THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Maxitech International Holdings Limited**, you should at once hand this circular to the purchaser or the transferee, or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire purchase or subscribe for the securities in **Maxitech International Holdings Limited**.

MXTECH

MAXITECH INTERNATIONAL HOLDINGS LIMITED

全美國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8136)

MAJOR TRANSACTION
ACQUISITION OF RICHFIELD REALTY LIMITED

Financial adviser to Maxitech International Holdings Limited

SOMERLEY LIMITED

This circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication.

* *for identification purpose only*

10 May 2007

CHARACTERISTICS OF GEM

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 of the Stock Exchange 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.

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the acquisition of the Sale Share by the Purchaser pursuant to the Acquisition Agreement
"Acquisition Agreement"	the acquisition agreement dated 10 April 2007 entered into among the Vendor, the Purchaser and the Guarantor in relation to the Acquisition
"Actual Profit"	the actual audited net profit before payment of the bonus payable to the management of Richfield Realty (if any) and after tax and any extraordinary or exceptional items of Richfield Realty for the 12-month period commencing from the Completion Date
"Announcement"	the announcement of the Company dated 18 April 2007 in relation to the Acquisition
"associates"	has the meaning ascribed to it under the GEM Listing Rules
"Base Profit"	HK$150,000,000, being the audited net profit before payment of the bonus payable to the management of Richfield Realty (if any) (which the parties to the Acquisition Agreement consider to be representing a share of the net profit of Richfield Realty by its management instead of an operating expense item) and after tax and any extraordinary or exceptional items of Richfield Realty for the 12-month period commencing from the Completion Date benchmarked for the purposes of the adjustment mechanism for the Consideration (as described herein)
"Board"	the board of Directors
"Bondholder(s)"	holder(s) of the Convertible Bonds from time to time
"Company"	Maxitech International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
"Completion"	completion of the Acquisition in accordance with the Acquisition Agreement

"Completion Date"	the third business day immediately after all the conditions precedent contained in the Acquisition Agreement having been duly fulfilled or waived (as the case may be)
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration"	the total consideration for the Acquisition, being HK$597,000,000, which shall be satisfied by the Convertible Bonds, the Promissory Note and cash pursuant to the terms of the Acquisition Agreement
"Conversion Share(s)"	up to 760,000,000 Share(s) to be alloted and issued upon full conversion of the Convertible Bonds at the Initial Conversion Price
"Convertible Bonds"	the convertible bonds in the aggregate principal amount of HK$456,000,000 to be issued to the Vendor (or its nominee(s)) to satisfy part of the Consideration
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group together with Richfield Realty
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK GAAP"	generally accepted accounting principles of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Initial Conversion Price"	HK$0.60 per Conversion Share, subject to usual anti-dilution adjustments, being the initial price at which the Convertible Bonds may be converted into the Conversion Shares
"Latest Practicable Date"	7 May 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Maturity Date"	being a date falling on the 5th anniversary of the issue of the Convertible Bonds

"Mr. Au" or "Guarantor"	Mr. Au Wing Wah, being the holder of the entire issued share capital of the Vendor and the guarantor under the Acquisition Agreement guaranteeing the due performance of the Vendor
"Mr. Pong"	Mr. Pong Wai San, Wilson (the chairman of the Company and the executive Director)
"PRC"	People's Republic of China
"Promissory Note"	a promissory note in the principal amount of HK$120,000,000 to be issued by the Company to the Vendor to satisfy part of the Consideration
"Purchaser"	Vastwood Ltd., a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"Richfield Group"	Richfield Realty and its subsidiaries (if any) from time to time
"Richfield Realty"	Richfield Realty Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor
"Sale Share"	one share of Richfield Realty of par value of HK$1.00 held by the Vendor (representing the entire issued share capital of Richfield Realty)
"Service Agreement"	the service agreement to be entered into between Richfield Realty and Mr. Au to retain Mr. Au's service to Richfield Realty
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tax Indemnity"	the tax indemnity to be executed by the Vendor and Mr. Au in favour of the Purchaser and Richfield Realty to indemnify certain taxation obligations of Richfield Realty

"Vendor"	Richfield (Holdings) Limited, a company incorporated in Marshall Islands and the existing sole shareholder of Richfield Realty
"Virtue Partner"	Virtue Partner Group Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially and wholly-owned by Mr. Pong
"HK$"	Hong Kong dollar
"%"	per cent.

MAXITECH INTERNATIONAL HOLDINGS LIMITED
全美國際控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8136)

Executive Director:
Mr. Pong Wai San, Wilson *(Chairman)*

Non-executive Director:
Mr. Li Chi Chung

Independent non-executive Directors:
Mr. Koo Fook Sun, Louis
Mr. Henry Lai Hing Wing
Mr. Lung Hung Cheuk

Registered office:
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Kwun Tong
Kowloon, Hong Kong

10 May 2007

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF RICHFIELD REALTY LIMITED

INTRODUCTION

On 18 April 2007, the Board announced that on 10 April 2007, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Acquisition Agreement with the Vendor and the Guarantor in relation to the Acquisition.

The Acquisition constitutes a major transaction for the Company, which requires the approval by the Shareholders at a general meeting, under the GEM Listing Rules. Since written approval has been obtained from the relevant Shareholders pursuant to Rule 19.44 of the GEM Listing Rules approving the transactions contemplated under the Acquisition Agreement, no such meeting will be held.

* *for identification purpose only*

The purpose of this circular is to provide you with, among other things, further details of the Acquisition, financial information relating to the Group and Richfield Realty, pro forma financial information and other information as required under the GEM Listing Rules.

ACQUISITION AGREEMENT

Date	10 April 2007
Parties	
Vendor:	Richfield (Holdings) Limited, a company beneficially and wholly-owned by Mr. Au. Save for being a party to the Acquisition Agreement, the Tax Indemnity and the Service Agreement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendor and Mr. Au (being the ultimate beneficial owner of the Vendor) as at the date of the Acquisition Agreement were independent of the Company and its connected persons.
Purchaser:	Vastwood Ltd., a wholly-owned subsidiary of the Company.
Guarantor:	Mr. Au, who will guarantee in favour of the Purchaser the due performance of the obligations of the Vendor under the Acquisition Agreement.

Asset to be acquired

The Sale Share, being one share of HK$1.00 in the issued share capital of Richfield Realty and representing the entire issued share capital of Richfield Realty.

Consideration and payment terms

The Consideration of HK$597,000,000 shall be satisfied upon Completion:

(a) as to HK$456,000,000 by the Purchaser procuring the Company to issue the Convertible Bonds in the principal amount of HK$456,000,000 to the Vendor (or its nominee(s));

(b) as to HK$120,000,000 by the Purchaser procuring the Company to issue the Promissory Note in the principal amount of HK$120,000,000 to the Vendor; and

(c) as to the balance of HK$21,000,000 to be paid by the Purchaser in cash to the Vendor.

The Consideration was determined after arm's length negotiations among the parties to the Acquisition Agreement taking into account the Base Profit. The Consideration represents a price earnings multiple of 3.98 times the Base Profit. The Base Profit has been determined taking into consideration the potential profitability of the projects on hand engaged by Richfield Realty, the progress of the projects for the next 12 months, the probability of success of the projects, the anticipated selling price of the properties successfully consolidated and the business expansion in terms of the number of projects in progress and the number of staff employed. Whilst the amount of the Actual Profit may not be ascertained at the current stage, which may turn out to be at loss, the Directors are confident that the Base Profit will be achieved, taking into account the urban redevelopment projects undertaken by Richfield Realty.

