Mr Yap Wai Ming as Chairman, Mr Michael Yap Kiam Siew and Mr Lee Wan Lik as members.

The Board has approved the written terms of reference of the NC. The NC is responsible for:-

(a) making recommendations to the Board on all board appointments;

(b) the re-nomination of the Directors having regard to the Director's contribution and performance;

(c) determining the independence of each Director on an annual basis; and

(d) deciding whether a Director is able to and has been adequately carrying out his duties as Director.

Subject to the Board's approval, the NC will also decide on how the Board's performance is to be evaluated, and propose objective performance criteria which are dependent on how the Board has enhanced long-term shareholder value. Appointments to the Board are made on merit and against objective performance criteria.

During the financial year ended 31 March 2007, the NC conducted 2 meetings and the attendance was as follows:-

Name of Directors	Appointment	Number of meetings held	Attendance
Mr Yap Wai Ming	Independent	2	2
Mr Michael Yap Kiam Siew	Independent	2	2
Mr Lee Wan Lik	Executive	2	2

To help build a culture of performance and stewardship amongst its Board members, the Group ensures that all the Directors step down and offer themselves for re-election at regular intervals of at least once every three (3) years. The Company's Bye-Laws provide that at least one-third of the directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation.

A newly appointed Director will have to submit himself for retirement and election at the AGM immediately following his appointment and thereafter, be subjected to retirement by rotation.

Each member of the NC shall abstain from voting on any resolution with respect to the assessment of his performance for re-nomination as a Director.

The NC recommended to the Board that Mr Koji Miura who retired by rotation be nominated for re-election at the forthcoming AGM, after taking into account his contributions and performance. Mr Yap Wai Ming, who will retire by rotation at this forthcoming AGM, has indicated his intention not to seek re-election due to his other work commitment.

Principle 5: Board Performance

The NC will assess the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board. The NC is looking into drawing up a set of objective performance criteria for the evaluation and assessment of each Director's performance.

The NC has initiated the assessment of the effectiveness of the Board in this financial year, by getting the Directors to conduct self-assessments through a questionnaire. The questionnaire covering areas such as the effectiveness of the Board in its monitoring role and the attainment of the strategic and long term objectives set by the Board, as well as the enhancement of the long-term shareholders' value. The results and conclusions of assessment are then presented to the Board for action plans to be drawn up to address areas which required improvement.

Principle 6: Access to Information

To assist the Board in fulfilling its responsibilities, the management provides the Board with management reports containing complete, adequate and timely information prior to Board meetings and as and when the need arises. Papers containing relevant background or explanatory information required to support the decision-making process, are prepared for each Board meeting and are normally circulated in advance of the meeting.

The Board is also provided with updates on the relevant new laws, regulations and changing commercial risks in the Company's operating environment. Orientation to the Company's business strategies and operations is conducted as and when required.

All Directors have separate and independent access to senior management and to the Company Secretaries. The Company Secretaries administer, attend and prepare minutes of the Board meetings, and assist the Chairman in ensuring that the Board procedures are followed and reviewed so that the Board functions effectively. The Company Secretaries also advise the Board on governance matters, and assist the Board on compliance with the Company's Bye-laws and relevant rules and regulations, including requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST).

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises Mr Michael Yap Kiam Siew as Chairman and Mr Yap Wai Ming and Mr Lee Wan Lik as members. During the financial year ended 31 March 2007, the RC has conducted 2 meetings and the attendance was as follows:

Name of Directors	Appointment	Number of meetings held	Attendance
Mr Michael Yap Kiam Siew	Independent	2	2
Mr Yap Wai Ming	Independent	2	2
Mr Koji Miura (appointed on 28th May 2007)	Independent	–	–
Mr Lee Wan Lik (resigned on 28th May 2007)	Executive	2	2

The Codes of Corporate Governance 2005 (effective for Annual General Meetings held on or after 1 January 2007) requires that the Board should set up a Remuneration Committee ("RC") comprising entirely non-executive directors. In view of the aforesaid changes, the NC has on its first meeting of 28 May 2007 reconstituted the composition of the RC to consist entirely the non-executive directors.

The Board has approved the written terms of reference of the RC. The RC is responsible for:-

(a) recommending to the Board a remuneration framework for the Board and Key Executive Officers, and determining a specific remuneration package for each Executive Director and the Managing Director (or executive of equivalent rank). The RC will consider all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and

(b) reviewing and administering the Company's compensation schemes such as our employee share option scheme and other remuneration packages of the Company from time to time. As part of its review, the RC shall ensure that all aspects of the various schemes are comparable to other similar companies within the industry.

The key executive Directors do not receive director's fee. The remuneration for the executive directors and the key senior executives comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole or their individual performance.

Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

Directors' remuneration

Remuneration band and name of Directors	Salary	Bonus	Director's fees	Incentive and other benefits	Total
<S$250,000					
Lee Wan Lik	98%	–	–	2%	100%
<S$100,000					
Mr Yap Wai Ming	–	–	100%	–	100%
Mr Michael Yap Kiam Siew	–	–	100%	–	100%
Mr Koji Miura	–	–	100%	–	100%
Ms Lam Pui Wan	100%	–	–	–	100%

Remuneration band and name of 4 key executives	Salary	Bonus	Incentive and other benefits	Total
<S$250,000				
Ms Mary Rose T. Tan	87%	–	13%	100%
Mr Rene Toling Lindio	89%	–	11%	100%
Mr Tao Wing Hong	98%	–	2%	100%
Ms Peggy Sam	98%	–	2%	100%

The remuneration of the Non-Executive Directors and Independent Directors is in the form of a fixed fee. The fees of the Directors will be subject to shareholders' approval at the AGM.

Mr Lee Wan Lik has entered into a service agreement (the "Service Agreement") with the Company. The Service Agreement is valid for a term of one year with effect from 3rd September 2004, and thereafter continues from year to year unless terminated in accordance with the provisions of the Service Agreement. The Service Agreement can be terminated by either party giving not less than three months' notice provided that the Company shall have the option to pay three months' salary in lieu of any required period of notice. Except for such payment in lieu of notice as provided for under the Service Agreement, no compensation or damages are payable by our Company to Mr Lee Wan Lik in respect of his termination in accordance with the terms of the Service Agreement.

There are no employees who are immediate family members of a Director whose remuneration exceeded $150,000 in the financial year ended 31 March 2007.

Share option scheme

The Company has a share option scheme known as the Azeus Employee Share Option Scheme (the "Scheme"), which was approved by shareholders of the Company. The Scheme complies with the relevant rules as set out in Chapter 8 of the Listing Manual. The Scheme will provide eligible participants with an opportunity to participate in the equity of the Company, so as to incentivise and motivate them towards better performance through increased dedication and loyalty. The Scheme is administered by the RC. No options have been granted under the Scheme during the current financial period.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is accountable to the shareholders while the management is accountable to the Board.

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a half-yearly basis.

