



FlexSystem Holdings Limited
(incorporated in the Cayman Islands with limited liability)
(Stock code: 8050)

**RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2009**

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

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

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

CHAIRMAN'S STATEMENT

I am pleased to present the result of FlexSystem Holdings Limited for the year 2009.

Business Review

2008/09 was a challenging year. After a long period of economic growth in Hong Kong, we are now operating in a difficult business environment by the deepening global financial crisis and uncertainty of the economic recovery. The Group business performed satisfactorily in the first three quarters, but was adversely affected in the fourth quarter by the deteriorating economic conditions. The slowdown of market activities and diminishing enterprise IT expenditure has made an impact on our core business which resulted in lower client orders and lower profit margin.

Although the economic downturn continued and even worsened, we were nevertheless seeking for taking advantages to expand our software development capabilities. After a year in recruiting and training new workforce for our research and development team and the breakthrough of software development technologies, the Group's production capacity grew significantly, leading to the initial stage of software industrialization. We expected numerous software applications could be produced within a short period of time by the strengthened software development capabilities.

Furthermore, I am pleased to report that we have successfully development the new version of Human Resources Management System. With comprehensive function and feature, the new system would be enabled to fulfill different kinds of HR requirements for the small, medium or even large-scale enterprises in these challenging times.

Final Dividend

The board of directors does not recommend a final dividend payment for the year ended 31 March 2009.

Outlook

Without any signs of economic recovery, software developers in Hong Kong IT market are expected to be under challenges in the year ahead. The Group remains committed to develop high quality enterprise management software and excellent customer service in order to ensure a robust future when the recovery cycle begins.

Finally, I would like to take this opportunity to express my thanks to all my fellow directors and staff to their continuous support and contribution.

Lok Wai Man
Chairman

Hong Kong, 23 June 2009

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

The board of directors (the “Board”) of FlexSystem Holdings Limited (“FlexSystem” or the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2009, together with the comparative figures for the last corresponding year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	<i>Note</i>	2009 HK\$'000	2008 <i>HK\$'000</i>
Revenue	3	97,149	100,702
Cost of sales		<u>(30,879)</u>	<u>(26,028)</u>
Gross profit		66,270	74,674
Other income	4	531	754
Share of profit of an associate		175	–
Distribution costs		(21,577)	(18,964)
Administrative expenses		(39,483)	(36,094)
Other operating expenses		<u>(2,739)</u>	<u>(1,344)</u>
Profit before income tax		3,177	19,026
Income tax	6	<u>202</u>	<u>1,225</u>
Profit for the year		<u>3,379</u>	<u>20,251</u>
Attributable to:			
Equity holders of the Company		3,360	20,038
Minority interests		<u>19</u>	<u>213</u>
		<u>3,379</u>	<u>20,251</u>
Earnings per share for profit attributable to the equity holders of the Company during the year – basic and diluted	7	<u>0.56 HK cents</u>	<u>3.34 HK cents</u>
Dividends	8	<u>–</u>	<u>3,000</u>