The Board considers that the Consideration is fair and reasonable and represents a significant discount to the valuation of a company listed on the Stock Exchange engaged in property development, property investment and real estate agency and brokerage services, which business the Shareholders and investors should note is similar to, but not the same as, that of Richfield Realty.

Adjustment mechanism for the Consideration

As regards net profit:

If the Actual Profit is less than the Base Profit, then the Vendor shall set off against the face value of the Promissory Note for the time being outstanding in an amount calculated as follows:

A = (Base Profit – Actual Profit) x 3.98

where A is the face value of the Promissory Note for the time being outstanding to be set off (the "**PN Set Off Amount**"). Should Richfield Realty record a negative Actual Profit (i.e. a loss), the Actual Profit shall be treated as zero and A shall be equal to the Base Profit times 3.98.

If the PN Set Off Amount exceeds the face value of the Promissory Note for the time being outstanding, the Vendor shall set off the exceeding amount (the "**Convertible Bond Set Off Amount**") against the face value of the Convertible Bonds for the time being outstanding provided that the aggregate of the PN Set Off Amount and the Convertible Bond Set Off Amount shall not exceed HK$597,000,000, being the Consideration.

If the PN Set Off Amount and the Convertible Bond Set Off Amount together exceed the aggregate of the face value of the Promissory Note and the Convertible Bonds for the time being outstanding, the Vendor shall pay to the Purchaser in cash an amount equal to the difference between (a) the aggregate of the PN Set Off Amount and the Convertible Bond Set Off Amount; and (b) the aggregate of the face value of the Promissory Note and the Convertible Bonds for the time being outstanding, provided that the total amount to be set off and payable by the Vendor shall not exceed HK$597,000,000, being the Consideration.

As regards net tangible assets:

If the actual audited net tangible asset value of Richfield Realty as at the Completion Date (the "**Actual NTAV**") is less than HK$3,000,000 (the "**Base NTAV**"), then the Vendor shall pay to the Purchaser an amount calculated as follows:

B = (Base NTAV – Actual NTAV)

where B is the amount to be payable by the Vendor to the Purchaser under this mechanism. Should Richfield Realty record a net liability position as at the Completion Date, B shall be equal to the aggregate of HK$3,000,000 and the amount of the net liability of Richfield Realty (expressed in absolute value). The amount of the Base NTAV represents a significant discount to the net assets of Richfield Realty as the amount of the Base NTAV has been quantified taking into account the potential amount of the pre-acquisition dividend (as detailed below).

Pursuant to the Acquisition Agreement, the audited financial statements of Richfield Realty made up to the Completion Date (the "**Audited Completion Accounts**") and the financial statements of the Richfield Group for the 12-month period commencing from the Completion Date shall be audited by the auditors of the Company for the then time being.

Conditions precedent

Completion is conditional upon:

(a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of Richfield Realty;

(b) all approvals, consents, authorisations and licences (so far as necessary) required to be obtained on the part of the Vendor, the Purchaser or the Guarantor in relation to the transactions contemplated under the Acquisition Agreement having been obtained;

(c) the warranties regarding assets, liabilities (including contingent liabilities), taxation, legal and accounting compliance matters and the operations of Richfield Realty contained in the Acquisition Agreement remaining true and accurate in all respects;

(d) the passing by the Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Acquisition Agreement and the transactions contemplated thereunder, including but not limited to (i) the issue of the Convertible Bonds to the Vendor; and (ii) the issue of the Promissory Note to the Vendor, or (if acceptable to the Stock Exchange) in lieu of holding such general meeting, a written Shareholders' approval from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the Shares in a manner as required under the GEM Listing Rules; and

(e) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares.

The Purchaser may at any time by notice in writing to the Vendor waive any of the conditions (a) and (c) above. If any of the conditions is not satisfied (or, as the case may be, waived by the Purchaser) on or before 30 June 2007 or such later date as the Vendor and the Purchaser may agree, the Acquisition Agreement shall cease and determine (save and except for clauses relating to confidentiality, notices, costs and governing laws which shall continue to have full force and effect) and neither party thereto shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, none of the above conditions precedent (other than condition (d) where written approval had been obtained from the relevant Shareholders pursuant to Rule 19.44 of the GEM Listing Rules approving the transactions contemplated under the Acquisition Agreement) had been fulfilled or waived (as the case may be).

Completion

Subject to fulfilment or waiver (as the case may be) of the above waivable conditions precedent, Completion shall take place on the Completion Date.

Pre-acquisition dividend

The Vendor and the Purchaser have agreed that they shall jointly procure that all net profits available for distribution by Richfield Realty as shown in the Audited Completion Accounts, minus the guaranteed net tangible asset value of HK$3,000,000, shall be distributed by way of distribution as dividend to the shareholder of Richfield Realty (being the Vendor), and that such dividend shall firstly be applied to set off against the current account with such shareholder as at the Completion Date and the balance of such dividend shall be paid to the Vendor within one year after the delivery of the Audited Completion Accounts.

The Directors consider that the arrangement to pay the pre-acquisition dividend is fair and reasonable as such dividend shall eliminate any outstanding balance between Richfield Realty and the Vendor and such dividend relates to earnings achieved by Richfield Realty for the period before Completion. The Directors further consider that the adjustment mechanism for the Consideration (as detailed above) will ensure that the Group's interest in Richfield Realty's future earnings will not be adversely affected by the payment of the pre-acquisition dividend.

TAX INDEMNITY

On Completion, the Vendor and Mr. Au shall execute the Tax Indemnity in favour of the Purchaser and Richfield Realty. Pursuant to the Tax Indemnity, the Vendor and Mr. Au will indemnify and guarantee in favour of the Purchaser and Richfield Realty and at all times keep them and each of them indemnified and guaranteed against any depletion in or reduction in value of their respective assets as a consequence of, and in respect of any amount which the Purchaser and Richfield Realty may become liable to pay, (a) certain items of estate duty; and (b) taxation falling on Richfield Realty resulting from or by reference to any income, profits or gains earned, accrued or received on or before the Completion Date or any event or transaction on or before the Completion Date whether alone or in conjunction with any circumstances whenever occurring. The pre-acquisition dividend will not be covered by the Tax Indemnity.

SERVICE AGREEMENT

In recognition of the expertise and knowledge of Mr. Au as the founder and chief executive of Richfield Realty in the areas of property consolidation, assembly and redevelopments, Richfield Realty will enter into the Service Agreement with Mr. Au whereby Mr. Au will provide service as director of Richfield Realty for an initial fixed period of one year which will automatically be renewed for successive terms of one year each with right of termination by serving not less than three months' notice. Mr. Au shall be responsible for the overall strategic management of Richfield Realty, human resources management, maintaining close supervision of the pricing of the property consolidation projects and maintaining close connections with major property developer clients of Richfield Realty.

Mr. Au shall be entitled to a nominal salary of HK$1.00 per month and a management bonus in respect of each financial year of Richfield Realty in an amount to be determined by the board of Richfield Realty in its absolute discretion, and confirmed and approved by the shareholder(s) of Richfield Realty, provided that the total amount of bonus payable to Mr. Au shall not exceed 10% of the combined or, as the case may be, audited consolidated net profit of the Richfield Group (after taxation and minority interests but before extraordinary items and payment of such bonus and the taxation attributable to such extraordinary items and bonus) for that financial year. Since Mr. Au (being the ultimate beneficial owner of Richfield Realty prior to Completion) has not been receiving any bonus from Richfield Realty, given the expertise and knowledge of Mr. Au for the development of Richfield Realty and the nominal basic remuneration, the Directors consider that the bonus of 10% which was negotiated on an arm's length basis represents an appropriate remuneration to give incentive to Mr. Au to contribute towards the continuous performance and business development of Richfield Realty.