In order to keep the Board informed about the developments in the Company, the management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a half-yearly basis. The management also provides the Board with timely, accurate and complete information on all matters requiring the Board's decision.

Principle 11: Audit committee ("AC")

The AC comprises three independent non-executive directors, with Mr Koji Miura as Chairman, and Mr Michael Yap Kiam Siew and Mr Yap Wai Ming as members. The AC has met twice during the financial year ended 31 March 2007 and the attendance was as follows:-

Name of Directors	Appointment	Number of meetings held	Attendance
Mr Koji Miura	Independent	2	2
Mr Michael Yap Kiam Siew	Independent	2	2
Mr Yap Wai Ming	Independent	2	2

The Board had approved the written terms of reference of the AC. The AC will meet periodically to, inter alia:

(i) review the audit plans and reports of our Company's internal and external auditors;

(ii) review the financial statements of our Company before submission to the Directors and shareholders;

(iii) review and evaluate the independence and performance of the external auditors;

(iv) review any major interested person transactions;

(v) review the effectiveness and adequacy of internal accounting and financial control procedures; and

(vi) review the adequacy of the business risk management process.

Apart from the above functions, our AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Company's operating results or financial position. Each member of our AC will abstain from voting in respect of matters in which he is interested.

The AC is empowered to investigate any matter relating to the group's accounting, auditing, internal controls and/or financial practices brought to its attention, with full access to records, resources and personnel, so as to enable it to discharge its functions properly.

The AC, having reviewed the volume of non-audit services to the Company by the auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the auditors.

The AC has accordingly recommended to the Board that the auditors, PricewaterhouseCoopers, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Principle 12: Internal Controls
Principle 13: Internal Audit

The Board is cognisant of its responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets and business. The Company' s auditors, PricewaterhouseCoopers carry out, in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls annually to the extent of their scope laid out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit and the auditors' recommendations, are reported to the AC members.

For FY2007, the Board is of the view that based on the reports from the auditors, the system of internal controls that has been maintained by the Company' s management throughout the financial year is adequate to meet the needs of the Company. The Board shall consider expanding its internal audit resources as and when the need arises.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders
Principle 15: Greater shareholders participation

The Company engages in regular, effective and fair communication with shareholders. The Board strives for timelines and transparency in its disclosure to shareholders and the public. Regular meetings are held with investors, analysts, fund managers and the press. The Group also has a corporate web-site (www.azeus.com) where shareholders and members of the public are able to access up-to-date corporate information and new events related to the Group.

The Annual General Meeting of the Company also represents the principal forum for dialogue and interaction with all shareholders. At each Annual General Meeting, the Board invites and allocates sufficient time for shareholders to participate in the question-and-answer session.

Code of Business Conduct

The Directors, officers and employees are required to observe and maintain high standards of integrity, as are in compliance with law and regulations and the Company's policies.

Dealings in Securities

The Directors of the Company have adopted a Code of Best Practices on Securities Transactions by Officers to govern the dealings in securities by the directors and officers of the group, which is modelled on the Best Practices Guide introduced by the SGX-ST.

In line with the Best Practices Guide introduced by the SGX-ST, the Company issues circulars to its directors, officers and employees of the Group in emphasising that they must not deal in the listed securities of the Group in the period of one month before the release of the half-yearly and full-year financial results, if they are in possession of any unpublished material price-sensitive information. All directors, officers and managers are also required to file with the Company regular reports on all their dealings in the listed securities of the Group during the financial year.

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2007 and the balance sheet of the Company as at 31 March 2007.

Directors

The directors of the Company in office at the date of this report are as follows:

Mr Lee Wan Lik
Ms Lam Pui Wan
Mr Koji Miura
Mr Michael Yap Kiam Siew
Mr Yap Wai Ming

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.3.2007 US$0.02 each	At 1.4.2006 US$0.02 each	**At 31.3.2007** US$0.02 each	At 1.4.2006 US$0.02 each
The Company				
Mr Lee Wan Lik	80,948,458[(1)]	82,431,555[(1)]	153,000,000[(2)]	153,000,000[(2)]
Ms Lam Pui Wan	14,000,000[(1)]	14,000,000[(1)]	153,000,000[(2)]	153,000,000[(2)]
Mr Yap Wai Ming	500,000	–	–	–

(1) Ms Lam Pui Wan is the spouse of Mr Lee Wan Lik. Hence, both Ms Lam Pui Wan and Mr Lee Wan Lik are deemed to be interested in the shareholdings held by each other.

(2) Mr Lee Wan Lik and Ms Lam Pui Wan are also each deemed to be interested in these shares held by Mu Xia Ltd by virtue of them holding 10% and 90% respectively in Mu Xia Ltd.

(b) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Azeus Employee Share Option Scheme.

(c) The interests of the directors of the Company in the share capital of the Company at 21 April 2007 remained unchanged from those at 31 March 2007.

Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, except as disclosed in the accompanying financial statements, and except that Mr Lee Wan Lik and Ms Lam Pui Wan have employment relationships with a subsidiary and have received remuneration in those capacities.

Share options

Azeus Employee Share Option Scheme

On 14 September 2004, the shareholders at a Special General Meeting approved an employee share option scheme known as the "Azeus Employee Share Option Scheme" (the "Scheme") to grant share options to eligible employees, including executive and non-executive directors of the Company and its subsidiaries. However, qualified persons who are also the Company's controlling shareholders or their associates may not participate in the Scheme. The options grant the right to the holder to subscribe for new ordinary shares of the Company at a discount to the market price of the share (subject to a maximum limit of 20%) or at a price equal to the average of the last dealt prices of the shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three consecutive Market Days immediately preceding the date of the grant of the option.

The Scheme is administered by the Remuneration Committee which comprises the following three directors:

1. Mr Michael Yap Kiam Siew (Chairman)
2. Mr Lee Wan Lik (resigned on 28 May 2007)
3. Mr Yap Wai Ming
4. Mr Koji Miura (appointed on 28 May 2007)

The committee has been authorised to determine the terms and conditions of the grant of the options.

During the financial year, no option was granted to controlling shareholders, key management or employees of the Company and its subsidiaries or their associates.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re–appointment.

On behalf of the directors

LEE WAN LIK	LAM PUI WAN
Director	Director

22 June 2007

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 25 to 59 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2007 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

LEE WAN LIK	LAM PUI WAN
Director	Director

22 June 2007

INDEPENDENT AUDITORS' REPORT

To the members of Azeus Systems Holdings Ltd.

We have audited the accompanying financial statements of Azeus Systems Holdings Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 25 to 59, which comprise the balance sheets of the Company and of the Group as at 31 March 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 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 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 opinion.