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	<i>Note</i>	2009 HK\$'000	2008 <i>HK\$'000</i>
Non-current assets			
Leasehold land and land use rights		12,108	12,425
Property, plant and equipment		11,602	13,157
Investments in associates		1,119	390
Investment in a jointly-controlled entity		–	–
Available-for-sale financial assets		358	676
Amounts due from investee companies		–	–
		<u>25,187</u>	<u>26,648</u>
Current assets			
Inventories		834	1,083
Trade and other receivables	9	17,552	18,401
Current income tax assets		663	–
Bank balances and cash		36,064	36,527
		<u>55,113</u>	<u>56,011</u>
Total assets		<u>80,300</u>	<u>82,659</u>
Current liabilities			
Trade and other payables	10	20,606	21,763
Current income tax liabilities		74	825
		<u>20,680</u>	<u>22,588</u>
Net current assets		<u>34,433</u>	<u>33,423</u>
Total assets less current liabilities		<u>59,620</u>	<u>60,071</u>
Non-current liabilities			
Deferred income tax liabilities		124	636
Net assets		<u>59,496</u>	<u>59,435</u>
Capital and reserves			
Share capital		60,000	60,000
Reserves		(1,370)	(1,412)
Capital and reserves attributable to equity holders of the Company		<u>58,630</u>	<u>58,588</u>
Minority interests		<u>866</u>	<u>847</u>
Total equity		<u>59,496</u>	<u>59,435</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Attributable to the equity holders of the Company								
	Share capital	Share premium	Merger reserve	Translation reserve	Available-for-sale investments reserve	Accumulated losses	Total reserves	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2007	60,000	83,955	(47,430)	(42)	(297)	(54,618)	(18,432)	634	42,202
Changes in fair value of available-for-sale financial assets	-	-	-	-	(14)	-	(14)	-	(14)
Currency translation differences	-	-	-	(4)	-	-	(4)	-	(4)
Total income and expense recognised directly in equity	-	-	-	(4)	(14)	-	(18)	-	(18)
Profit for the year	-	-	-	-	-	20,038	20,038	213	20,251
Total recognised income and expense for the year	-	-	-	(4)	(14)	20,038	20,020	213	20,233
Dividends paid	-	(3,000)	-	-	-	-	(3,000)	-	(3,000)
Balance at 31 March 2008 and 1 April 2008	60,000	80,955	(47,430)	(46)	(311)	(34,580)	(1,412)	847	59,435
Changes in fair value of available-for-sale financial assets	-	-	-	-	(318)	-	(318)	-	(318)
Total income and expense recognised directly in equity	-	-	-	-	(318)	-	(318)	-	(318)
Profit for the year	-	-	-	-	-	3,360	3,360	19	3,379
Total recognised income and expense for the year	-	-	-	-	(318)	3,360	3,042	19	3,061
Dividends paid	-	(3,000)	-	-	-	-	(3,000)	-	(3,000)
Balance at 31 March 2009	60,000	77,955	(47,430)	(46)	(629)	(31,220)	(1,370)	866	59,496

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATION INFORMATION

FlexSystem Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 8 May 2000 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company’s registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is situated at Block A, 4th Floor, Eastern Sea Industrial Building, 29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

The Company’s shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company and its subsidiaries (together the “Group”) are principally engaged in the development and sale of enterprise software and hardware products and the provision of maintenance services.

In opinion of the directors, the parent and ultimate holding company of the Company is SomaFlex Holdings Inc., which is incorporated in the British Virgin Islands.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated. These consolidated financial statements were approved and authorised for issue by the board of directors on 23 June 2009.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

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

In the current year, the Group has applied, for the first time, the following amendments and interpretations (“new HKFRSs”) issued by the HKICPA which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 23 (Revised)	Borrowing Costs ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKAS 39 (Amendment)	Eligible Hedged Items ⁴
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ³
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ³
HKFRS 8	Operating Segments ³
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives ⁵
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁶
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ³
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁷
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ⁴
HK(IFRIC)-Int 18	Transfers of Assets from Customers ⁸

Notes:

- ¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS5, effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
- ³ Effective for annual periods beginning on or after 1 January 2009
- ⁴ Effective for annual periods beginning on or after 1 July 2009
- ⁵ Effective for annual periods ending on or after 30 June 2009
- ⁶ Effective for annual periods beginning on or after 1 July 2008
- ⁷ Effective for annual periods beginning on or after 1 October 2008
- ⁸ Effective for transfers of assets from customers received on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue		
Software	56,565	59,780
Services	31,942	30,794
Other operations	<u>8,642</u>	<u>10,128</u>
	<u>97,149</u>	<u>100,702</u>

(a) Primary reporting format – business segments

As at 31 March 2009, the Group is organised into two main business segments:

- Software – sale of enterprise software; and
- Services – provision of maintenance services.

Other operations of the Group mainly comprise sale of hardware products.

