

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

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2011**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.**

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## FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The board of directors (the “Board”) of FlexSystem Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2011, together with the comparative figures for the last corresponding year as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

|  | <i>Note</i> | <b>2011</b><br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| <b>Revenue</b>   | 3           | <b>102,033</b>                 | 89,106                  |
| <b>Cost of sales</b>   |             | <b>(34,755)</b>                | (35,276)                |
| <b>Gross profit</b>  |             | <b>67,278</b>                  | 53,830                  |
| <b>Other income</b>  | 4           | <b>2,031</b>                   | 242                     |
| <b>Share of profit of an associate</b>   |             | <b>35</b>                      | 105                     |
| <b>Distribution costs</b>  |             | <b>(29,761)</b>                | (25,450)                |
| <b>Administrative expenses</b>   |             | <b>(45,614)</b>                | (40,804)                |
| <b>Other operating expenses</b>  |             | <b>(731)</b>                   | (790)                   |
| <b>Loss before income tax</b>  |             | <b>(6,762)</b>                 | (12,867)                |
| <b>Income tax</b>  | 6           | <b>(1)</b>                     | 35                      |
| <b>Loss for the year</b>   |             | <b>(6,763)</b>                 | (12,832)                |
| <b>Other comprehensive income</b>  |             |                                |                         |
| Available-for-sale financial assets:   |             |                                |                         |
| Change in fair value   |             | <b>342</b>                     | 168                     |
| Reclassification adjustments for losses included in the consolidated statement of comprehensive income |             |                                |                         |
| – Loss on disposal   |             | <b>119</b>                     | –                       |
| Currency translation differences   |             | <b>716</b>                     | 825                     |
| Other comprehensive income for the year, net of tax  |             | <b>1,177</b>                   | 993                     |
| Total comprehensive expense for the year   |             | <b>(5,586)</b>                 | (11,839)                |
| <b>Loss for the year attributable to:</b>  |             |                                |                         |
| – Owners of the Company  |             | <b>(6,814)</b>                 | (12,810)                |
| – Non-controlling interests  |             | <b>51</b>                      | (22)                    |
|  |             | <b>(6,763)</b>                 | (12,832)                |
| <b>Total comprehensive expense for the year attributable to:</b>                                       |             |                                |                         |
| – Owners of the Company  |             | <b>(5,637)</b>                 | (11,817)                |
| – Non-controlling interests  |             | <b>51</b>                      | (22)                    |
|  |             | <b>(5,586)</b>                 | (11,839)                |
| <b>Loss per share attributable to owners of the Company (express in HK cents)</b>                      |             |                                |                         |
| – Basic and diluted  | 7           | <b>(1.14)</b>                  | (2.14)                  |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 MARCH 2011*

|  | <i>Note</i> | <b>At 31 March<br/>2011<br/>HK\$'000</b> | At 31 March<br>2010<br>HK\$'000<br>(restated) | At 1 April<br>2009<br>HK\$'000<br>(restated) |
|--|-------------|--|---|--|
| <b>Non-current assets</b>                                      |             |  |   |  |
| Property, plant and equipment                                  |             | 20,181                                   | 21,745  | 23,710                                       |
| Investments in associates                                      |             | 989                                      | 1,191   | 1,119  |
| Interest in a jointly-controlled entity                        |             | –  | –   | –  |
| Available-for-sale financial assets                            |             | 15                                       | 526   | 358  |
| Amounts due from investee companies                            |             | –  | –   | –  |
|  |             | <u>21,185</u>                            | <u>23,462</u>                                 | <u>25,187</u>                                |
| <b>Current assets</b>  |             |  |   |  |
| Inventories  |             | 525                                      | 665   | 834  |
| Trade and other receivables                                    | 9           | 21,440                                   | 17,804  | 17,552                                       |
| Current income tax assets                                      |             | 899                                      | 899   | 663  |
| Cash and cash equivalents                                      |             | 26,574                                   | 30,757  | 36,064                                       |
|  |             | <u>49,438</u>                            | <u>50,125</u>                                 | <u>55,113</u>                                |
| <b>Total assets</b>  |             | <u>70,623</u>                            | <u>73,587</u>                                 | <u>80,300</u>                                |
| <b>Current liabilities</b>                                     |             |  |   |  |
| Trade and other payables                                       | 10          | 28,552                                   | 25,870  | 20,606                                       |
| Current income tax liabilities                                 |             | –  | 60  | 74   |
|  |             | <u>28,552</u>                            | <u>25,930</u>                                 | <u>20,680</u>                                |
| <b>Net current assets</b>                                      |             | <u>20,886</u>                            | <u>24,195</u>                                 | <u>34,433</u>                                |
| <b>Total assets less current liabilities</b>                   |             | <u>42,071</u>                            | <u>47,657</u>                                 | <u>59,620</u>                                |
| <b>Non-current liabilities</b>                                 |             |  |   |  |
| Deferred income tax liabilities                                |             | –  | –   | 124  |
| <b>Net assets</b>  |             | <u>42,071</u>                            | <u>47,657</u>                                 | <u>59,496</u>                                |
| <b>Equity</b>  |             |  |   |  |
| Capital and reserves attributable to the owners of the Company |             |  |   |  |
| Share capital  |             | 60,000                                   | 60,000  | 60,000                                       |
| Reserves   |             | (18,824)                                 | (13,187)                                      | (1,370)                                      |
|  |             | <u>41,176</u>                            | <u>46,813</u>                                 | <u>58,630</u>                                |
| Non-controlling interests                                      |             | 895                                      | 844   | 866  |
| <b>Total equity</b>  |             | <u>42,071</u>                            | <u>47,657</u>                                 | <u>59,496</u>                                |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2011**