Opinion

In our opinion, the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards and present fairly, in all material respects, the state of affairs of the Company and of the Group as at 31 March 2007, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 22 June 2007

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2007

	Notes	**2007 HK$'000**	2006 HK$'000
Sales	4	**92,300**	85,959
Cost of sales		**(56,799)**	(43,863)
Gross profit		**35,501**	42,096
Other gains - net	4	**2,288**	2,051
Expenses			
- Selling and marketing		**(8,924)**	(7,506)
- Administrative		**(15,388)**	(16,788)
Profit before income tax		**13,477**	19,853
Income tax expense	7	**(2,807)**	(4,191)
Net profit		**10,670**	15,662
Attributable to:			
Equity holders of the Company		**10,670**	15,662
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents)			
- Basic	8	**3.56**	5.22
- Diluted	8	**3.56**	5.22

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

At at 31 March 2007

	Notes	The Group 2007 HK$'000	The Group 2006 HK$'000	The Company 2007 HK$'000	The Company 2006 HK$'000
ASSETS					
Current assets					
Cash and cash equivalents	9	**75,624**	59,822	**615**	5,405
Trade and other receivables	10	**21,492**	8,174	**69,458**	74,826
Unbilled revenue on service contracts	12	**21,277**	55,625	**–**	–
Inventories	13	**–**	3,146	**–**	–
Current income tax assets	7	**1,318**	–	**–**	–
		119,711	126,767	**70,073**	80,231
Non-current assets					
Available-for-sale financial assets	14	**4,191**	4,151	**–**	–
Investments in subsidiaries	15	**–**	–	**46,054**	40,571
Property, plant and equipment	16	**1,145**	1,402	**–**	–
Intangible asset	17	**–**	–	**–**	–
Deferred income tax assets	20	**–**	212	**–**	–
		5,336	5,765	**46,054**	40,571
Total assets		**125,047**	132,532	**116,127**	120,802
LIABILITIES					
Current liabilities					
Trade and other payables	18	**8,580**	11,310	**749**	625
Current income tax liabilities	7	**–**	1,478	**–**	–
		8,580	12,788	**749**	625
Non-current liabilities					
Provision for retirement benefit	19	**329**	34	**–**	–
Deferred income tax liabilities	20	**–**	130	**–**	–
		329	164	**–**	–
Total liabilities		**8,909**	12,952	**749**	625
NET ASSETS		**116,138**	119,580	**115,378**	120,177
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	**46,800**	46,800	**46,800**	46,800
Share premium		**56,489**	56,489	**56,726**	56,726
Foreign currency translation reserve		**132**	41	**–**	–
Other reserves	22	**482**	(69)	**–**	–
Retained earnings	23	**12,235**	16,319	**11,852**	16,651
Total equity		**116,138**	119,580	**115,378**	120,177

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2007

	Notes	Share Capital HK$'000	Share Premium HK$'000	Foreign Currency Translation Reserve HK$'000	Statutory Reserve HK$'000	Other Reserves HK$'000	Retained Profits HK$'000	Total HK$'000
2007								
Beginning of financial year		46,800	56,489	41	–	(69)	16,319	119,580
Currency translation differences		–	–	91	–	–	–	91
Fair value gain on available-for-sale financial assets	22	–	–	–	–	40	–	40
Net gains recognised directly in equity		–	–	91	–	40	–	131
Net profit		–	–	–	–	–	10,670	10,670
Total recognised gains		**–**	**–**	**91**	**–**	**40**	**10,670**	**10,801**
Employee share-based payment costs	22	–	–	–	–	511	–	511
Dividend relating to 2006 paid	24	–	–	–	–	–	(14,754)	(14,754)
End of financial year		**46,800**	**56,489**	**132**	**–**	**482**	**12,235**	**116,138**
2006								
Beginning of financial year		46,800	56,489	(7)	112	(439)	14,300	117,255
Currency translation difference		–	–	48	–	–	–	48
Transfer from other reserve to retained earnings		–	–	–	(112)	–	112	–
Fair value loss on available-for-sale financial assets	22	–	–	–	–	(95)	–	(95)
Net gains/(losses) recognised directly in equity		–	–	48	(112)	(95)	112	(47)
Net profit		–	–	–	–	–	15,662	15,662
Total recognised gains/(losses)		**–**	**–**	**48**	**(112)**	**(95)**	**15,774**	**15,615**
Employee share-based payment costs	22	–	–	–	–	465	–	465
Dividend relating to 2005 paid	24	–	–	–	–	–	(13,755)	(13,755)
End of financial year		**46,800**	**56,489**	**41**	**–**	**(69)**	**16,319**	**119,580**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Cash flows from operating activities			
Total profit		**10,670**	15,662
Adjustments for:			
Income tax		**2,807**	4,191
Depreciation of property, plant and equipment		**641**	878
Impairment loss on goodwill		**–**	939
Interest income		**(1,672)**	(1,602)
Dividend income		**(40)**	(171)
Employee share-based payment costs		**511**	465
Retirement benefit plan		**283**	64
Translation differences		**59**	(23)
Operating cash flow before working capital changes		**13,259**	20,403
Changes in operating assets and liabilities			
Trade and other receivables		**(13,318)**	(5,485)
Unbilled revenue on service contracts		**34,348**	(31,055)
Inventories		**3,146**	160
Trade payables and other payables		**(2,730)**	4,545
Cash generated from/(used in) operations		**34,705**	(11,432)
Income tax paid		**(5,531)**	(1,135)
Provision for retirement benefit		**–**	34
Net cash generated from/(used in) operating activities		**29,174**	(12,533)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(330)**	(741)
Decrease in pledged bank deposits		**–**	1,500
Interest received		**1,672**	1,602
Dividend received		**40**	171
Net cash generated from investing activities		**1,382**	2,532
Cash flows from financing activities			
Dividends paid to shareholders		**(14,754)**	(13,755)
Net cash used in financing activities		**(14,754)**	(13,755)
Net increase/(decrease) in cash and cash equivalents held		**15,802**	(23,756)
Cash and cash equivalents at beginning of financial year	9	**59,822**	83,578
Cash and cash equivalents at end of financial year	9	**75,624**	59,822

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Azeus Systems Holdings Ltd. (the "Company") is incorporated as an exempt company with limited liability under the Companies Act 1981 of Bermuda with registered office at Canon's Court, 22 Victoria Street, Hamilton HM1, Bermuda. The principal place of business of the Company is 33rd Floor, Cambridge House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

The Company is listed on the Singapore Exchange.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 15.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements, which are expressed in Hong Kong dollars, have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

On 1 April 2006, the Group adopted the new or revised FRS and Interpretations of FRS (INT FRS) that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the new or revised FRS and INT FRS that are relevant to the Group:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
FRS 32 (Amendment)	Financial Instruments: Disclosures and Presentation
FRS 39 (Amendment)	Financial Instruments: Recognition and Measurement - Financial Guarantee Contracts
INT FRS 104	Determining whether an Arrangement Contains a Lease

The adoption of the above new or revised FRS or INT FRS did not result in any substantial changes to the Group's accounting policies.

2. Significant accounting policies (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Service contracts

A service contract is a contract specifically negotiated for the provision of IT services, including sales of hardware and software products as required under the relevant contract terms.