The segment results for the year ended 31 March 2009 are as follows:

	Software <i>HK\$'000</i>	Services <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenue	<u>56,565</u>	<u>31,942</u>	<u>8,642</u>	<u>–</u>	<u>97,149</u>
Segment results	911	10,136	(3,797)	(4,248)	3,002
Share of profit of an associate					<u>175</u>
Profit before income tax					3,177
Income tax (<i>Note 6</i>)					<u>202</u>
Profit for the year					<u>3,379</u>

Other segment items included in the income statement are as follows:

Depreciation of property, plant and equipment	–	–	–	1,872	1,872
Amortisation of prepaid operating lease payments	<u>–</u>	<u>–</u>	<u>–</u>	<u>317</u>	<u>317</u>

The segment results for the year ended 31 March 2008 are as follows:

	Software <i>HK\$'000</i>	Services <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenue	<u>59,780</u>	<u>30,794</u>	<u>10,128</u>	<u>–</u>	<u>100,702</u>
Segment results	11,631	12,443	(1,362)	(3,686)	19,026
Income tax (<i>Note 6</i>)					<u>1,225</u>
Profit for the year					<u>20,251</u>

Other segment items included in the income statement are as follows:

Depreciation of property, plant and equipment	–	–	–	1,977	1,977
Amortisation of prepaid operating lease payments	<u>–</u>	<u>–</u>	<u>–</u>	<u>317</u>	<u>317</u>

Segment assets consist primarily of inventories. Unallocated assets comprise leasehold land and land use rights, property, plant and equipment, investments in associates and a jointly-controlled entity, available-for-sale financial assets, trade and other receivables, current income tax assets and bank balances and cash.

Segment liabilities comprise sales deposits received and deferred income. Unallocated liabilities comprise items such as current income tax liabilities and deferred income tax liabilities.

Capital expenditure comprises additions to property, plant and equipment.

The segment assets and liabilities as at 31 March 2009 and capital expenditure for the year then ended are as follows:

	Software <i>HK\$'000</i>	Services <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Assets	–	–	834	79,466	80,300
Liabilities	4,345	8,221	–	8,238	20,804
Capital expenditure	<u>–</u>	<u>–</u>	<u>–</u>	<u>329</u>	<u>329</u>

The segment assets and liabilities as at 31 March 2008 and capital expenditure for the year then ended are as follows:

	Software <i>HK\$'000</i>	Services <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Assets	–	–	1,083	81,576	82,659
Liabilities	6,065	8,551	–	8,608	23,224
Capital expenditure	<u>–</u>	<u>–</u>	<u>–</u>	<u>413</u>	<u>413</u>

(b) Secondary reporting format – geographical segments

The Group mainly operates in Hong Kong, the People's Republic of China (the "PRC") and other Asia Pacific countries.

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue		
Hong Kong	76,179	81,607
PRC	10,795	11,101
Other countries	<u>10,175</u>	<u>7,994</u>
	<u>97,149</u>	<u>100,702</u>

Revenue is allocated based on the country in which the customer is located.

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Total assets		
Hong Kong	45,333	50,569
PRC	4,028	4,952
Other countries	<u>30,939</u>	<u>27,138</u>
	<u>80,300</u>	<u>82,659</u>

Total assets are allocated based on the location of the assets.

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Capital expenditure		
Hong Kong	38	175
PRC	229	170
Other countries	<u>62</u>	<u>68</u>
	<u>329</u>	<u>413</u>

Capital expenditure is allocated based on the location of the assets.