|  | Attributable to the owners of the Company |                           |                            |                                 |  |                                |                   |                                       |                          |
|--|---|---------------------------|----------------------------|---------------------------------|--|--------------------------------|-------------------|---------------------------------------|--------------------------|
|  | Share capital<br>HK\$'000                 | Share premium<br>HK\$'000 | Merger reserve<br>HK\$'000 | Translation reserve<br>HK\$'000 | Available-for-sale investments reserve<br>HK\$'000 | Accumulated losses<br>HK\$'000 | Total<br>HK\$'000 | Non-controlling interests<br>HK\$'000 | Total equity<br>HK\$'000 |
| As at 1 April 2009   | 60,000                                    | 77,955                    | (47,430)                   | (46)                            | (629)  | (31,220)                       | 58,630            | 866                                   | 59,496                   |
| <b>Comprehensive expense</b>   |   |                           |                            |                                 |  |                                |                   |                                       |                          |
| Loss for the year  | -   | -                         | -                          | -                               | -  | (12,810)                       | (12,810)          | (22)                                  | (12,832)                 |
| <b>Other comprehensive income</b>  |   |                           |                            |                                 |  |                                |                   |                                       |                          |
| Changes in fair value of available-for-sale financial assets   | -   | -                         | -                          | -                               | 168  | -                              | 168               | -                                     | 168                      |
| Currency translation differences   | -   | -                         | -                          | 825                             | -  | -                              | 825               | -                                     | 825                      |
| Total comprehensive expense  | -   | -                         | -                          | 825                             | 168  | (12,810)                       | (11,817)          | (22)                                  | (11,839)                 |
| As at 31 March 2010 and 1 April 2010   | 60,000                                    | 77,955                    | (47,430)                   | 779                             | (461)  | (44,030)                       | 46,813            | 844                                   | 47,657                   |
| <b>Comprehensive expense</b>   |   |                           |                            |                                 |  |                                |                   |                                       |                          |
| Loss for the year  | -   | -                         | -                          | -                               | -  | (6,814)                        | (6,814)           | 51                                    | (6,763)                  |
| <b>Other comprehensive income</b>  |   |                           |                            |                                 |  |                                |                   |                                       |                          |
| Available-for-sale financial assets  |   |                           |                            |                                 |  |                                |                   |                                       |                          |
| Changes in fair value  | -   | -                         | -                          | -                               | 342  | -                              | 342               | -                                     | 342                      |
| Reclassification adjustments for losses included in the consolidated statement of comprehensive income |   |                           |                            |                                 |  |                                |                   |                                       |                          |
| - loss on disposal   | -   | -                         | -                          | -                               | 119  | -                              | 119               | -                                     | 119                      |
| Currency translation differences   | -   | -                         | -                          | 716                             | -  | -                              | 716               | -                                     | 716                      |
| Total comprehensive expense  | -   | -                         | -                          | 716                             | 461  | (6,814)                        | (5,637)           | 51                                    | (5,586)                  |
| As at 31 March 2011  | 60,000                                    | 77,955                    | (47,430)                   | 1,495                           | -  | (50,844)                       | 41,176            | 895                                   | 42,071                   |

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL 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 Unit A, 6/F., Nine Queen’s Road Central, 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 Excel Score Limited, 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 have been approved for issue by the board of directors on 27 June 2011.

### 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) 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 (the “GEM Listing Rules”) and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with HKFRS 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.

- (i) *Revised standards, and interpretation and amendments to existing standards effective for the annual period beginning on 1 April 2010*

The Group has adopted the following revised standards, and interpretation and amendments to existing standards which are mandatory for the first time for the Group’s financial year beginning on 1 April 2010 and are relevant to the Group’s operations. The impact on the Group’s consolidated financial statements upon adoption is set out below:

HKFRS 2 (Amendment), ‘Group Cash-settled Share-based Payment Transactions’. In addition to incorporating HK(IFRIC) – Interpretation 8, ‘Scope of HKFRS 2’, and HK(IFRIC) – Interpretation 11, ‘HKFRS 2 – Group and Treasury Share Transactions’, the amendment expands on the guidance in HK(IFRIC) – Interpretation 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance has no impact on the consolidated financial statements.