Mr. Au shall not be engaged, concerned or interested directly or indirectly in any other business, trade or occupation other than that of Richfield Realty without the consent of Richfield Realty.

CONVERTIBLE BONDS

To satisfy part of the Consideration, the Company will issue to the Vendor (or its nominee(s)) the Convertible Bonds in the principal amount of HK$456,000,000. The Company shall enter into an instrument by way of deed poll constituting the Convertible Bonds. The following is a summary of the principal terms of the Convertible Bonds:

Issuer:	The Company
Subscriber(s):	The Vendor or its nominee(s)
Aggregate principal amount:	HK$456,000,000
Initial Conversion Price:	HK$0.60 per Conversion Share, subject to usual anti-dilution adjustments in certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivatives issues. Such adjustments will be certified by an independent approved merchant bank or the auditors of the Company for the then time being. The Initial Conversion Price of HK$0.60 per Conversion Share represents: • a discount of approximately 22.1% to the closing price of HK$0.77 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; • a premium of approximately 11.1% over the closing price of HK$0.54 per Share as quoted on the Stock Exchange on 4 April 2007, being the last trading day immediately before trading in the Shares was suspended pending release of the Announcement (the "**Last Trading Day**"); and • a premium of approximately 17.8% over the average of the closing prices of HK$0.5095 per Share for the last 10 trading days up to and including the Last Trading Day. The Initial Conversion Price was determined after arm's length negotiations among the Purchaser, the Vendor and the Company with reference to the prevailing market price of the Shares.
Interest rate:	1% per annum
Maturity:	The fifth anniversary from the date of issue of the Convertible Bonds.
Redemption:	Unless previously converted or lapsed or redeemed by the Company, the Company will redeem the Convertible Bonds on the Maturity Date. The Company

	may at any time before the Maturity Date by serving at least seven (7) days' prior written notice on the Bondholder(s) with the total amount proposed to be redeemed from the Bondholder(s) specified therein, redeem the Convertible Bonds (in whole or in part) at par.
Transferability:	The Bondholder(s) may only assign or transfer the Convertible Bonds to the transferee subject to the consent of the Company and provided that the Bondholder(s) has(have) discharged in full of its(their) obligations under the adjustment mechanism relating to the Consideration (as detailed above).
Conversion period:	Provided that (a) any conversion of the Convertible Bonds does not trigger a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the Bondholder(s) which exercised the conversion right, and (b) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued shares of the Company at any one time in compliance with the GEM Listing Rules, the Bondholder(s) shall have the right to convert, up to and including the Maturity Date, the whole or any part (in an amount or integral multiple of HK$5,000,000) of the principal amount of the Convertible Bonds into Conversion Shares.
Conversion Shares:	Upon full conversion of the Convertible Bonds at the Initial Conversion Price, an aggregate of 760,000,000 Conversion Shares will be issued by the Company (representing approximately 42.2% of the existing issued share capital of the Company and approximately 29.7% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares).
Voting:	A Bondholder will not be entitled to receive notice of, attend or vote, at any general meeting of the Company by reason only of it being a Bondholder.
Listing:	No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.
Ranking:	The Convertible Bonds will rank *pari passu* with all other present and future unsecured and un-subordinated obligations of the Company.

The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Bonds will rank *pari passu* in all respects with all other Shares in issue at the date on which the conversion rights attached to the Convertible Bonds are exercised. An application has been made by the Company for the listing of and permission to deal in the Conversion Shares to be allotted and issued as a result of the exercise of the conversion rights attached to the Convertible Bonds.

The Company shall inform the Stock Exchange in the event that there is any dealing in the Convertible Bonds by any connected person of the Company.

PROMISSORY NOTE

The Promissory Note in the amount of HK$120,000,000 is repayable in one lump sum at maturity of five years. The Promissory Note bears interest at 1% per annum and is payable in one lump sum amount at maturity of five years. In the event the Company defaults on repayment, the amount outstanding shall bear interest at the rate of 7% per annum. The Company has the right to redeem the Promissory Note prior to its maturity. The Promissory Note may, with prior consent of the Company, be freely transferable and assignable by the Vendor to any party other than a connected person of the Company provided that the Vendor has discharged in full its obligations under the adjustment mechanism relating to the Consideration (as detailed above).

SUMMARY OF EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS OF THE COMPANY

On 12 January 2007, the Company entered into a subscription agreement with Virtue Partner to raise approximately HK$10.4 million by issuing 1,036,794,000 Shares at the price of HK$0.01 per Share. The proceeds of the issue were intended to be used as general working capital of the Group and for the future investments of the Company. It is expected that such proceeds will be used to satisfy partially the cash portion of the Consideration.

On 7 July 2006, the Company implemented an open offer on the basis of one new Share for every two Shares then held raising an aggregate of approximately HK$15.0 million by issuing 249,302,000 Shares at HK$0.06 per Share. The net proceeds of the issue of HK$13.5 million were intended to be used as to approximately HK$12.5 million for investments in suitable opportunities and as to approximately HK$1.0 million as general working capital of the Group. The proceeds were used as to approximately HK$5.7 million for acquisition of computer business and as to approximately HK$2.8 million for general working capital of the Group. The remaining balance will be used to satisfy partially the cash portion of the Consideration.

INFORMATION ON RICHFIELD REALTY AND MR. AU

Founded by Mr. Au, Richfield Realty is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong. It has established a profitable business by implementing consolidation schemes for old and run down buildings in urban districts for reconstruction, which not only improves the outlook of some old districts in Hong Kong, but also provides a cosy, safe and healthy living condition for all inhabitants in those districts.

Richfield Realty is currently engaged in consolidation schemes for a number of development projects. Richfield Realty has an aggregate of about 25 registered real estate agents and over 20 registered external consultants who are engaged in carrying out negotiations for the consolidation of aged buildings.

Richfield Realty collaborates with major property developers in the implementation of consolidation schemes. Richfield Realty approaches individual property owners to implement a consolidation scheme and, upon successful consolidation of a whole block of a building, negotiates with property developers who would acquire such block. Richfield Realty earns fees on providing such facilitation services. On average, a successful consolidation scheme takes about three to eight months to implement.

The key management team of Richfield Realty comprises Mr. Au and two other persons. The management team (including Mr. Au) has over 15 years of property consolidation experience from other companies in the industry and its key strengths are the ability to professionally price the purchase and sale of the relevant properties, and the familiarity with the location of sites and buildings and the market demand for properties in different urban districts.

Prior to the entering into of the Acquisition Agreement, Mr. Pong and Mr. Au did not have any business relationship.

Set out below is the audited financial information of Richfield Realty since 25 May 2006 (being the date of incorporation) to 31 March 2007 (the "**Period**") prepared in accordance with HK GAAP:

	Period from 25 May 2006 to 31 March 2007 *HK$'000*
Turnover	16,853
Profit before taxation	12,713
Profit after taxation	10,496

	As at 31 March 2007 *HK$'000*
Total assets	13,389
Net assets	10,496

Turnover for the Period mainly represented property agency services income which amounted to HK$5.3 million (approximately 31.4% of total turnover) and property assembly and consolidation bonus which amounted to HK$11.6 million (approximately 68.6% of total turnover). During the Period, Richfield Realty completed property assembly and consolidation schemes for about 15 buildings, which are all situated on Hong Kong Island.

During the Period, there was no management bonus paid to Mr. Au and the other two key management members.