4. OTHER INCOME

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Commission income	-	61
Dividend income on available-for-sale financial assets	16	16
Interest income on short-term bank deposits	324	661
Others	<u>191</u>	<u>16</u>
	<u>531</u>	<u>754</u>

5. EXPENSES BY NATURE

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Depreciation of property, plant and equipment	1,872	1,977
Amortisation of prepaid operating lease payments	317	317
Loss on disposal of property, plant and equipment	1	6
Cost of inventories expensed	8,855	8,234
Operating lease rentals in respect of rented premises	1,448	1,228
Auditors' remuneration	330	310
Bad debts written off	196	828
Provision for impairment of trade receivables	1,985	–
Provision for impairment of amounts due from associates	553	1,088
Provision for impairment of amounts due from investee companies	–	9
	<u> </u>	<u> </u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	46	713
– Hong Kong profits tax refunded	–	(439)
– Overseas taxation	377	214
– Over-provision in prior years	(113)	(2,349)
Deferred income tax	<u>(512)</u>	<u>636</u>
Tax credit	<u>(202)</u>	<u>(1,225)</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighed average tax rate applicable to profits of the consolidated entities as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit before income tax	<u>3,177</u>	<u>19,026</u>
Tax calculated at Hong Kong profits tax rate of 16.5% (2008: 17.5%)	524	3,330
Income not subject to tax	(1,516)	(200)
Expenses not deductible for tax purpose	702	539
Tax losses for which no deferred income tax asset was recognised	309	194
Utilisation of previously unrecognised tax losses	(946)	(2,857)
Over-provision in prior years	(113)	(2,349)
Effect of different tax rates of subsidiaries operating in other jurisdictions	62	(79)
Remeasurement of deferred income tax	(36)	–
Others	<u>812</u>	<u>197</u>
Tax credit	<u>(202)</u>	<u>(1,225)</u>

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the PRC subsidiary to 25% from 1 January 2008 onwards.

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the year of approximately HK\$3,360,000 (2008: HK\$20,038,000) by the weighted average number of 600,000,000 (2008: 600,000,000) ordinary shares in issue during the year.

There is no diluted earnings per share since the Company has no dilutive potential ordinary shares in existence for the years ended 31 March 2008 and 2009.

8. DIVIDENDS

The directors have resolved not to recommend the payment of a final dividend by the Company for the financial year ended 31 March 2009.

9. TRADE AND OTHER RECEIVABLES

	Group	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables (<i>Note</i>)	14,157	15,134
Prepayments, deposits and other receivables	2,320	2,286
Advances to staff	1,075	981
	<hr/>	<hr/>
	17,552	18,401
	<hr/> <hr/>	<hr/> <hr/>

Note:

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically. As at 31 March 2009, the ageing analysis of trade receivables (net of provision for impaired receivables) is as follows:

	Group	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	4,635	5,103
31 – 60 days	1,309	2,229
61 – 90 days	1,151	1,259
91 – 180 days	2,766	2,253
181 – 365 days	2,267	3,414
Over 365 days	2,029	876
	<hr/>	<hr/>
	14,157	15,134
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE AND OTHER PAYABLES

	Group	
	2009	2008
	HK\$'000	HK\$'000
Trade payables (<i>Note (a)</i>)	1,457	1,503
Other payables and accruals	6,531	5,589
Amounts due to investee companies (<i>Note (b)</i>)	53	55
Deferred income	8,220	8,551
Sales deposits received	4,345	6,065
	<u>20,606</u>	<u>21,763</u>

Notes:

(a) The ageing analysis of trade payables is as follows:

	Group	
	2009	2008
	HK\$'000	HK\$'000
0 – 30 days	1,246	812
31 – 60 days	172	639
61 – 90 days	–	–
91 – 180 days	–	–
181 – 365 days	29	39
Over 365 days	10	13
	<u>1,457</u>	<u>1,503</u>

(b) The amounts due to investee companies are unsecured, interest-free and have no fixed terms of repayment.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the year ended 31 March 2009, turnover of approximately HK\$97 million and profit attributable to shareholders of approximately HK\$3.4 million were recorded. The decrease in turnover of 3.53% as compared with the last corresponding year was principally due to the economic conditions pertaining to the IT industry.