HKFRS 3 (Revised), ‘Business Combinations’, and consequential amendments to HKAS 27, ‘Consolidated and Separate Financial Statements’ and HKAS 28, ‘Investments in Associates’. The revised standard continues to apply the acquisition method to business combinations, with some significant changes in relation to contingent payments, measurement of non-controlling interests in the acquiree and acquisition-related costs. HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in consolidated statement of comprehensive income. The Group has applied these standards in the consolidated financial statements.

HKFRS 5 (Amendment), ‘Non-current Assets Held for Sale and Discontinued Operations’. The amendment clarifies that HKFRS 5 specifies the disclosures required in respect of non-current assets classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The amendment has no impact on the consolidated financial statements.

HKAS 17 (Amendment), ‘Leases’, deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating leases using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, any land interest where title was not expected to pass to the Group by the end of the lease term was classified as an operating lease accounted for within “Prepaid lease payments”, and amortised over the lease term. The Group has reassessed the classification of unexpired leasehold land interests as at 1 April 2010 on the basis of information existing at the inception of those leases, and has recognised its leasehold land interests in Hong Kong as finance leases retrospectively. As a result of the reassessment, the Group has reclassified those leasehold land interests from operating leases to finance leases. These property interests are held for own use and are accounted for as property, plant and equipment and depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and lease term.

The effect of changes in accounting policies following the adoption of HKAS 17 (Amendment) on the consolidated statement of financial position is as follows:

|  | <b>At 31 March<br/>2011<br/>HK\$'000</b> | At 31 March<br>2010<br>HK\$'000 | At 1 April<br>2009<br>HK\$'000 |
|--|--|---------------------------------|--------------------------------|
| Decrease in leasehold land and land use rights | <u>(11,474)</u>                          | <u>(11,791)</u>                 | <u>(12,108)</u>                |
| Increase in property, plant and equipment      | <u>11,474</u>                            | <u>11,791</u>                   | <u>12,108</u>                  |

There is no impact on the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

HKAS 36 (Amendment), ‘Impairment of Assets’. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, ‘Operating Segments’ (that is, before the aggregation of segments with similar economic characteristics). The amendment has no impact on the consolidated financial statements.

HK Interpretation 5, 'Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause', specifies that amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current liabilities in its statement of financial position. The interpretation has no impact on the consolidated financial statements.

(ii) *New and revised standards that are not effective and have not been early adopted by the Group*

The following new and revised standards relevant to the Group have been issued, but are not effective for the financial year beginning on 1 April 2010 and the Group has not early adopted them:

HKFRS 9, 'Financial Instruments' (effective for annual period starting from 1 April 2013). HKFRS 9 improves the classification and measurement of financial assets and financial liabilities compared with the requirements of HKAS 39. Under HKFRS 9, all financial assets are to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Most of the requirements in HKAS 39 for classification and measurement of financial liabilities were carried forward unchanged to HKFRS 9. The Group will apply HKFRS 9 from 1 April 2013.

HKAS 24 (Revised), 'Related Party Disclosures' (effective for annual period starting from 1 April 2011). HKAS 24 (Revised) simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The Group will apply HKAS 24 (Revised) from 1 April 2011.

In addition, HKICPA has published a number of amendments for the existing standards under its annual improvements project.

These amendments are expected to have no material impact to the consolidated financial statements of the Group.

### 3. REVENUE AND SEGMENT INFORMATION

|                  | <b>2011</b><br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|------------------|--------------------------------|-------------------------|
| <b>Revenue</b>   |                                |                         |
| Software         | <b>51,846</b>                  | 41,864                  |
| Services         | <b>37,380</b>                  | 34,709                  |
| Other operations | <b>12,807</b>                  | 12,533                  |
|                  | <b><u>102,033</u></b>          | <u>89,106</u>           |

Management has determined the operating segments based on the reports reviewed by the Executive Directors that are used to make strategic decisions.

The Executive Directors review the Group's financial information mainly from software, services and other operations perspective. The Executive Directors further assess the performance of operations on a geographical basis (Hong Kong, the People's Republic of China (the "PRC") and other countries). The reportable segments are classified in a manner consistent with the information reviewed by the Executive Directors.

The Executive Directors assess the performance of the operating segments based on a measure of reportable segment (loss)/profit. This measurement basis excludes other income, share of profit of an associate and unallocated expenses.

Segment assets mainly exclude investments in associates, interest in a jointly-controlled entity, available-for-sale financial assets, current income tax assets and other assets that are managed on a central basis. Segment liabilities mainly exclude current income tax liabilities and other liabilities that are managed on a central basis.

In respect of geographical segment reporting, sales are based on the country in which the customer is located, and non-current assets are based on the country where the assets are located.