When the outcome of a service contract can be estimated reliably, contract revenue for the provision of IT services is recognised by using the stage of completion method. The stage of completion is measured by reference to the percentage of actual time costs incurred to date to estimated total time costs. When the outcome of a service contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable.

Contract costs are recognised when incurred. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract and are presented as inventories or unbilled revenue on service contracts depending on their nature.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as unbilled revenue on service contracts in the balance sheet. Where progress billings exceeds costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on service contracts.

(b) Maintenance fees

Maintenance fees are recognised pro-rata over the period of maintenance. Fees relating to future periods are treated as advances from customers within "trade and other payables" in the balance sheet.

(c) Support services fees and business process outsourcing fees

Support service fees and business process outsourcing fees are recognised when the services are rendered.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(d) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at its original effective interest rate of the instrument and continues amortising the discount as interest income on the recoverable amount.

(e) Dividend income

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

2.3 Group accounting

Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of a subsidiary during the financial year. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. Please refer to Note 2.5 for the accounting policy on goodwill on acquisitions of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Please refer to Note 2.8 for the Company's accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.18).

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold improvements and furniture and fixtures	3 – 5 years
Office equipment	2 – 5 years
Computer equipment	3 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings.

2.5 Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of the identifiable net assets of the acquired subsidiaries at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill recognised separately as intangible assets is tested at least annually for impairment and carried at cost less accumulated impairment losses (Note 2.18).

Gains and losses on the disposal of the subsidiaries include the carrying amount of goodwill relating to the entity sold.

2. Significant accounting policies (continued)

2.6 Investments in financial assets

(a) Classification

The Group classifies its investments in financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to that asset is also taken to the income statement.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.6 Investments in financial assets (continued)

(d) Subsequent measurement (continued)

Changes in the fair value of monetary assets denominated in a foreign currency and classified as available-for-sale are analysed into translation differences resulting from changes in amortised cost of the asset and other changes. The translation differences are recognised in the income statement, and other changes are recognised in the fair value reserve within equity. Changes in fair values of other monetary and non-monetary assets that are classified as available-for-sale are recognised in the fair value reserve within equity.

Interest on available-for-sale financial assets, calculated using the effective interest method, is recognised in the income statement. Dividends on available-for-sale equity securities are recognised in the income statement when the Group's right to receive payment is established. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in the fair value reserve within equity are included in the income statement as "gains and losses from investment securities".

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the income statement within "Administrative expenses".

(ii) Available-for-sale financial assets

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is removed from the fair value reserve within equity and recognised in the income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in income statement.

2. Significant accounting policies (continued)

2.6 Investments in financial assets (continued)

(e) Impairment (continued)

(ii) Available-for-sale financial assets (continued)

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through the income statement. However, impairment losses recognised in the income statement on equity instruments classified as available-for-sale financial assets are not reversed through the income statement.

2.7 Inventories

Inventories comprise hardware and software products to be used in IT projects under the relevant contract terms and are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses (Note 2.18) in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts of the investments are taken to the income statement.

2.9 Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

2.10 Operating leases - lessee

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.11 Income taxes

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for all deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

2. Significant accounting policies (continued)

2.11 Income taxes (continued)

Deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at:

(i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date; and

(ii) the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in the income statement for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.12 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the mandatory provident fund scheme in Hong Kong on a mandatory, contractual or voluntary basis. The Group has no future payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(c) Defined benefit plans

The Group has a pension plan for employees of its subsidiary in accordance with the local conditions and practices in the Philippines. The plan is generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

2. Significant accounting policies (continued)

2.12 Employee benefits (continued)

(c) Defined benefit plans (continued)

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustment for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually using the projected unit credit method by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are recognised in the income statement over the employees' expected average remaining working lives.

Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(d) Share grant

A controlling shareholder has implemented a share grant incentive scheme for certain key employees. Under this incentive, the managing director and controlling shareholder will transfer ordinary shares from his personal shareholding to such employees from time to time. The number of shares to be transferred and the terms of such transfers will be in his absolute discretion, and entitled employees will be providing no, nominal or discounted consideration for such transfers.

The fair value of the employee services received in exchange for the grant of the shares from the controlling shareholder is recognised as an expense in the income statement with a corresponding increase in the reserve on the date of grant. The fair value of the employee services received is determined from the quoted market value of the shares granted in consideration of the services performed at the date of the grant. The shares vest immediately upon being granted.

(e) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2. Significant accounting policies (continued)

2.13 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements of the Group and the Company are presented in Hong Kong Dollars, which is the Company's functional currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currencies classified as available-for-sale are analysed into currency translation differences on the amortised cost of the securities, and other changes. Currency translation differences on the amortised cost are recognised in the income statement, and other changes are recognised in fair value reserve within equity.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on non-monetary items, whereby the gain or loss are recognised in the income statement, such as equity investments held at fair value through profit or loss, are reported as part of the fair value gain or loss in "other gains – net". Currency translation differences on non-monetary items whereby the gains or losses are recognised directly in equity, such as equity investments classified as available-for-sale financial assets, investment properties and property, plant and equipment are included in the fair value reserve and asset revaluation reserve respectively.

(c) Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

2. Significant accounting policies (continued)

2.13 Foreign currency translation (continued)

(c) Translation of Group entities' financial statements (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 April 2005 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisitions prior to 1 April 2005, the exchange rates at the dates of acquisition were used.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of shares, are taken to equity as deduction, net of tax from the proceeds.

2.16 Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.17 Fair value estimation

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying amount of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values. The fair value of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2. Significant accounting policies (continued)

2.18 Impairment of assets

(a) *Goodwill*

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units (CGU) expected to benefit from synergies of the business combination.

An impairment loss is recognised in the income statement when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Impairment loss on goodwill is not reversed in a subsequent period.

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

3. Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3.1 Revenue recognition

The Group recognises contract revenue for provision of IT services based on the stage of completion method. The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contract.

Significant judgement is required in determining the estimated total contract costs. In making the judgement, the Group evaluates by relying on past experience and the work of specialists. If the estimated stage of completion differs by 5% from management's estimates, the Group's revenue will be reduced/increased by approximately HK$1.8 million.

4. Revenue

	The Group	
	2007 **HK$'000**	2006 HK$'000
IT services, including sales of hardware and software	**69,767**	70,304
Maintenance and support services	**14,646**	10,240
Business process outsourcing	**7,887**	5,415
Total sales	**92,300**	85,959
Interest income	**1,672**	1,602
Dividend income	**40**	171
Net foreign exchange gain	**576**	278
Other gains - net	**2,288**	2,051
	94,588	88,010

5. Expenses by nature

	The Group	
	2007 HK$'000	2006 HK$'000
Hardware and software	**13,233**	7,637
Depreciation of property, plant and equipment (Note 16)	**641**	878
Non-audit fees - other auditors*	**–**	20
Employee benefits expenses (Note 6)	**50,662**	44,361
Rental expense - operating leases	**2,291**	2,518
Impairment loss on goodwill	**–**	939
Legal and professional fees	**1,251**	1,013
Repairs and maintenance	**1,315**	1,241
Changes in inventories	**3,146**	160
Licences	**3,966**	795
Other expenses	**4,606**	8,595
Total cost of sales, selling and marketing and administrative expenses	**81,111**	68,157

* Includes other members of the worldwide PricewaterhouseCoopers organisation.