Mr. Au, aged 51, is the founder and director and ultimate beneficial owner of Richfield Realty. He holds a Hong Kong estate agency licence and has over 15 years of experience in property assembly and redevelopments in Hong Kong. During the 80's, Mr. Au commenced the businesses of catering, import and export, clothing wholesaler in Hong Kong. In 1992, in view of the rapid development of the property market in Hong Kong, he expanded his business to the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments, and property trading in Hong Kong. In early 00's, during the economic turmoil and the outbreak of severe acute respiratory syndrome in Hong Kong, causing extremely poor property market sentiment in the Hong Kong, he ceased all his businesses in Hong Kong and started new businesses overseas. In view of the recovery of the property market in Hong Kong since 2005 and the introduction of some new regulations by the Hong Kong Government, e.g. revision of the compulsory acquisition rule to 90% in Land (Compulsory Sales for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong), Mr. Au restarted his property assembly business in Hong Kong and has incorporated Richfield Realty for the purposes of property assembly and redevelopments and property agency business. After Completion, Mr. Au will remain as director of Richfield Realty and will be responsible for formulating and implementation of the overall corporate direction, corporate strategies and the day to day management of Richfield Realty.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the retail and wholesale of bags and accessories and trading of used computers.

The Directors have observed that the consolidation, assembly and redevelopment of properties and development sites in urban districts of Hong Kong has ample market potential and consider that the Acquisition offers the Group a good business opportunity in view of the growing trend of the property market and the shortage of supply of land in urban districts in Hong Kong. The Directors further consider that the Acquisition would provide a steady income stream to the Group and make a positive contribution to the profitability of the Group.

The Acquisition represents an attractive opportunity for the Group to diversify into the property market in Hong Kong and to have an interest in a well-experienced and quality management team specialising in the areas of property consolidation, assembly and redevelopments. In considering the Acquisition, the Board has taken into account the prospering property market in Hong Kong, the market demand for consultancy services in relation to property consolidation, assembly and redevelopments, the potential profitability of the projects on hand engaged by Richfield Realty, the progress of the projects for the next 12 months, the probability of success of the projects, the anticipated selling price of the properties successfully consolidated and the business expansion in terms of the number of projects in progress and the number of staff employed.

In view of the above, the Board considers that the entering into of the Acquisition Agreement is in the interest of the Company and the Shareholders as a whole and that the terms of the Acquisition Agreement are fair and reasonable.

SHAREHOLDING STRUCTURE

Set out below is a table showing the shareholding structure of the Company as at the Latest Practicable Date, and upon Completion and assuming that the Convertible Bonds are fully converted at the Initial Conversion Price.

	As at the Latest Practicable Date		**Upon Completion and assuming full conversion of the Convertible Bonds** *(Note (i))*	
	Shares	*Approximate %*	*Shares*	*Approximate %*
Mr. Pong	306,000,000	17.0	306,000,000	11.9
Virtue Partner	936,794,000	52.0	936,794,000	36.6
	1,242,794,000	69.0	1,242,794,000	48.5
The Vendor	–	0.0	760,000,000	29.7
Public Shareholders	557,206,000	31.0	557,206,000	21.8
Total	1,800,000,000	100.0	2,560,000,000	100.0

Notes:

(i) With the conditions of conversion of the Convertible Bonds, which have been disclosed under the heading "Convertible Bonds" above, conversion of the Convertible Bonds should not happen at all if the public float of the Shares will become less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued shares of the Company at any one time.

(ii) Based on the above table, it is expected that the Acquisition will not result in any change of control of the Company.

Save for the Service Agreement, the Vendor does not have any current intention nor does the Acquisition Agreement confer any right to the Vendor to nominate Mr. Au or any representative onto the Board or participate in the management of the Company as a result of the Acquisition.

The Stock Exchange has stated that if, at the date of conversion of the Convertible Bonds, less than 25% of the Shares are held by the public or if the Stock Exchange believes that:

- **a false market exists or may exist in the trading in the Shares; or**

- **there are too few Shares in public hands to maintain an orderly market,**

then it will consider exercising its discretion to suspend trading in the Shares until a sufficient public float is attained.

FINANCIAL EFFECTS OF THE ACQUISITION

Set out in Appendix III to this circular is the unaudited pro forma financial information which illustrates the financial effects of the Acquisition on the assets and liabilities of the Group, assuming the Acquisition had been completed as at 30 September 2006.

As a result of the Acquisition, goodwill of HK$594.0 million would be generated, which represents the excess of the Consideration over the Group's interest in the estimated fair value of the net identifiable assets and liabilities of Richfield Realty. Such amount will be maintained as an intangible asset in the consolidated balance sheet of the Enlarged Group and subject to impairment test annually as stipulated under HK GAAP. The unaudited pro forma consolidated net assets of the Enlarged Group would be approximately HK$216.7 million, representing an increase of about 708.6% from the unaudited consolidated net assets of the Group of approximately HK$26.8 million as at 30 September 2006.

Upon Completion, Richfield Realty will become a wholly-owned subsidiary of the Group, the results of which will be consolidated into the Group's financial statements. The Directors believe that the Acquisition will contribute to the earnings base of the Group but the quantification of such impact will depend on the future performance of Richfield Realty.

GEM LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction for the Company under the GEM Listing Rules, which requires the approval by the Shareholders at a general meeting or if accepted by the Stock Exchange, the approval by a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the Shares.

Since (a) there are no Shareholders required to abstain from voting, (b) the accountants' report on Richfield Realty set out in Appendix II to this circular contains an unqualified opinion thereon, and (c) written approval has been obtained from Mr. Pong and Virtue Partner, who together hold 1,242,794,000 Shares (representing approximately 69.0% of the issued share capital of the Company), the Company has applied to the Stock Exchange to accept, and the Stock Exchange has accepted, such written approval in lieu of holding a general meeting for the approval of the Acquisition.

Pursuant to note 3 to Rule 20.13(1)(b)(i) of the GEM Listing Rules, as the conditions prescribed thereunder are met, the Acquisition Agreement does not constitute a connected transaction for the Company under the GEM Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Maxitech International Holdings Limited
Pong Wai San, Wilson
Chairman

FINANCIAL SUMMARY

Set out below is a financial summary of the Group extracted from the relevant quarterly, interim and annual reports of the Company:

RESULTS

	Nine months ended 31 December	Year ended 31 March		
	2006	**2006**	**2005**	**2004**
	(unaudited)	(audited)	(audited)	(audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	45,679	70,913	69,893	65,847
Profit/(Loss) before income tax	(1,980)	(5,300)	(9,728)	644
Income tax	–	(100)	(223)	(281)
Profit/(Loss) for the period/year	(1,980)	(5,400)	(9,951)	363
Attributable to:				
Equity holder of the Company	(1,900)	(5,359)	(10,045)	751
Minority interests	(80)	(41)	94	(388)
	(1,980)	(5,400)	(9,951)	363
Dividends	–	–	–	–
(Loss)/Earnings per Share				
– Basic	(HK0.29 cent)	(HK1.3 cents)	(HK2.51 cents)	HK0.19 cent
– Diluted	N/A	N/A	N/A	N/A

ASSETS AND LIABILITIES

	As at 30 September	As at 31 March		
	2006	**2006**	**2005**	**2004**
	(unaudited)	(audited)	(audited)	(audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	35,374	14,851	26,568	37,327
Total liabilities	(8,558)	(6,503)	(14,640)	(15,448)
Minority interests	–	(80)	(121)	(27)
	26,816	8,268	11,807	21,852

AUDITED FINANCIAL INFORMATION

The following is a reproduction of the full text of the audited consolidated financial statements of the Group together with the accompanying notes contained on pages 26 to 54 of the annual report of the Company for the year ended 31 March 2006:

Consolidated Income Statement
For the year ended 31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
TURNOVER	5	70,913	69,893
Cost of sales		(38,576)	(36,628)
Gross profit		32,337	33,265
Other revenue	5	2,179	681
Selling and distribution costs		(23,031)	(23,596)
Administrative expenses		(16,277)	(19,494)
LOSS FROM OPERATIONS	6	(4,792)	(9,144)
Finance costs	7	(508)	(584)
LOSS BEFORE INCOME TAX		(5,300)	(9,728)
Income tax	10	(100)	(223)
LOSS FOR THE YEAR		(5,400)	(9,951)
Attributable to:			
Equity holders of the Company	11	(5,359)	(10,045)
Minority interests		(41)	94
		(5,400)	(9,951)
DIVIDENDS	12	–	–
LOSS PER SHARE	13		
– Basic		(HK1.3 cents)	(HK2.51 cents)
– Diluted		N/A	N/A

Consolidated Balance Sheet
As at 31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Fixed assets	14	1,210	6,166
Long-term investments		–	830
Rental and sundry deposits		2,132	1,723
		3,342	8,719
CURRENT ASSETS			
Short-term investments		–	1,434
Inventories	16	1,788	3,023
Accounts receivable	17	3,521	6,591
Prepayments, deposits and other receivables		1,876	2,144
Due from a minority shareholder	18	360	360
Taxes refundable		2	28
Pledged bank deposits		–	2,742
Cash and bank balances		3,962	1,527
		11,509	17,849
CURRENT LIABILITIES			
Accounts payable	19	3,680	3,418
Accrued expenses and other payables		1,279	1,317
Taxes payable		131	167
Amount due to a shareholder	20	453	–
Bills payable – secured	21	–	4,381
Bank overdrafts – secured	21	–	3,810
Short-term bank loans – secured	21	377	600
Current portion of long-term bank loans – secured	21	–	947
Current portion of other long-term loan – secured	22	500	–
		6,420	14,640
NET CURRENT ASSETS		5,089	3,209

	Notes	2006 HK$'000	2005 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		8,431	11,928
NON-CURRENT LIABILITIES			
Other long-term loans – secured	22	83	–
NET ASSETS		8,348	11,928
FINANCED BY			
Share capital	23	4,605	4,000
Reserves	25	3,663	7,807
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		8,268	11,807
MINORITY INTERESTS		80	121
		8,348	11,928

Balance Sheet
As at 31 March 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	15	147	17,820
CURRENT ASSETS			
Cash and bank balances		3,661	2
Taxes refundable		–	26
		3,661	28
CURRENT LIABILITIES			
Accrued expenses and other payables		332	100
Amount due to a shareholder	20	453	–
		785	100
NET CURRENT ASSETS/(LIABILITIES)		2,876	(72)
NET ASSETS		3,023	17,748
FINANCED BY			
Share capital	23	4,605	4,000
Reserves	25	(1,582)	13,748
TOTAL EQUITY		3,023	17,748

Statement of Changes in Equity of the Group and the Company
For the year ended 31 March 2006

Group

	Issued share capital	Share premium	Retained earnings/ (Accumulated losses)	Total	Minority interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2004	4,000	13,703	4,149	21,852	27	21,879
Net loss for the year	–	–	(10,045)	(10,045)	94	(9,951)
Balance at 1 April 2005	4,000	13,703	(5,896)	11,807	121	11,928
Issue of new shares	605	1,392	–	1,997	–	1,997
Issuing cost	–	(177)	–	(177)	–	(177)
Net loss for the year	–	–	(5,359)	(5,359)	(41)	(5,400)
Balance at 31 March 2006	4,605	14,918	(11,255)	8,268	80	8,348

Company

	Issued share capital	Share premium	Retained earnings/ (Accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2004	4,000	13,703	104	17,807
Net loss for the year	–	–	(59)	(59)
Balance at 1 April 2005	4,000	13,703	45	17,748
Issue of new shares	605	1,392	–	1,997
Issuing cost	–	(177)	–	(177)
Net loss for the year	–	–	(16,545)	(16,545)
Balance at 31 March 2006	4,605	14,918	(16,500)	3,023

Consolidated Cash Flow Statement
For the year ended 31 March 2006

	2006	2005
	HK$'000	*HK$'000*
Loss before income tax	(5,300)	(9,728)
Adjustments for:		
Depreciation	1,737	1,742
Provision for impairment loss of other investments	–	3,500
Provision for impairment of fixed assets	3,500	–
Interest income	(152)	(58)
Interest expenses	508	584
Loss on disposals of fixed assets	–	1,041
Operating cash flows before movements in working capital	293	(2,919)
Decrease/(Increase) in inventories	1,235	(355)
Decrease in accounts receivable	3,070	1,153
Decrease in prepayments, deposits and other receivables	793	1,099
Increase/(Decrease) in accounts payable	262	(489)
Increase in amount due to a shareholder	453	–
(Decrease)/Increase in bills payable	(4,381)	825
Decrease in accrued expenses and other payables	(38)	(1)
Cash generated from/(used in) operations	1,687	(687)
Interest income received	152	58
Interest paid	(508)	(584)
Tax paid	(110)	(699)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1,221	(1,912)
INVESTING ACTIVITIES		
Proceeds from disposals of other investments	1,330	–
Withdrawals of pledged bank deposits	2,742	825
Purchases of other investments	–	(830)
Sales proceeds of disposals of fixed assets	–	1,038
Purchases of fixed assets	(281)	(3,789)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	3,791	(2,756)
FINANCING ACTIVITIES		
Proceeds from issue of new shares	1,997	–
Share issue expenses	(177)	–
New other loans raised	583	–
Repayments of bank loans	(1,170)	(1,236)
New bank loans raised	–	500

	2006	2005
	HK$'000	*HK$'000*
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	1,233	(736)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,245	(5,404)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(2,283)	3,121
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,962	(2,283)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,962	1,527
Bank overdrafts	–	(3,810)
	3,962	(2,283)

Notes to the Financial Statements

For the year ended 31 March 2006

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 January 2002 as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands, British West Indies.

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the retail and wholesale of bags and accessories. The bags sold by the Group consist principally of business bags, sports bags, backpacks, handbags and wallets. The accessories sold by the Group include belts, watches, spectacles and umbrellas. There were no significant changes in the nature of the Group's principal activities during the year.

2. BASIS OF PRESENTATION AND ADOPTION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which also include all Hong Kong Accounting Standards ("HKASs") (Collectively referred to as the "New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the disclosure requirements of the Hong Kong Company Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The accounting policies and method computation used in the preparation of these financial statements are consistent with those used in the annual accounts of the Group for the year ended 31 March 2005, except that the Group has changed certain of its presentation of the accounts following the adoption of the New HKFRSs which have become effective for accounting periods beginning on or after 1 January 2005, and which have not been early adopted by the Group for the preparation of the annual accounts of the Group for the year ended 31 March 2005.

Except for adoption of HKAS 1 and HKAS 27, which result in changes to the presentation of the accounts on minority interests, the adoption of all other New HKFRSs did not result in substantial changes to the accounting policies and their methods of computation used in the Group's accounts for the year ended 31 March 2006.

In the prior periods, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the consolidated income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 April 2005, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to equity holders of the Company, and minority interests in the results of the Group for the year are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the Company.