The segment information for the year ended 31 March 2011 is as follows:

|  | <b>Software</b><br><i>HK\$'000</i> | <b>Services</b><br><i>HK\$'000</i> | <b>Other</b><br><b>operations</b><br><i>HK\$'000</i> | <b>Unallocated</b><br><i>HK\$'000</i> | <b>Group</b><br><i>HK\$'000</i> |
|--|------------------------------------|------------------------------------|--|---------------------------------------|---------------------------------|
| Revenue from external customers                  | <u>51,846</u>                      | <u>37,380</u>                      | <u>12,807</u>  | –                                     | <u>102,033</u>                  |
| Reportable segment (loss)/profit                 | (13,968)                           | 12,020                             | (3,322)  | (3,558)                               | (8,828)                         |
| Other income                                     |                                    |                                    |  |                                       | 2,031                           |
| Share of profit of an associate                  |                                    |                                    |  |                                       | <u>35</u>                       |
| Loss before income tax                           |                                    |                                    |  |                                       | (6,762)                         |
| Income tax ( <i>Note 6</i> )                     |                                    |                                    |  |                                       | <u>(1)</u>                      |
| Loss for the year                                |                                    |                                    |  |                                       | <u>(6,763)</u>                  |
| Depreciation of property,<br>plant and equipment | –                                  | –                                  | –  | 2,117                                 | 2,117                           |
| Addition to non-current assets                   | <u>–</u>                           | <u>–</u>                           | <u>–</u>   | <u>538</u>                            | <u>538</u>                      |

The segment information for the year ended 31 March 2010 is as follows:

|  | <b>Software</b><br><i>HK\$'000</i> | <b>Services</b><br><i>HK\$'000</i> | <b>Other</b><br><b>operations</b><br><i>HK\$'000</i> | <b>Unallocated</b><br><i>HK\$'000</i> | <b>Group</b><br><i>HK\$'000</i> |
|--|------------------------------------|------------------------------------|--|---------------------------------------|---------------------------------|
| Revenue from external customers                  | <u>41,864</u>                      | <u>34,709</u>                      | <u>12,533</u>  | –                                     | <u>89,106</u>                   |
| Reportable segment (loss)/profit                 | (15,948)                           | 9,259                              | (3,393)  | (3,132)                               | (13,214)                        |
| Other income                                     |                                    |                                    |  |                                       | 242                             |
| Share of profit of an associate                  |                                    |                                    |  |                                       | <u>105</u>                      |
| Loss before income tax                           |                                    |                                    |  |                                       | (12,867)                        |
| Income tax ( <i>Note 6</i> )                     |                                    |                                    |  |                                       | <u>35</u>                       |
| Loss for the year                                |                                    |                                    |  |                                       | <u>(12,832)</u>                 |
| Depreciation of property,<br>plant and equipment | –                                  | –                                  | –  | 2,135                                 | 2,135                           |
| Addition to non-current assets                   | <u>–</u>                           | <u>–</u>                           | <u>–</u>   | <u>162</u>                            | <u>162</u>                      |



An analysis of the Group's assets as at 31 March 2011 by reportable segment is set out below:

|  | <b>Software</b><br><i>HK\$'000</i> | <b>Services</b><br><i>HK\$'000</i> | <b>Other</b><br><b>operations</b><br><i>HK\$'000</i> | <b>Total</b><br><i>HK\$'000</i> |
|--|------------------------------------|------------------------------------|--|---------------------------------|
| Segment assets   | <u>–</u>                           | <u>–</u>                           | <u>525</u>   | 525                             |
| Investments in associates  |                                    |                                    |  | 989                             |
| Available-for-sale financial assets                              |                                    |                                    |  | 15                              |
| Current income tax assets  |                                    |                                    |  | 899                             |
| Unallocated assets   |                                    |                                    |  | <u>68,195</u>                   |
| Total assets per consolidated statement<br>of financial position |                                    |                                    |  | <u>70,623</u>                   |

An analysis of the Group's liabilities as at 31 March 2011 by reportable segment is set out below:

|   | <b>Software</b><br><i>HK\$'000</i> | <b>Services</b><br><i>HK\$'000</i> | <b>Other</b><br><b>operations</b><br><i>HK\$'000</i> | <b>Total</b><br><i>HK\$'000</i> |
|---|------------------------------------|------------------------------------|--|---------------------------------|
| Segment liabilities   | <u>9,965</u>                       | <u>9,112</u>                       | <u>–</u>   | 19,077                          |
| Current income tax liabilities  |                                    |                                    |  | –                               |
| Unallocated liabilities   |                                    |                                    |  | <u>9,475</u>                    |
| Total liabilities per consolidated statement<br>of financial position |                                    |                                    |  | <u>28,552</u>                   |

An analysis of the Group's assets as at 31 March 2010 by reportable segment is set out below:

|  | <b>Software</b><br><i>HK\$'000</i> | <b>Services</b><br><i>HK\$'000</i> | <b>Other</b><br><b>operations</b><br><i>HK\$'000</i> | <b>Total</b><br><i>HK\$'000</i> |
|--|------------------------------------|------------------------------------|--|---------------------------------|
| Segment assets   | <u>–</u>                           | <u>–</u>                           | <u>665</u>   | 665                             |
| Investments in associates  |                                    |                                    |  | 1,191                           |
| Available-for-sale financial assets                              |                                    |                                    |  | 526                             |
| Current income tax assets  |                                    |                                    |  | 899                             |
| Unallocated assets   |                                    |                                    |  | <u>70,306</u>                   |
| Total assets per consolidated statement<br>of financial position |                                    |                                    |  | <u>73,587</u>                   |