6. Employee benefits (Including Directors' remuneration)

	The Group	
	2007 HK$'000	2006 HK$'000
Wages and salaries	**46,808**	41,134
Employer's contribution to defined contribution plans	**3,087**	2,668
(Write-back)/provision for unutilised annual leave	**(144)**	30
Employee share-based payment costs (Note 22)	**511**	465
Retirement benefit cost	**283**	64
Provision for long service payment	**117**	–
	50,662	44,361

Key management personnel compensation is disclosed in Note 28(a).

7. Income taxes

(a) Income tax expense

	The Group	
	2007 **HK$'000**	2006 HK$'000
Tax expense attributable to profit is made up of:		
Current income tax – foreign	**2,769**	4,233
Deferred income tax (Note 20)	**202**	(14)
	2,971	4,219
Under/(over) provision in preceding financial years		
- current income tax - foreign	**(34)**	(28)
- deferred income tax (Note 20)	**(130)**	–
	2,807	4,191

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/loss of the consolidated companies is as explained below:

	The Group	
	2007 **HK$'000**	2006 HK$'000
Profit before tax	**13,477**	19,853
Tax calculated at domestic tax rates applicable to profits in the respective countries	**2,817**	3,906
Effects of change in tax rates	**(18)**	(8)
Income not subject to tax	**(290)**	(172)
Expenses not deductible for tax purposes	**9**	40
Temporary differences not recognised	**159**	421
De-recognition of deferred income tax assets	**202**	–
Other	**92**	32
Tax charge	**2,971**	4,219

The weighted average applicable tax rate was 21.0% (2006: 19.7%).

7. Income taxes (continued)

(b) Movements in current income tax (assets)/liabilities

	The Group	
	2007	2006
	HK$'000	HK$'000
Beginning of financial year	**1,478**	(1,563)
Currency translation differences	**–**	(29)
Income tax paid	**(5,531)**	(1,135)
Tax expense on profit for the current financial year	**2,769**	4,233
Over provision in preceding financial years	**(34)**	(28)
End of financial year	**(1,318)**	1,478

8. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	The Group	
	2007	2006
Net profit attributable to equity holders of the Company (HK$'000)	**10,670**	15,662
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**300,000**	300,000
Basic earnings per share (HK cents)	**3.56**	5.22
Diluted earnings per share (HK cents)	**3.56**	5.22

Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares at 31 March 2007 and 31 March 2006.

9. Cash and cash equivalents

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and on hand	**30,570**	15,295	**615**	5,405
Short-term bank deposits	**45,054**	44,527	**–**	–
	75,624	59,822	**615**	5,405

At the balance sheet date, the carrying amounts of cash and cash equivalents approximated their fair values.

9. Cash and cash equivalents (continued)

Cash and cash equivalents were denominated in the following currencies:

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong Dollar	**28,959**	15,375	**107**	124
United States Dollar	**44,531**	39,035	**405**	4,384
Singapore Dollar	**1,284**	3,610	**103**	897
Other	**850**	1,802	**–**	–
	75,624	59,822	**615**	5,405

Short-term bank deposits at the balance sheet date had an average maturity of 20 days (2006: 23 days) from the end of the financial year with the following weighted average effective interest rates:

	The Group		The Company	
	2007	2006	**2007**	2006
	%	%	**%**	$
Hong Kong Dollar	**3.0**	3.7	**–**	–
Singapore Dollar	**–**	1.5	**–**	–
United States Dollar	**5.0**	4.3	**–**	–

10. Trade and other receivables

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**18,088**	4,895	**–**	–
Amount due from subsidiaries – non-trade (Note 11)	**–**	–	**69,458**	74,826
Other receivables, prepayments and deposits	**3,404**	3,279	**–**	–
	21,492	8,174	**69,458**	74,826

Trade and other receivables are mainly denominated in Hong Kong Dollars.

At the balance sheet date, the carrying amounts of trade and other receivables approximated their fair values.

11. Amounts due from/to subsidiaries

The non-trade amounts due from/to subsidiaries are unsecured, interest-free and are repayable on demand.

12. Unbilled revenue on service contracts

	The Group	
	2007	2006
	HK$'000	HK$'000
Aggregate contract costs incurred and recognised profits (less recognised losses) to date	**143,400**	86,146
Less: Progress billings	**(122,123)**	(30,521)
	21,277	55,625

13. Inventories

	The Group	
	2007	2006
	HK$'000	HK$'000
Hardware and software	**–**	3,146

The cost of inventories used for IT services recognised as expense and included in cost of sales amounted to HK$16,379,000 (2006: HK$7,797,000).

14. Available-for-sale financial assets

	The Group	
	2007	2006
	HK$'000	HK$'000
Beginning of financial year	**4,151**	4,246
Fair value gains/(losses) recognised in equity (Note 22)	**40**	(95)
At end of financial year	**4,191**	4,151

The available-for-sale financial assets of HK$4,191,000 (2006: HK$4,151,000) have been pledged as security for the performance bonds issued by a bank on behalf of the Group amounting to HK$4,467,000 (2006: HK$4,467,000).

15. Investments in subsidiaries

	The Company	
	2007 **HK$'000**	2006 HK$'000
Equity investments at cost		
Beginning of financial year	**41,510**	41,510
Additional investment in subsidiary	**8,000**	–
Less: Allowance for impairment	**(3,456)**	(939)
End of financial year	**46,054**	40,571

Impairment charge pertaining to the investment in a subsidiary, BIGontheNet Pte Ltd, of HK$3,456,000 (2006: HK$939,000) was included in administrative expenses in the income statement of the Company. The impairment charge arose as the subsidiary incurred losses in the current financial year, causing its estimated recoverable amount to decrease below its carrying amount. The recoverable amount of the asset is its fair value less costs to sell. Fair value less costs to sell is determined by reference to the net amount receivable from the realisation of the subsidiary's assets and the settlement of its liabilities at the end of the financial year.

On 22 March 2007, the Company injected additional capital of HK$8,000,000 into Azeus Systems Limited.