Financial resources and liquidity

As at 31 March 2009, the shareholders' funds of the Group amounted to approximately HK\$59 million. Current assets were approximately HK\$55 million, mainly comprising bank balances and cash of approximately HK\$36 million, inventories of approximately HK\$0.8 million and trade and other receivables of approximately HK\$18 million. Current liabilities were approximately HK\$21 million, mainly comprising trade and other payables of approximately HK\$20.6 million and taxation payable of approximately HK\$0.07 million. The net asset value per share was approximately HK\$0.1. The Group expresses its gearing ratio as a percentage of bank borrowings and long-term debts over total equity. As at 31 March 2009, the Group did not have any borrowings and long-term debts. The liquidity ratio of the Group, represented by a ratio of current assets over current liabilities, was 2.7:1 (As at 31 March 2008: 2.5:1), reflecting the adequacy of financial resources.

Exposure to exchange rate fluctuation

During the year ended 31 March 2009, the Group experienced only immaterial exchange rate fluctuations as most of the Group's monetary assets and liabilities were denominated in Hong Kong Dollars and the Group conducted its business transactions principally in this currency. As the exchange rate risks of the Group is considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

Significant investments and acquisitions and disposal

In May 2008, the Group acquired 30% associate in I-Global Systems Ltd which is engaged in software systems consultancy in Hong Kong.

Save as disclosed above, there is no other material acquisitions or disposal of subsidiaries and affiliated companies for the year ended 31 March 2009.

Capital commitments

As at 31 March 2009, the Group had operating lease commitments in respect of rented office premises of approximately HK\$3,070,000 (2008: HK\$2,741,000). As at 31 March 2009 and 2008, the Group had no significant capital commitment and has no future plans for material investment.

Contingent liabilities

As at 31 March 2009 and 2008, the Group had no material contingent liabilities.

Charges on the Group's assets

As at 31 March 2009, the Group had no charges on the Group's assets.

Employees and remuneration policies

As at 31 March 2009, the Group had 319 employees (2008: 250 employees). The total remuneration to employees, including that to the directors, for the year ended 31 March 2009 amounted to approximately HK\$59 million (2008: HK\$52 million). Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include share option scheme, contributions to statutory mandatory provident fund scheme and medical scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC and Singapore.

Segmental information

Business segments

During the year under review, the turnover of maintenance services has increased by approximately 4% as the number of customers have increased as compared with that for the previous year. However, the turnover of software sales has decreased by approximately 5% as the market sentiment of the software industry has adversely affected by deteriorating economic conditions.

Geographical segments

The major contribution of turnover is still from Hong Kong. Turnover from the Hong Kong segment represented approximately 78% of the total turnover (2008: 81%). The high percentage of the Hong Kong segment is mainly due to the fact that the Group deploys more resources on the local market.

In the PRC, the turnover has slightly decreased by approximately 3% to approximately HK\$11 million as compared with the previous year.

Future plans for material investments or capital assets

There was no specific plan for material investments and acquisition of material capital assets as at 31 March 2009. However, the Group will continue to seek new business development opportunities.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2009, the interests and short positions of the directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Name of director/chief executive	Personal interests	Number of shares		Percentage of issued share capital
		Corporate interests	Total	
Mr. Lok Wai Man (<i>Note 1</i>)	3,798,000	475,500,000 (<i>Note 2</i>)	479,298,000	79.88%
Mr. So Yiu King (<i>Note 1</i>)	2,000	3,600,000 (<i>Note 2</i>)	3,602,000	0.60%
Mr. Chow Chi Ming, Daniel (<i>Note 1</i>)	2,000	3,600,000 (<i>Note 2</i>)	3,602,000	0.60%
Mr. Leung Wai Cheung (<i>Note 1</i>)	Nil	1,000,000 (<i>Note 2</i>)	1,000,000	0.17%

Notes:

1. Mr. Lok Wai Man, being a substantial shareholder of the Company entitled to exercise or control the exercise of 5% or more of the voting power at any general meeting of the Company, is regarded as an initial management shareholder (as defined in the GEM Listing Rules) of the Company. Mr. So Yiu King and Mr. Chow Chi Ming, Daniel are executive directors of the Company and Mr. Leung Wai Cheung is the executive of the Company and are also considered to be initial management shareholders of the Company.
2. The 475,500,000 shares were held by SomaFlex Holdings Inc., a private company beneficially owned by Mr. Lok Wai Man, Mr. So Yiu King, Mr. Chow Chi Ming, Daniel and Mr. Leung Wai Cheung. As Mr. Lok Wai Man is entitled to exercise or control the exercise of one third or more of the voting rights of SomaFlex Holdings Inc., he is deemed, by virtue of the SFO, to be interested in the same 475,500,000 shares held by SomaFlex Holdings Inc.. The indirect interest of the other remaining directors are the corresponding number of shares held by SomaFlex Holdings Inc. by reference to their respective shareholdings in SomaFlex Holdings Inc..

No share options were granted by the Company and no debt securities were issued by the Company at any time during the year ended 31 March 2009.

Save as disclosed above, as at 31 March 2009, none of the directors or their respective associates and the chief executive of the Company had any interests or short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009, the following persons (other than a director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

	Number of shares			% of issued share capital
	Personal interests	Corporate interests	Total	
SomaFlex Holdings Inc. (Note 1)	Nil	475,500,000	475,500,000	79.25%
Mr. Lok Wai Man (Note 2)	3,798,000	475,500,000	479,298,000	79.88%

Notes:

1. SomaFlex Holdings Inc. is beneficially owned as to 98.27% by Mr. Lok Wai Man, as to 0.76% by Mr. So Yiu King, as to 0.76% by Mr. Chow Chi Ming, Daniel and as to 0.21% by Mr. Leung Wai Cheung.
2. As Mr. Lok Wai Man is entitled to exercise or control the exercise of one third or more of the voting rights of SomaFlex Holdings Inc., he is deemed, by virtue of the SFO, to be interested in the same 475,500,000 shares held by SomaFlex Holdings Inc..

Save as disclosed above, as at 31 March 2009, there was no person (other than a director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2009, the largest and the five largest suppliers of the Group accounted for approximately 56% and 74% of the Group's total purchases respectively. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

BOARD PRACTICES AND PROCEDURES

During the year, the Company was in compliance with all the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2009. Having made specific enquiry of all directors, the Company's directors have complied with such code of conduct and the required standard of dealings throughout the year ended 31 March 2009.

AUDIT COMMITTEE

The Company established an audit committee since May 2000 with written terms of reference in accordance with Rule 5.28 to 5.33 of the GEM Listing Rules. The audit committee comprises three members – Mr. Tse Lin Chung, Mr. Lee Kar Wai and Mr. Mak Wing Kwong, David all of whom are independent non-executive directors. Mr. Tse Lin Chung is the chairman of the audit committee. Its principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

The Audit Committee meets four times a year to review with senior management and once to twice a year with the Company's auditors for the Company's audit findings, accounting policies and standards, changes of accounting rules (if any), compliance to listing rules, internal and audit control, and budget and cash flow forecast.

The Group's unaudited quarterly and interim results and annual audited results during the year ended 31 March 2009 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a 20% public float in accordance with the rule 17.38A of the GEM Listing Rules. There is a grace period of three years to comply with the public float requirement under rule 11.23. of the GEM Listing Rules by no later than 30 June 2011.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 March 2009, none of the directors or the initial management shareholders or substantial shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed shares during the year ended 31 March 2009.

By Order of the Board
Lok Wai Man
Chairman

Hong Kong, 23 June 2009

As at date hereof, the executive directors of the Company are Mr. Lok Wai Man, Mr. So Yiu King and Mr. Chow Chi Ming, Daniel; and the independent non-executive directors of the Company are Mr. Tse Lin Chung, Mr. Lee Kar Wai and Mr. Mak Wing Kwong, David.

This announcement will remain on the GEM website on the "Latest Company Announcements" page for 7 days from the day of its posting and on the Company's website.