At the date of this report, the following standards and interpretations were in issue but not yet effective:

HKAS 1 (Amendment)	*(Note a)*	Capital disclosures
HKAS 19 (Amendment)	*(Note b)*	Employee benefits – Actuarial gains and losses, group plans and disclosures
HKAS 21 (Amendment)	*(Note b)*	The effect of changes in foreign exchange rates – Net investment in a foreign operation
HKAS 39 (Amendment)	*(Note b)*	Cash flow hedges of forecast intragroup transactions
HKAS 39 (Amendment)	*(Note b)*	The fair value option
HKAS 39 and HKFRS 4 (Amendments)	*(Note b)*	Financial instruments: Recognition and measurement and insurance contracts – Financial guarantee contracts
HKFRS 6	*(Note b)*	Exploration for and evaluation of mineral resources
HKFRS 7	*(Note a)*	Financial instruments: Disclosures
HKFRS – Int 4	*(Note b)*	Determining whether an arrangement contains a lease
HKFRS – Int 5	*(Note b)*	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
HK(IFRIC) – Int 6	*(Note c)*	Liabilities arising from participating in a specific market – Waste electrical and electronic equipment
HK(IFRIC) – Int 7	*(Note d)*	Applying the restatement approach under HKAS 29 – Financial reporting in hyperinflationery economies
HK(IFRIC) – Int 8	*(Note e)*	Scope of HKFRS 2
HK(IFRIC) – Int 9	*(Note f)*	Reassessment of embedded derivatives

Note a: effective for annual periods beginning on or after 1 January 2007
Note b: effective for annual periods beginning on or after 1 January 2006
Note c: effective for annual periods beginning on or after 1 December 2005
Note d: effective for annual periods beginning on or after 1 March 2006
Note e: effective for annual periods beginning on or after 1 May 2006
Note f: effective for annual periods beginning on or after 1 June 2006

The Group has commenced considering the potential impact of the above new HKFRS but is not yet in a position to determine whether these HKFRS would have a significant impact on how its results of operations and financial position are prepared and presented. These HKFRS may result in changes in the future as to how the results and financial position are prepared and presented.

3. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2006.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the members of the board of directors; or to cast majority of votes at the meeting of the board of directors.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or goodwill taken to reserves and which was not previously charged or recognised in the consolidated income statement.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Translation of foreign currencies

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

Foreign currency transactions are translated at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the income statement.

The Group's branch in Taiwan maintains its records in New Taiwan dollars. In order to present the consolidated financial position of the Group in Hong Kong dollars, monetary assets and liabilities of the branch are translated at the applicable rate of exchange ruling at the balance sheet date. Income and expenses are translated at the exchange rates ruling at the transaction dates. Exchange differences are dealt with in the income statement.

On consolidation, the balance sheet of overseas subsidiaries are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an weighted average exchange rate. The resulting transaction differences are included in the exchange fluctuation reserves.

(c) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure results in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated to write off the cost of each asset over its estimated useful life on the straight-line basis at the following. The principal annual rates used are as follows:

Plant and machinery	10%
Furniture, fixtures and equipment	20%–30%
Leasehold improvements	20% or over the lease terms

The gain or loss on disposals or retirement of a fixed asset recognised in the income statement is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(e) Inventories

Inventories, which represent finished goods held for resale, are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchases, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs necessary to make the sale.

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cashflows (cash-generating units).

(g) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprises cash on hand and deposits held at call with banks and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(j) Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past event that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represent amounts receivable for services provided in the normal course of business, net of discount and sales related taxes. Revenue is recognised when it is probable that the economic benefits, will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(ii) interest income, on a time proportion basis, taking into account the effective yield on the asset.

(iii) Management fee income is recognized pro-rata over the duration of the underlying agreement.

(iv) Machine rental income is accounted for on a straight-line basis over the period of the relevant leases.

(l) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

(m) Taxation

The charge for taxation is based on the results for the year as adjusted for items, which are non-assessable or disallowable. Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Taxation rates enacted or substantively enacted by the balance sheet date is used to determine deferred taxation.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets is provided on temporary differences arising on investments in subsidiary companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(n) Borrowing costs

All borrowing costs are charged to the income statement in the year in which they are incurred.

(o) Employee benefits

(i) Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. The MPF Scheme has operated since 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed to the MPF Scheme except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

In addition, retirement benefits are paid by the Group's branch in Taiwan to its employees who contribute to the retirement benefit plans managed by the relevant authorities in Taiwan. The retirement benefits paid by the Taiwan's branch are based on certain percentage of the Taiwan employees' basic salaries in accordance with the relevant regulations in Taiwan and are charged to the profit and loss account as incurred. The Group discharges its retirement obligations upon payment of the retirement benefits to the employees in Taiwan.

(ii) Share-based compensation

No compensation cost is recognised in the income statement in connection with share options granted. When share options are granted, the fair value of the employee services received in exchange for the grant of the options is recognized as an expenses. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(p) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format and geographical segments are presented as the secondary reporting format.

Segment assets consist primarily of fixed assets, other investments, inventories, trade and other receivables, tax refundable and operating bank balances and cash exclude corporate cash funds. Segment liabilities consist primarily of trade payables, tax payable and accrued charges and other payables. Capital expenditure comprises additions to fixed assets.

In respect of geographical segment reporting, sales are based on the region where the customer is located. Total assets and capital expenditure are based on where the assets are located.

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provided. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Details of the business segments are summarised as follows:

(a) the retail segment represents the selling of bags and accessories via retail shops and department store counters;

(b) the wholesale segment represents the selling of bags and accessories via overseas agents and distributors; and

(c) the corporate segment represents investment holding.

(i) **Business segments**

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments:

	Retail		Wholesale		Corporate		Consolidated	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:								
Sales to external customers	39,715	45,028	31,198	24,865	–	–	70,913	69,893
Segment results	3,761	7,637	1,219	(3,457)	(9,772)	(13,324)	(4,792)	(9,144)
Finance costs							(508)	(584)
Loss before income tax							(5,300)	(9,728)
Income tax							(100)	(223)
Loss for the year							(5,400)	(9,951)
BALANCE SHEET								
ASSETS								
Segment assets	4,172	8,547	4,806	10,504	5,873	7,517	14,851	26,568
Unallocated assets	–	–	–	–	–	–	–	–
Total assets							14,851	26,568
LIABILITIES								
Segment liabilities	–	66	103	27	6,400	14,547	6,503	14,640
Unallocated liabilities							–	–
Total liabilities							6,503	14,640
Other segment information:								
Depreciation	644	635	962	911	131	196	1,737	1,742
Capital expenditure	208	941	–	527	73	242	281	1,710

(ii) Geographical segments

The following table presents revenue, certain assets and expenditure information for the Group's geographical segments.

	Hong Kong, SAR		PRC (not including Hong Kong, SAR)		Taiwan		Singapore		Others		Consolidated	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:												
Sales to external customers	53,664	51,660	5,617	3,087	9,393	12,442	1,744	1,876	495	828	70,913	69,893
Other segment information:												
Segment assets	13,145	16,015	673	7,019	1,030	3,442	–	92	3	–	14,851	26,568
Capital expenditure	281	935	–	527	–	248	–	–	–	–	281	1,710

5. TURNOVER AND REVENUE

Turnover represents the net invoiced value of goods sold after allowances for returns and trade discounts. All significant transactions amongst the companies comprising the Group have been eliminated on consolidation.