15. Investments in subsidiaries (continued)

The principal activities of subsidiaries together with information on their places of incorporation and equity interest held by the Group are shown below:

Name	Place of incorporation	Principal activities	Issued and paid-up capital 2007	Issued and paid-up capital 2006	Percentage of equity held 2007 and 2006
Held by the Company					
Azeus Systems Limited (a)	Hong Kong	IT consulting, project management and systems implementation	HK$10,000,000	HK$2,000,000	100 %
Azeus Systems Manila BVI (b)	British Virgin Islands	Investment holding	US$50,000	US$50,000	100 %
BIGontheNet Pte Ltd (c)	Singapore	IT consulting	S$500,000	S$500,000	100 %
Held by the subsidiaries					
Azeus Systems Philippines, Inc. (d)	Philippines	Software development	Peso 1,000,000	Peso 1,000,000	100 %
Azeus Systems (Dalian) Co., Ltd (e)	People's Republic of China	Software development	US$100,000	US$100,000	100 %

(a) Audited by PricewaterhouseCoopers, Hong Kong.
(b) Not required to be audited under the laws of the country of incorporation.
(c) Audited by PricewaterhouseCoopers, Singapore.
(d) Audited by PricewaterhouseCoopers, Philippines.
(e) Financial year ends on 31 December and audited by Liaoning Mingke Certified Public Accountants Co., Ltd 辽宁明科会计师事务所有限公司, a local audit firm in the Peoples' Republic of China.

16. Property, plant and equipment

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Computer equipment HK$'000	Total HK$'000
The Group					
Cost					
At 1 April 2006	**1,122**	**1,413**	**51**	**2,858**	**5,444**
Currency translation differences	**100**	**38**	**12**	**39**	**189**
Additions	**–**	**99**	**16**	**215**	**330**
Disposals	**–**	**–**	**(30)**	**–**	**(30)**
At 31 March 2007	**1,222**	**1,550**	**49**	**3,112**	**5,933**
Accumulated depreciation					
At 1 April 2006	**607**	**1,117**	**32**	**2,286**	**4,042**
Currency translation differences	**69**	**21**	**11**	**34**	**135**
Depreciation charge	**188**	**116**	**7**	**330**	**641**
Disposals	**–**	**–**	**(30)**	**–**	**(30)**
At 31 March 2007	**864**	**1,254**	**20**	**2,650**	**4,788**
Net book value at 31 March 2007	**358**	**296**	**29**	**462**	**1,145**
The Group					
Cost					
At 1 April 2005	799	1,221	34	2,631	4,685
Currency translation differences	63	27	3	6	99
Additions	260	165	14	302	741
Disposals	–	–	–	(81)	(81)
At 31 March 2006	1,122	1,413	51	2,858	5,444
Accumulated depreciation					
At 1 April 2005	394	909	22	1,868	3,193
Currency translation differences	34	13	2	3	52
Depreciation charge	179	195	8	496	878
Disposals	–	–	–	(81)	(81)
At 31 March 2006	607	1,117	32	2,286	4,042
Net book value at 31 March 2006	515	296	19	572	1,402

17. Intangible asset

Goodwill arising on consolidation

	The Group	
	2007 HK$'000	2006 HK$'000
Cost		
Beginning and end of financial year	**939**	939
Accumulated amortisation and impairment		
Beginning of financial year	**939**	–
Impairment charge	**–**	939
End of financial year	**939**	939
Net book value	**–**	–

18. Trade and other payables

	The Group		The Company	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Trade payables	**–**	3,201	**–**	–
Other payables and accruals	**3,496**	3,311	**645**	521
Advances from customers	**5,084**	4,798	**–**	–
Amount due to a subsidiary - non-trade (Note 11)	**–**	–	**104**	104
	8,580	11,310	**749**	625

At the balance sheet date, the carrying amounts of trade and other payables approximated their fair values.

Trade and other payables were denominated in the following currencies:

	The Group		The Company	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Hong Kong Dollar	**6,926**	6,638	**–**	521
United States Dollar	**–**	3,201	**–**	–
Singapore Dollar	**754**	674	**645**	–
Other	**900**	797	**104**	104
	8,580	11,310	**749**	625

19. Provision for retirement benefit

The Group has a non-contributory retirement benefit plan (the "Plan") covering substantially all its regular employees in Philippines approved on 17 March 2006. Under the Plan, normal retirement age is 60 years. The retirement plan is intended to provide benefit payments to members with at least 3 years of credited service. The Plan provides a retirement benefit ranging from 175% to 225% of plan salary for every year of credited service.

The amounts recognised in the balance sheets at 31 March are determined as follows:

	The Group	
	2007 HK$'000	2006 HK$'000
Present value of funded benefit obligations	**2,448**	352
Fair value of plan assets	**(362)**	(330)
	2,086	22
Unrecognised actuarial (losses)/gains	**(1,757)**	12
Liability recognised in balance sheet	**329**	34

The movements in the present value of obligation are as follows:

	The Group	
	2007 HK$'000	2006 HK$'000
Beginning of financial year	**352**	287
Currency translation differences	**94**	1
Interest cost	**44**	34
Current service cost	**259**	30
Actuarial losses on obligation	**1,699**	–
End of financial year	**2,448**	352

The movements in the fair value of plan assets are as follows:

	The Group	
	2007 HK$'000	2006 HK$'000
Beginning of financial year	**330**	–
Currency translation differences	**24**	10
Expected return on plan assets	**21**	–
Contributions paid	**–**	308
Actuarial (gains)/losses on plan assets	**(13)**	12
End of financial year	**362**	330

19. Provision for retirement benefit (continued)

The amounts recognised in the income statement for the financial year ended 31 March are as follows:

	The Group	
	2007 HK$'000	2006 HK$'000
Current service cost	**259**	30
Interest cost	**44**	34
Net actuarial gain recognised during the year	**(20)**	–
	283	64

Of the total retirement benefit expense HK$257,000 (2006: HK$57,000) and HK$26,000 (2006: HK$7,000) were included in cost of sales and administrative expenses respectively.

Experience adjustment on retirement benefit obligation for the financial year ended 31 March 2007 amounted to HK$36,000.

The movements in the provision for retirement benefit are as follows:

	The Group	
	2007 HK$'000	2006 HK$'000
Beginning of financial year	**34**	287
Currency translation differences	**12**	1
Charged to income statement	**283**	64
Contributions paid	**–**	(318)
End of financial year	**329**	34

The principal actuarial assumptions used were as follows:

	2007	2006
Discount rate	**9%**	12%
Expected rate of return on plan assets	**8%**	5%
Future salary increases	**8%**	6%
Average remaining working life in years	**31.2**	32.1
Average years of past service	**6.2**	5.2

The expected return on plan assets was determined by considering the expected returns used by the local Philippines banks on projected market yields of comparable investments.

The actual return on plan assets was HK$7,000 (2006: HK$13,000).

Expected contribution to the plan for the financial year ended 31 March 2008 is HK$516,000.

20. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	The Group	
	2007 HK$'000	2006 HK$'000
Deferred income tax assets:		
- to be recovered within one year	**–**	(212)
Deferred income tax liabilities:		
- to be settled within one year	**–**	130
	–	(82)

Deferred income taxes are calculated in full on temporary differences under the liability method using the principal tax rate of the respective countries in which the Group operates.