An analysis of the Group's liabilities as at 31 March 2010 by reportable segment is set out below:

|   | Software<br><i>HK\$'000</i> | Services<br><i>HK\$'000</i> | Other<br>operations<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|-----------------------------|-----------------------------|--|--------------------------|
| Segment liabilities   | <u>7,272</u>                | <u>8,867</u>                | <u>–</u>                               | 16,139                   |
| Current income tax liabilities  |                             |                             |  | 60                       |
| Unallocated liabilities   |                             |                             |  | <u>9,731</u>             |
| Total liabilities per consolidated statement<br>of financial position |                             |                             |  | <u>25,930</u>            |

The revenue from external customers of the Group by geographical segments is as follows:

|                 | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|-----------------|-------------------------|-------------------------|
| <b>Revenue</b>  |                         |                         |
| Hong Kong       | <b>80,586</b>           | 71,394                  |
| PRC             | <b>11,227</b>           | 9,801                   |
| Other countries | <b>10,220</b>           | 7,911                   |
|                 | <u><b>102,033</b></u>   | <u>89,106</u>           |

For the year ended 31 March 2011, there was no transaction with a single external customer that amounted to 10% or more of the Group's revenue (2010: Nil).

An analysis of the non-current assets, excluded financial instruments, of the Group by geographical segments is as follows:

|                           | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|---------------------------|-------------------------|-------------------------|
| <b>Non-current assets</b> |                         |                         |
| Hong Kong                 | <b>20,212</b>           | 22,144                  |
| PRC                       | <b>718</b>              | 638                     |
| Other countries           | <b>240</b>              | 154                     |
|                           | <u><b>21,170</b></u>    | <u>22,936</u>           |

#### 4. OTHER INCOME

|  | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Dividend income on available-for-sale financial assets               | <b>16</b>               | 16                      |
| Interest income on short-term bank deposits                          | <b>4</b>                | 95                      |
| Reversal of provision for impairment of amount due from an associate | <b>1,953</b>            | –                       |
| Others   | <b>58</b>               | 131                     |
|  | <u><b>2,031</b></u>     | <u>242</u>              |

## 5. EXPENSES BY NATURE

|  | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Depreciation of property, plant and equipment  | 2,117                   | 2,135                   |
| Loss on disposal of property, plant and equipment  | 26                      | 2                       |
| Fair value loss on available-for-sale financial assets<br>(transfer from equity on disposal) | 119                     | –                       |
| Cost of inventories expensed   | 10,594                  | 10,493                  |
| Inventories written off  | 190                     | 195                     |
| Operating lease rentals in respect of rented premises  | 1,691                   | 1,713                   |
| Auditors' remuneration   | 450                     | 350                     |
| Bad debts written off  | 105                     | 357                     |
| Provision for impairment of trade receivables  | 96                      | 117                     |
| Provision for impairment of amounts due from associates                                      | 319                     | 92                      |
|  | <u>          </u>       | <u>          </u>       |

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year. No provision for Hong Kong profits tax has been made for the year ended 31 March 2011 as the Group had no assessable profit arising in or derived from Hong Kong (2010: Nil). 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.

|                             | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|-----------------------------|-------------------------|-------------------------|
| <b>Current income tax</b>   |                         |                         |
| – Overseas taxation         | 1                       | 89                      |
| <b>Deferred income tax</b>  | –                       | (124)                   |
|                             | <u>          </u>       | <u>          </u>       |
| Income tax expense/(credit) | <u>1</u>                | <u>(35)</u>             |

The tax on the Group's loss 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:

|  | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss before income tax   | <u>(6,762)</u>          | <u>(12,867)</u>         |
| Tax calculated at Hong Kong profits tax rate of 16.5% (2010: 16.5%)            | (1,115)                 | (2,123)                 |
| Income not subject to tax  | (1,208)                 | (56)                    |
| Expenses not deductible for tax purpose  | 478                     | 333                     |
| Tax losses for which no deferred income tax asset was recognised               | 1,850                   | 2,598                   |
| Utilisation of previously unrecognised tax losses                              | (5)                     | (741)                   |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 1                       | 95                      |
| Others   | –                       | (141)                   |
|  | <u>          </u>       | <u>          </u>       |
| Income tax expense/(credit)  | <u>1</u>                | <u>(35)</u>             |

## 7. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the year of approximately HK\$6,814,000 (2010: HK\$12,810,000) by the weighted average number of 600,000,000 (2010: 600,000,000) ordinary shares in issue during the year.

There is no diluted loss per share since the Company has no dilutive potential ordinary shares in existence for the years ended 31 March 2011 and 2010.

## 8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2011 (2010: Nil). The special distribution of HK\$0.0693 per share, totally HK\$41.58 million, was approved at the Board Meeting held on 13 April 2011 and paid on 18 April 2011.