	2006	**2005**
	HK$'000	*HK$'000*
Turnover		
Sales	70,913	69,893
Other revenue		
Interest income	152	58
Exchange gains	–	216
Management income	900	–
Machinery rental income	600	–
Sundry income	527	407
	2,179	681
Total revenue	73,092	70,574

6. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after crediting and charging the following:

	2006	2005
	HK$'000	*HK$'000*
Crediting:		
Interest income	152	58
Recovery of bad debts	–	249
Exchange gains	–	216
Charging:		
Auditors' remuneration	250	230
Bad debts written off	1,495	2,190
Cost of inventories sold	38,576	36,628
Depreciation	1,737	1,742
Directors' remuneration *(note (8))*	909	1,044
Exchange losses	32	–
Provision for impairment of fixed assets	3,500	–
Provision for impairment loss of other investments	–	3,500
Loss on disposal of other investments	260	–
Loss on disposals of fixed assets	–	1,041
Minimum lease payments under operating lease rentals for land and buildings	11,319	10,822
Staff costs (excluding directors' remuneration, *note (8)*)		
Salaries	10,573	11,362
Pension scheme contributions	366	340

7. FINANCE COSTS

	Group	
	2006	2005
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	508	584

8. DIRECTORS' REMUNERATIONS

Details of directors' remunerations of the Group disclosed pursuant to the Rules Governing the Listing of Securities on GEM and Section 161 of the Hong Kong Companies Ordinance, are as follows:

	2006				2005
Name of Directors	**Fees**	**Basic salaries, allowance and bonus**	**Pension scheme contributions**	**Total emoluments**	**Total emoluments**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Ng Pak To, Petto (resigned on 19 April 2006)	–	313	–	313	594
Ho Kai Chung (resigned on 3 May 2005)	–	327	11	338	450
Chan Man Yin (appointed on 1 June 2006)	100	–	–	100	–
Chan Francis Ping Kuen (appointed on 1 February 2006)	20	–	–	20	–
Independent Non-executive Directors					
Lee Kun Hung (appointed on 20 June 2005)	47	–	–	47	–
Wong Hou Yan, Norman (appointed on 20 June 2005)	47	–	–	47	–
Cheung Chi Hwa, Justin (appointed on 4 July 2005)	44	–	–	44	–
	258	640	11	909	1,044

Except for the above, no emolument has been paid to other directors of the Company for the year (2005: Nil).

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Fees:		
Executive directors	120	–
Independent non-executive directors	138	–
Other emoluments of executive directors:		
Basic salaries, housing benefits, other allowances and benefits in kind	640	1,032
Pension scheme contributions	11	12
	909	1,044

The emoluments of the Directors of the Company fell within the following bands:

	Number of directors	
Emolument bands	**2006**	**2005**
Nil to HK$1,000,000	7	2

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2005: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2005: two) executive directors, details of whose emoluments are set out in note 8 above. Details of the emoluments of the remaining three (2005: three) employees are set out as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Basic salaries, housing benefits, other allowances and benefits in kind	795	874
Pension scheme contributions	35	36
	830	910

The emoluments of each of the above remaining employees fall within the HK$Nil – HK$1,000,000 band.

During the year, no emoluments were paid by the Group to any of the directors or the highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office (2005: Nil).

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration during the year (2005: Nil).

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in other jurisdictions have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

(a) The amount of income tax in the consolidated income statement represents:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Hong Kong		
Current year	110	150
(Over)/Under provision in prior years	(10)	73
Other jurisdictions	–	–
Tax charge for the year	100	223

The provision for the year can be reconciled from taxation based on the loss per income statement as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Loss before income tax	(5,300)	(9,728)
Tax at the domestic tax rate of 17.5% (2005: 17.5%)	(927)	(1,702)
Tax effect on non-deductible expenses	851	965
Tax effect on non-taxable revenue	(27)	(170)
Tax effect on accelerated depreciation allowance	100	78
Tax effect on prior year's tax losses utilised this year	(82)	(41)
Tax effect on unused tax losses not recognized	195	1,020
(Over)/Under provision in prior years	(10)	73
Tax charge for the year	100	223

(b) Details of deferred taxation of the Group are set out in note 26.

11. NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

Net loss attributable to shareholders for the year ended 31 March 2006 dealt with in the financial statements of the Company was HK$16,545,000 (2005: HK$59,000).

12. DIVIDENDS

No dividends have been paid or declared by the Company during the year (2005: Nil).

13. LOSS PER SHARE

Basic loss per share is calculated based on the loss attributable to shareholders of HK$5,359,000 (2005: HK$10,045,000) and on the weighted average number of 421,549,370 shares in issue during the year (2005: 400,000,000 shares).

Diluted earnings per share is not presented as there are no diluting events during the year.

14. FIXED ASSETS

Group

	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost				
At 1 April 2004	5,010	3,067	2,643	10,720
Additions	2,130	242	1,417	3,789
Disposals	(2,079)	–	(91)	(2,170)
At 1 April 2005	5,061	3,309	3,969	12,339
Additions	–	73	208	281
Impairment loss	(2,841)	–	(659)	(3,500)
At 31 March 2006	2,220	3,382	3,518	9,120
Accumulated depreciation				
At 1 April 2004	752	2,260	1,510	4,522
Charge for the year	503	361	878	1,742
Eliminated on disposals	–	–	(91)	(91)
At 1 April 2005	1,255	2,621	2,297	6,173
Charge for the year	506	317	914	1,737
At 31 March 2006	1,761	2,938	3,211	7,910
Net book value				
At 31 March 2006	459	444	307	1,210
At 31 March 2005	3,806	688	1,672	6,166
At 31 March 2004	4,258	807	1,133	6,198

As at 31 March 2006, plant and machinery of net book value amounting to approximately HKD459,000 were leased to the third party (2005: Nil).

15. INVESTMENTS IN SUBSIDIARIES

	Company 2006 HK$'000	Company 2005 HK$'000
Unlisted shares, at cost	64	64
Due from subsidiaries	83	17,756
	147	17,820

Amounts due are unsecured, interest free and repayable on demand. Details of subsidiaries are as follows:

Company	Place of incorporation/ registration and operations	Nominal value of issued share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Resource Base Enterprises Limited	British Virgin Islands	Ordinary US$100	100	–	Investment holding
Multi Merchant Investments Limited	British Virgin Islands	Ordinary US$1,000	100	–	Investment holding
FX Creations International Limited	Hong Kong	Ordinary HK$500,000	–	100	Retail and distribution of bags
FX International Limited	Hong Kong	Ordinary HK$1,000,000	–	100	Trading of bags and accessories
Solid Wealth Limited	British Virgin Islands	Ordinary US$1,000	–	100	Letting of plant and equipment
Million Hero Investments Limited	British Virgin Islands	Ordinary US$1,000	–	100	Investment holding
Easy Jet Limited	British Virgin Islands	Ordinary US$50,000	–	100	Investment holding
Join Forever Limited	British Virgin Islands	Ordinary US$1,000	–	100	Dormant
Fresh Design Group Limited	British Virgin Islands	Ordinary US$1,000	–	100	Dormant
FX Wealthmark International Limited	Hong Kong	Ordinary HK$1,000,000	–	60	Business not yet commenced
Hugo Point International Limited	Hong Kong	Ordinary HK$100	–	100	Dormant

16. INVENTORIES

All inventories held at year end are finished goods. At 31 March 2006, no inventories were stated at net realizable value (2005: Nil).

17. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit, which generally have credit terms of up to 90 days (2005: 90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict controls over its outstanding receivables to minimise credit risk. Overdue balances are reviewed by senior management on a regular basis.

Ageing analysis of the Group's accounts receivable as at the balance sheet date based on the goods delivery date is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Within 90 days	3,485	5,570
91 – 180 days	–	1,013
181 – 365 days	–	4
Over 1 year	36	4
	3,521	6,591

18. DUE FROM A MINORITY SHAREHOLDER

Amounts due are unsecured, interest free and repayable on demand.