The movement on the deferred income tax account is as follows:

	The Group	
	2007 HK$'000	2006 HK$'000
Beginning of financial year	**(82)**	(68)
Currency translation differences	**10**	–
Charged/(credited) to income statement	**72**	(14)
End of financial year	**–**	(82)

20. Deferred income taxes (continued)

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

Group - Deferred income tax liabilities

	Accelerated tax depreciation HK$'000
2007	
Beginning of financial year	**130**
Credited to income statement	**(130)**
End of financial year	**–**
2006	
Beginning of financial year	130
Charged to income statement	–
End of financial year	130

Group - Deferred income tax assets

	Tax losses HK$'000	**Retirement benefit HK$'000**	**Total HK$'000**
2007			
Beginning of financial year	**(110)**	**(102)**	**(212)**
Currency translation differences	**5**	**5**	**10**
Charged to income statement	**105**	**97**	**202**
End of financial year	**–**	**–**	**–**
2006			
Beginning of financial year	(96)	(102)	(198)
Credited to income statement	(14)	–	(14)
End of financial year	(110)	(102)	(212)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group had unrecognised tax losses of HK$281,139 (2006: HK$1,516,702) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by the company with unrecognised tax losses in its respective country of incorporation, and are available to be carried forward for the next five financial years in accordance with the relevant tax law of the country in which this company operates.

21. Share capital

	Issued share capital	
	No. of shares '000	HK$'000
2007 and 2006		
Beginning and end of financial year	300,000	46,800

The total authorised number of ordinary shares is 400 million shares (2006: 400 million shares) with a par value of US$0.02 per share (2006: US$0.02 per share). All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

22. Other reserves

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
(a) Composition:				
Fair value reserve	**(494)**	(534)	**–**	–
Employee share-based payment reserve	**976**	465	**–**	–
	482	(69)	**–**	–
(b) Movements:				
(i) Fair value reserve				
Beginning of financial year	**(534)**	(439)	**–**	–
Fair value gains/(losses) on available-for-sale financial assets (Note 14)	**40**	(95)	**–**	–
End of financial year	**(494)**	(534)	**–**	–
(ii) Employee share-based payment reserve				
Beginning of financial year	**465**	–	**–**	–
Employee share-based payment costs (Note 6)	**511**	465	**–**	–
End of financial year	**976**	465	**–**	–

The employee share-based payment costs relates to share-based payments during the financial year pursuant to a share grant incentive for certain key employees which is implemented by the controlling shareholder to reward these employees (see Note 2.12(d)). During the financial year, the controlling shareholder transferred 1,483,097 shares (2006: 915,445 shares) from his personal shareholdings to the employees, at a weighted average price of HK$0.34 (2006: HK$0.50) per share.

23. Retained earnings

Movements in retained earnings for the Company are as follows:

	The Company	
	2007 HK$'000	2006 HK$'000
Beginning of financial year	**16,651**	13,920
Dividends paid (Note 24)	**(14,754)**	(13,755)
Net profit for financial year	**9,955**	16,486
End of financial year	**11,852**	16,651

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

24. Dividends

	The Group and The Company	
	2007 HK$	2006 HK$
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of HK4.90 cents (2006: HK4.60 cents) per share	**14,754**	13,755

At the Annual General Meeting on 27 July 2007, a final dividend of HK3.56 cents per share amounting to a total of HK$10.7 million will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 March 2008.

25. Commitments

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	The Group	
	2007 HK$'000	2006 HK$'000
Not later than 1 year	**1,222**	2,400
Later than 1 year but not later than 5 years	**98**	1,404
	1,320	3,804

26. Financial risk management

Financial risk factors

The Group's exposures to financial risks are set out below.

(i) Foreign exchange risk

The Group operates mainly in Hong Kong, and its major transactions are denominated in Hong Kong Dollar. The Group also operates a separate cost centre in the Philippines, where its transactions are mainly denominated in Philippine Peso.

Hence, the Group is exposed to currency translation risk in respect of the net assets of its foreign subsidiaries. Currency exposure of the net assets of the Group is minimal.

(ii) Interest rate risk

The income and operating cash flows of the Group are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets except for short-term bank deposits (Note 9). The Group also has no significant interest-bearing liabilities.

(iii) Credit risk

The customers of the Group are mainly from the Hong Kong public sector. The Group has policies in place to ensure that the terms of the contract are agreed with the customers to minimise disputes on the amounts billed.

(iv) Liquidity risk

The liquidity risk of the Group is minimal as it maintains sufficient liquid funds without using bank or other borrowings.

27. Immediate and ultimate holding corporation

The Company's immediate and ultimate holding corporation is Mu Xia Ltd., incorporated in Bermuda.

28. Related party transactions

In addition to the related party information shown elsewhere in the financial statements of the Group, the following significant transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

(a) Key management personnel compensation

The key management personnel compensation is as follows:

	The Group	
	2007	2006
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**3,584**	4,551
Post-employment benefits	**125**	109
Share based compensation	**165**	126
	3,874	4,786

The total compensation paid/payable to directors of the Company included in above amounted to HK$1,120,000 (2006: HK$1,060,000).

(b) Provision of legal services

Legal fees amounting to approximately HK$82,000 (2006: HK$145,000) were paid to a firm in which a director of the Company is also a director for services provided in relation to general legal advice and corporate secretarial services rendered to the Group.

29. Segmental information

As the activities of the Group are substantially in the information technology services industry with no significant differing risks and returns and therefore, reporting by industry segment is not applicable. As the Group's sales are predominantly derived in Hong Kong, there is no geographical segment information presented.

30. New accounting standards

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2007 or later periods which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below.

(a) *FRS 107, Financial Instruments: Disclosures, and a complementary Amendment to FRS 1, Presentation of Financial Statements – Capital Disclosures*

The Group will be adopting FRS 107 for its financial year ending 31 March 2008.

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including minimum disclosures about credit risk, liquidity risk and market risk (including sensitivity analysis to market risk). It replaces the disclosure requirements in FRS 32, Financial Instruments: Disclosure and Presentation.

The amendment to FRS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group has assessed the impact of FRS 107 and the amendment to FRS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of FRS 1.

(b) *FRS 108, Operating Segments*

FRS 108 requires an equity to report financial and descriptive information about its reportable segments. It replaces FRS 14 *Segment Reporting*. The Group will be adopting FRS 108 for its financial year ending 31 March 2010, but is not expected to have any impact on the Group's financial statements.

31. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Azeus Systems Holdings Ltd. on 22 June 2007.