## 9. TRADE AND OTHER RECEIVABLES

|   | <b>Group</b>                             |  |   |
|---|--|--|---|
|   | <b>At 31 March<br/>2011<br/>HK\$'000</b> | <b>At 31 March<br/>2010<br/>HK\$'000</b> | <b>At 1 April<br/>2009<br/>HK\$'000</b> |
| Trade receivables ( <i>Note</i> )           | 17,453                                   | 14,804                                   | 14,157                                  |
| Prepayments, deposits and other receivables | 3,125                                    | 2,148                                    | 2,320                                   |
| Advances to staff                           | 862                                      | 852                                      | 1,075                                   |
|   | <u>21,440</u>                            | <u>17,804</u>                            | <u>17,552</u>                           |

*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 2011, the ageing analysis of trade receivables (net of provision for impaired receivables) is as follows:

|                | <b>Group</b>                             |  |   |
|----------------|--|--|---|
|                | <b>At 31 March<br/>2011<br/>HK\$'000</b> | <b>At 31 March<br/>2010<br/>HK\$'000</b> | <b>At 1 April<br/>2009<br/>HK\$'000</b> |
| 0 – 30 days    | 6,837                                    | 5,007                                    | 4,635                                   |
| 31 – 60 days   | 2,332                                    | 1,606                                    | 1,309                                   |
| 61 – 90 days   | 788                                      | 1,091                                    | 1,151                                   |
| 91 – 180 days  | 2,755                                    | 1,832                                    | 2,766                                   |
| 181 – 365 days | 1,627                                    | 2,977                                    | 2,267                                   |
| Over 365 days  | 3,114                                    | 2,291                                    | 2,029                                   |
|                | <u>17,453</u>                            | <u>14,804</u>                            | <u>14,157</u>                           |

## 10. TRADE AND OTHER PAYABLES

|  | <b>At 31 March<br/>2011<br/>HK\$'000</b> | <b>Group<br/>At 31 March<br/>2010<br/>HK\$'000</b> | <b>At 1 April<br/>2009<br/>HK\$'000</b> |
|--|--|--|---|
| Trade payables ( <i>Note (a)</i> )                       | 2,157                                    | 3,294  | 1,457                                   |
| Other payables and accruals                              | 7,317                                    | 6,429  | 6,531                                   |
| Amounts due to investee companies<br>( <i>Note (b)</i> ) | 1  | 8  | 53                                      |
| Deferred income  | 9,112                                    | 8,867  | 8,220                                   |
| Sales deposits received                                  | 9,965                                    | 7,272  | 4,345                                   |
|  | <b>28,552</b>                            | <b>25,870</b>                                      | <b>20,606</b>                           |

*Notes:*

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

|                | <b>At 31 March<br/>2011<br/>HK\$'000</b> | <b>Group<br/>At 31 March<br/>2010<br/>HK\$'000</b> | <b>At 1 April<br/>2009<br/>HK\$'000</b> |
|----------------|--|--|---|
| 0 – 30 days    | 784                                      | 2,477  | 1,246                                   |
| 31 – 60 days   | 509                                      | 665  | 172                                     |
| 61 – 90 days   | 193                                      | 30   | –                                       |
| 91 – 180 days  | 151                                      | 4  | –                                       |
| 181 – 365 days | 45                                       | 90   | 29                                      |
| Over 365 days  | 475                                      | 28   | 10                                      |
|                | <b>2,157</b>                             | <b>3,294</b>                                       | <b>1,457</b>                            |

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The challenging business environment in Hong Kong continued during the year under review. Overall economic conditions were improved and business activities started to pick up gradually. Demand for larger-scale IT projects were increased with more business opportunities in the market. To seize on these opportunities, the Group reinforced its sales efforts and deployed more resources to enhance product offerings. However, intense competition and heavy inflationary pressure constituted the difficulties and challenges for the Group to continue to grow and improve profits. In view of the challenging environment, the Group has disposed of the business of development and sale of enterprise software and provision of maintenance services and directed its resources towards the business of provision of system integration services and other value-added technical consultation services and hardware-related business. Please refer to section headed “Significant Investments and Acquisitions and Disposal” below for details.

## **Financial Review**

During the year ended 31 March 2011, revenue of approximately HK\$102 million and loss attributable to owners of approximately HK\$7 million were recorded. The increase in revenue of 15% as compared with the last corresponding year was principally due to broadening of customer bases.

## **Financial Resources and Liquidity**

As at 31 March 2011, the shareholders' funds of the Group amounted to approximately HK\$42 million. Current assets were approximately HK\$49 million, mainly comprising bank balances and cash of approximately HK\$27 million, inventories of approximately HK\$0.5 million and trade and other receivables of approximately HK\$21 million. Current liabilities were mainly comprising trade and other payables of approximately HK\$29 million. The net asset value per share was approximately HK\$0.07. The Group expresses its gearing ratio as a percentage of bank borrowings and long-term debts over total equity. As at 31 March 2011, 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 1.7:1 (As at 31 March 2010: 1.9:1), reflecting the adequacy of financial resources.