STATISTICS OF SHAREHOLDINGS

As at 22 June 2007

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	0	0.00	0	0.00
1,000 – 10,000	355	51.98	1,763,000	0.59
10,001 – 1,000,000	315	46.12	29,054,542	9.68
1,000,001 AND ABOVE	13	1.90	269,182,458	89.73
TOTAL	683	100.00	300,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MU XIA LTD	153,000,000	51.00
2	LEE WAN LIK	80,948,458	26.98
3	LAM PUI WAN	14,000,000	4.67
4	KHOO TEIK LIANG	4,264,000	1.42
5	LIM & TAN SECURITIES PTE LTD	2,650,000	0.88
6	CHIN HIN INVESTMENTS PTE LTD	2,616,000	0.87
7	NOMURA SINGAPORE LIMITED	2,100,000	0.70
8	LIM GUAN CHIANG ALBERT	2,066,000	0.69
9	DBS NOMINEES PTE LTD	1,936,000	0.65
10	UOB KAY HIAN PTE LTD	1,718,000	0.57
11	AVTRADE TRADING PTE LTD	1,375,000	0.46
12	HSBC (SINGAPORE) NOMINEES PTE LTD	1,255,000	0.42
13	PHILLIP SECURITIES PTE LTD	1,254,000	0.42
14	CHOOI SIEW THIM	800,000	0.27
15	TAN JUI YAK	759,000	0.25
16	DBS VICKERS SECURITIES (S) PTE LTD	703,000	0.23
17	YAP SOH MOOI	684,000	0.23
18	CITIBANK NOMINEES SINGAPORE PTE LTD	682,000	0.23
19	LIM GUAN TECK	662,000	0.22
20	THAM WAI FONG	617,000	0.21
	TOTAL	274,089,458	91.37

As at 22 June 2007

SUBSTANTIAL SHAREHOLDERS

As at 22 June 2007 (as recorded in the Register of Substantial Shareholders)

NAME	NO. OF SHARES HELD AS DIRECT	NO. OF SHARES HELD AS DEEMED
Mr Lee Wan Lik	80,948,458	153,000,000
Ms Lam Pui Wan	14,000,000	153,000,000
Mu Xia Ltd.	153,000,000	–

Mr Lee Wan Lik and Ms Lam Pui Wan, holding shareholding interests of 10% and 90% respectively in Mu Xia Ltd., are deemed interested in the 153,000,000 shares held by Mu Xia Ltd..

PUBLIC FLOAT

Based on the information available to the Company as at 22 June 2007, approximately 17.35% of the issued ordinary shares of the Company is held by the public. The Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 10.00am on Friday, 27 July 2007 at Ballroom 4, Level 2, Sheraton Towers Singapore, 39 Scotts Road, Singapore 228230 to transact the following business:-

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 March 2007 and the Auditors' Report thereon.

   [Resolution 1]

2. To declare a first and final dividend of 3.56 Hong Kong Cents per ordinary share for the financial year ended 31 March 2007.

   [Resolution 2]

3. To re-elect Mr Koji Miura being a Director who retires by rotation pursuant to Bye-Law 104 of the Company's Bye-Laws.

   [Resolution 3]

4. To note the retirement of Mr Yap Wai Ming being a Director who retires by rotation pursuant to Bye-Law 104 of the Company's Bye-Law and who being eligible would not be seeking for re-election pursuant to Bye-Law 105(iv) of the of the Company's Bye-Laws.

5. To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration.

   [Resolution 4]

6. To approve the payment of Directors' Fees of S$75,000.00 for the financial year ended 31 March 2007.

   [Resolution 5]

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:-

7. That pursuant to Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue whether by way of rights, bonus or otherwise (i) shares; (ii) convertible securities; (iii) additional convertible securities (where an adjustment to the number of convertible securities to which a holder is originally entitled to, is necessary as a result of any rights, bonus or other capitalization issues by the Company), notwithstanding that such authority may have ceased to be in force at the time such additional convertible securities are issued, provided that the adjustment does not give the holder of the convertible securities a benefit that a shareholder does not receive; and/or (iv) shares arising from the conversion of securities in (ii) and additional convertible securities in (iii) above, notwithstanding that such authority may have ceased to be in force at the time the shares are to be issued, and any such issue may be made at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, PROVIDED THAT:-

   (i) the aggregate number of shares and convertible securities to be issued pursuant to this resolution shall not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the issued share capital of the Company; and

(ii) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of this resolution, the percentage of the issued share capital shall be based on the Company's issued share capital at the time this resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities; and

(b) any subsequent consolidation or subdivision of the Company's shares,

and, further unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is require by law to be held, whichever is the earlier. *[See Explanatory Note (i)]*

[Resolution 6]

8. Authority to allot and issue shares under the Azeus Employee Share Option Scheme

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Azeus Employee Share Option Scheme ("Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total issued share capital of the Company from time to time. [See Explanatory Note (ii)]

[Resolution 7]

9. To transact any other business that may be properly transacted at an Annual General Meeting.

By Order of the Board

Paul Michael Fitzgerald / Lean Min-tze
Joint Company Secretaries
Singapore
9 July 2007

Explanatory Notes:

(i) Resolution 6, if passed, will authorise the Directors of the Company to allot and issue shares and convertible securities in the capital of the Company up to an amount not exceeding 50% of the Company's issued share capital with an aggregate sub-limit of 20% of the Company's share capital issued other than on a pro rata basis to shareholders of the Company. The Company cannot rely on the authority given under Resolution 6 for an issue of convertible securities if the maximum number of shares to be issued upon conversion cannot be determined at the time of issue of the convertible securities.

(ii) Resolution 7, if passed, will authorise the Directors to offer and grant options in accordance with the provisions of the Azeus Employee Share Option Scheme ("Scheme") and to allot and issue shares under the Scheme up to an amount not exceeding 15% of the total issued ordinary share capital of the Company from time to time.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 7 August 2007 for the purpose of determining Members' entitlements to the proposed first and final dividend of 3.56 Hong Kong Cents per ordinary share for the financial year ended 31 March 2007 (the "Proposed Final Dividend").

Duly completed registrable transfers in respect of shares in the Company received up to the close of business at 5.00 p.m. on 6 August 2007 by the Company's Share Registrar, Lim Associates (Pte.) Ltd, 3 Church Street, #08-01 Samsung Hub, Singapore 049483 will be registered to determine members' entitlements to the Proposed Final Dividend. Members whose securities accounts with the Central Depository (Pte.) Ltd are credited with shares in the Company as at 5.00 p.m. on 6 August 2007, will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved by members at the forthcoming Annual General Meeting to be held on 27 July 2007, will be paid on 24 August 2007.

Notes:

1. A member entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote on his behalf and where a member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the office of the Company's Share Transfer Agent, Lim Associates (Pte.) Ltd at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, not less than 48 hours before the time set for the holding of the Annual General Meeting.

2. If a Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) wishes to attend and vote at the Annual General Meeting, then he/she/it should complete the Proxy Form and deposit the duly completed Proxy Form at the office at the Singapore Share Transfer Agent, Lim Associates (Pte.) Ltd at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, at least forty-eight (48) hours before the time of the Annual General Meeting.

3. If a Depositor wishes to appoint a proxy/proxies, then the Proxy Form must be signed and deposited at the office of the Singapore Share Transfer Agent, Lim Associates (Pte) Ltd at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, at least forty-eight (48) hours before the time of the Annual General Meeting.

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