## **Exposure to Exchange Rate Fluctuation**

During the year ended 31 March 2011, 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**

### *The Share Agreement*

Pursuant to the sale and purchase agreement dated 5 January 2011 (the "Share Agreement") entered into among Excel Score Limited (the "Offeror"), Mr. Lok Wai Man, a former executive director of the Company and Mr. Pong Wai San, Wilson ("Mr. Pong"), the guarantor of the Offeror under the Share Agreement, Mr. Lok has conditionally agreed to sell and procure the sale of, and the Offeror has conditionally agreed to acquire, an aggregate of 479,298,000 shares of the Company (the "Sale Shares") at a total consideration of HK\$126,400,000.

### *The Disposal Agreement*

On 5 January 2011, the Company entered into the disposal agreement (the "Disposal Agreement") with SomaFlex Holdings Inc. ("SomaFlex Holdings") pursuant to which SomaFlex Holdings has conditionally agreed to purchase and the Company has conditionally agreed to sell the entire issued share capital of SomaFlex International Inc. at a consideration of HK\$40 million (the "Disposal").

As the applicable percentage ratios in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to the GEM Listing Rules. SomaFlex Holdings is approximately 98.27% beneficially owned by Mr. Lok Wai Man and thus the Disposal also constitutes a connected transaction of the Company pursuant to the GEM Listing Rules and is subject to the approval of the independent shareholders.

#### *Completion of the Share Agreement and the Disposal Agreement*

Both completion of the sale and purchase of Sale Shares and of the Disposal took place on 13 April 2011. The Offeror, Mr. Pong and parties acting in concert with any of them acquired 479,298,000 shares of the Company, representing approximately 79.88% of the issued share capital of the Company as at the date of completion of the sale and purchase of Sale Shares.

Details of the transactions have been published in the Company's announcements dated 18 February, 11 March, 15 March, 13 April, 15 April and 6 May 2011 and the Company's circular dated 16 March and 15 April 2011.

Saved as disclosed in this announcement, during the year ended 31 March 2011, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies or material investment.

#### **Commitments**

As at 31 March 2011, the Group had operating lease commitments in respect of rented office premises of approximately HK\$4,023,000 (2010: HK\$1,743,000). As at 31 March 2011 and 2010, the Group had no significant capital commitment and has no future plans for material investment.

#### **Contingent Liabilities**

As at 31 March 2011 and 2010, the Group had no material contingent liabilities.

#### **Charges on the Group's Assets**

As at 31 March 2011, the Group had no charges on the Group's assets.

#### **Employees and Remuneration Policies**

As at 31 March 2011, the Group had 332 employees (2010: 336 employees). The total remuneration to employees, including that to the directors, for the year ended 31 March 2011 amounted to approximately HK\$72 million (2010: HK\$64 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 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 revenue of maintenance services has increased by approximately 8% as the number of customers have increased as compared with that of the previous year. Moreover, the revenue of software sales has also increased by approximately 24% as the market sentiment of the enterprise software industry has recovered.

### *Geographical segments*

The major contribution of revenue is still from Hong Kong. Revenue from the Hong Kong segment represented approximately 79% of the total revenue (2010: 80%). 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 revenue has increased by approximately 15% 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 2011. However, the Group will continue to seek new business development opportunities.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES**

As at 31 March 2011, the directors and chief executive of the Company (Note) who have any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the 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 pursuant to Rule 5.46 of the GEM Listing Rules, are as follow:

| <b>Name of director</b>   | <b>Capacity</b>   | <b>Number of issued ordinary shares held</b> | <b>Percentage of issued share capital as at 31 March 2011</b> |
|---------------------------|-------------------|--|---|
| Mr. So Yiu King           | Personal Interest | 2,000  | 0.00%   |
| Mr. Chow Chi Ming, Daniel | Personal Interest | 2,000  | 0.00%   |

*Note:* Pursuant to the Share Agreement entered into on 5 January 2011, Excel Score Limited, a company beneficially and wholly-owned by Mr. Pong, has conditionally agreed to purchase and Mr. Lok Wai Man, a former executive director of the Company, has conditionally agreed to sell 479,298,000 shares of the Company. The transaction was completed on 13 April 2011.



Save as disclosed above, as at 31 March 2011, 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' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES**

As at 31 March 2011, so far as the directors of the Company are aware of and having made due enquires, the following persons had an interest or short position in the shares or 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:

| <b>Name of shareholder</b>                           | <b>Capacity</b>     | <b>Number of issued ordinary shares held</b> | <b>Percentage of issued share capital as at 31 March 2011</b> |
|--|---------------------|--|---|
| Excel Score Limited ( <i>Note 1</i> )                | Beneficial Interest | 479,298,000                                  | 79.88%  |
| Mr. Pong Wai San, Wilson<br>( <i>Notes 1 and 2</i> ) | Corporate Interest  | 479,298,000                                  | 79.88%  |
| Ms. Tung Ching Yee, Helena<br>( <i>Note 2</i> )      | Spousal Interest    | 479,298,000                                  | 79.88%  |

*Notes:*

1. Pursuant to the Share Agreement entered into on 5 January 2011, Excel Score Limited, a company beneficially and wholly-owned by Mr. Pong, has conditionally agreed to purchase and Mr. Lok Wai Man has conditionally agreed to sell 479,298,000 shares of the Company. The transaction was completed on 13 April 2011. As Mr. Pong is the ultimate beneficial owner and the sole director of Excel Score Limited, by virtue of the SFO, Mr. Pong is deemed to be interested in the 479,298,000 shares held by Excel Score Limited.
2. Ms. Tung Ching Yee, Helena is the spouse of Mr. Pong and accordingly deemed to be interested in the shares beneficially owned by Mr. Pong in his capacity and through his controlled corporation, Excel Score Limited, under the SFO.

Save as disclosed above, as at 31 March 2011, other than the interests of certain directors and chief executive of the Company as disclosed under the section headed "Director's and chief executives' interests and short positions in the shares or underlying shares" above, there was no person who had an interest or short position in the shares or 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 2011, the largest and the five largest suppliers of the Group accounted for approximately 60% and 87% 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.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

During the year ended 31 March 2011, 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.

## **CORPORATE GOVERNANCE**

The Company has applied the corporate governance principles as set out in the Code on Corporate Governance Practices (the "CG Code") and has complied with the code provisions of the CG Code (the "Code Provisions") during the year ended 31 March 2011 except for the deviations from the Code Provision A.2.1 of the CG Code as disclosed in the following paragraphs. Throughout the year, the Company continued to strive for improvement on its corporate governance.

Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separated.

During the year under review, Mr. Lok Wai Man has served the dual role of chairman and chief executive officer.

This exception was discussed and the dual role was approved by the Board based on the following reasons:

- in view of the Company size, it is not justified in separating the role of chairman and chief executive officer; and
- the Company has in place internal controls to provide check and balance on the functions.

Mr. Lok Wai Man is primarily responsible for leadership of the Company and the Board, setting strategic direction, ensuring the effectiveness of management in execution of the strategy approved by the Board. Execution responsibilities lie with other executive directors and senior management of each business unit.

Thus, the Company considers that this structure will not impair the balance of power and authority between the Board and the management of the Company.

Following the resignation of Mr. Lok Wai Man on 7 May 2011, Mr. Lau Wai Shu was appointed as the Chairman and Mr. Sit Hon Cheong was appointed as the Chief Executive Officer of the Company (the “CEO”). The roles of the Chairman and the CEO are segregated and performed by Mr. Lau Wai Shu and Mr. Sit Hon Cheong respectively thereon. This segregation ensures a clear distinction between the Chairman’s and the CEO’s responsibilities which allows a balance of power between the Board and the management of the Group, and ensures their independence and accountability.

## **SUFFICIENCY OF PUBLIC FLOAT**

The mandatory unconditional cash offer by Optima Capital Limited on behalf of Excel Score Limited for all the shares in the Company was closed on 6 May 2011. Upon the close of the offer, there are approximately 20.12% of the entire issued share capital of the Company remained in public hands. As the public float fell below the minimum percentage of 25% to comply with the requirement under rule 11.23 of GEM Listing Rules, Mr. Pong placed down approximately 7.45% of the issued share capital of the Company to independent places through a placing agent on 11 May 2011.

After completion of the placing on 13 May 2011, 27.57% of the issued share capital of the Company has been held by public hands. Accordingly, the minimum public float of 25% as prescribed under the GEM Listing Rules was restored.

## **COMPLIANCE OF CODE FOR DIRECTORS’ SECURITIES TRANSACTION**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 March 2011.

## **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 2011.

## **AUDIT COMMITTEE**

The Company has 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 of the Company comprised three members during the year, namely Mr. Tse Lin Chung (Chairman), Mr. Lee Kar Wai and Mr. Mak Wing Kwong, David, all of whom were independent non-executive directors.

Since 7 May 2011, the members of the audit committee of the Company have comprised Mr. Yip Tai Him, Ms. Yeung Wing Yan, Wendy and Mr. Lung Hung Cheuk. Mr. Yip Tai Him is the current chairman of the audit committee of the Company.

The primary duties of the audit committee of the Company are to review the Group's audit findings, accounting policies and standards, changes of accounting rules (if any), compliance to the GEM Listing Rules, internal and audit control, and cash flow forecast.

During the year, the Group's unaudited quarterly and half-yearly results and annual audited results during the year ended 31 March 2011 have been reviewed by the audit committee of the Company, which was of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 29 July 2011 to Monday, 1 August 2011, both days inclusive, during which period no transfer of shares will be registered. In order to attend the forthcoming annual general meeting, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 28 July 2011.

By order of the Board of  
**FlexSystem Holdings Limited**  
**Lau Wai Shu**  
Chairman

Hong Kong, 27 June 2011

*At the date of this announcement, the Company's executive directors are Mr. Lau Wai Shu and Mr. Sit Hon Cheong and the Company's independent non-executive directors are Mr. Lung Hung Cheuk, Ms. Yeung Wing Yan, Wendy and Mr. Yip Tai Him.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website (<http://www.hkgem.com>) for at least 7 days from its date of posting and on the designated website of the Company at <http://ir.sinodelta.com.hk/8050/>.*