19. ACCOUNTS PAYABLE

Ageing analysis of the Group's accounts payable as at the balance sheet date based on the goods receipt date is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Within 90 days	3,229	2,748
91 – 180 days	400	190
181 – 365 days	51	–
Over 1 year	–	480
	3,680	3,418

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Represented by:		
Payable to a related company	–	480
Payable to third parties	3,680	2,938
	3,680	3,418

The related company is a subsidiary of the minority shareholder of a subsidiary within the Group.

20. AMOUNT DUE TO A SHAREHOLDER

Amounts due are unsecured, interest free and repayable on demand.

21. BANK BORROWINGS

	Group 2006 HK$'000	Group 2005 HK$'000
Bills payable, secured	–	4,381
Bank overdrafts, secured	–	3,810
Short-term bank loans, secured	377	600
Long term bank loans, secured		
Wholly repayable within five years	–	947
Less: Current portion included in current liabilities	–	(947)
Long-term portion	–	–

The above bank borrowings as at 31 March 2006 are secured by personal guarantee given by Mr. Ng Pak To, Petto (Resigned on 19 April 2006), Ms Ho Pui Lai and Mr. Ho Kai Chung, David (Resigned on 3 May 2005).

22. OTHER LONG-TERM LOANS – SECURED

	Group 2006 HK$'000	Group 2005 HK$'000
Wholly repayable within one to two years	583	–
Less: Current portion included in current liabilities	(500)	–
Long-term portion	83	–

The loan is secured by a personal guarantee from the director, Mr. Ng Pak To, Petto (Resigned on 19 April 2006), and bears interest at 10% per annum. The loan is repaid through monthly instalments up to 9 May 2007.

23. SHARE CAPITAL

	Number of shares 2006	Number of shares 2005	Value 2006 HK$'000	Value 2005 HK$'000
Authorised:				
10,000,000,000 ordinary shares of HK$0.01 each	10,000,000,000	10,000,000,000	100,000	100,000
Issued and fully paid:				
At beginning of the year	400,000,000	400,000,000	4,000	4,000
Issue of new shares	60,504,000	–	605	–
At end of the year	460,504,000	400,000,000	4,605	4,000

During the year, the Company allotted and issued 60,504,000 of new shares.

24. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the main purpose of recognising significant contributions of the employees of the Group to the growth of the Group, by rewarding them with opportunities to obtain an ownership interest in the Company and to further motivate and give an incentive to these persons to continue to contribute to the Group's long terms success and prosperity.

Eligible participants of the Scheme include any employees, consultants, advisers, suppliers or customers of the Company and its subsidiaries, including any directors of the Company and its subsidiaries. The Scheme became effective on 21 May 2002 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period up to the date of grant, is limited to 1% of the shares of the Company in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted in writing within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted shall be determined by the board of directors and notified to the relevant grantee, but must not be more than ten years from the date of grant of the share options.

The exercise price of the share options is determinable by the board of directors, but may not be less than the highest of (i) the closing price of the Company's share as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option, which must be a business day, (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the option, or (iii) the nominal value of the Company's shares on the date of offer.

Since the Scheme became effective and for the year ended 31 March 2006, no share options have been granted pursuant to the Scheme.

25. RESERVES

Movements of reserves of the Group and Company are set out under the statement of changes in equity.

Under the Companies Law of the Cayman Islands, the share premium is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividends, the Company is also able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association of the Company, with the sanction of an ordinary resolution, dividends may also be declared and paid out of the share premium.

26. UNRECOGNISED DEFERRED TAXATION

At the balance sheet date, the Group had unrecognised deferred taxation assets as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Taxation effect of temporary differences arising as a result of:		
Tax losses available to set off against future assessable profits	299	1,149
Excess of depreciation charged in the financial statements over depreciation allowance claimed for tax purposes	461	397
	760	1,546

No provision for deferred taxation has been recognised in respect of the tax losses as this has not yet been all agreed with the Inland Revenue Department and it is not certain that they can be utilised in the foreseeable future.

No provision for deferred taxation has been recognised as the amount is insignificant. The amount of unrecognised deferred taxation credit for the year is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Taxation effect of temporary differences arising as a result of:		
Tax losses available to set off against future assessable profits	299	1,149
Taxation effect of timing differences arising as a result of excess of depreciation charged in the financial statements over depreciation allowance claimed for tax purposes	152	88
	451	1,237

The Company had no significant unrecognised deferred taxation at the balance sheet date.

27. CONTINGENT LIABILITIES

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees given on the banking facilities granted and utilised by subsidiaries	–	–	–	9,738
Bills discount with recourse	–	76	–	–
	–	76	–	9,738

28. OPERATING LEASE COMMITMENTS

The Group leases certain of its office premises, warehouses, retail shops and department store counters under non-cancellable operating lease arrangements with lease terms ranging from one to three years.

At 31 March 2006, the Group had total future minimum lease payments in respect of non-cancellable operating leases for land and buildings falling due as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Within one year	6,165	8,498
In the second to fifth years, inclusive	3,905	3,582
	10,070	12,080

29. SIGNIFICANT SUBSEQUENT EVENTS

On 25 May 2006, the Company announced and proposed to raise approximately HK$14.96 million before expenses, by way of an open offer of the new shares, of is not less than 232,552,000 offer shares and not more than 249,302,000 at a price of HK$0.06 per offer share on the basis of one offer share for every two existing shares. Details of this proposal have been set out in the announcement of the Company dated 25 May 2006.

On 2 June 2006, the Company announced that the Company entered in the memorandum of understanding with Richport Assets and Mr. Lui Shu Kwan ("Mr. Lui"), the ultimate beneficial owner of the Richport Assets in relation to the proposed acquisition of the whole or part of the equity interest held by Mr. Lui and Richport Assets by the Company.

Richport Assets has secured an exclusive distribution rights in relation to the sale and distribution of funeral products and services on a world wide basis.

An amount of HK$6,000,000 was paid by the Company to Richport Assets as earnest money, if no legally binding formal agreement has been entered into or before 30 September, 2006, the sum will be refundable to the Company in full without interest within three business days.

Details of this proposal have been set out in the announcement of the Company dated 2 June 2006.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 June 2006.

UNAUDITED INTERIM FINANCIAL INFORMATION

The following is a reproduction of the full text of the unaudited condensed consolidated financial statements of the Group together with the accompanying notes contained on pages 2 to 10 of the interim report of the Company for the six months ended 30 September 2006:

Unaudited Condensed Consolidated Income Statement

For the three months and six months ended 30 September 2006

		Six months ended 30 September		Three months ended 30 September	
		2006	**2005**	**2006**	**2005**
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	*4*	25,193	35,780	13,220	18,406
Cost of sales		(13,209)	(18,400)	(7,210)	(9,908)
Gross profit		11,984	17,380	6,010	8,498
Other revenue		991	1,187	833	928
Selling and distribution costs		(8,851)	(12,227)	(4,501)	(6,027)
Administrative expenses		(5,633)	(6,106)	(2,928)	(3,307)
PROFIT/(LOSS) FROM OPERATIONS		(1,509)	234	(586)	92
Finance costs		(38)	(291)	(16)	(149)
LOSS BEFORE INCOME TAX	*5*	(1,547)	(57)	(602)	(57)
Income tax	*6*	–	–	–	–
LOSS FOR THE PERIOD		(1,547)	(57)	(602)	(57)
Attributable to:					
Equity holders of the Company		(1,467)	(57)	(522)	(57)
Minority interests		(80)	–	(80)	–
		(1,547)	(57)	(602)	(57)
DIVIDEND	*8*	–	–	–	–
LOSS PER SHARE	*7*				
Basic		HK0.25 cent	HK0.01 cent	HK0.07 cent	HK0.01 cent
Diluted		N/A	N/A	N/A	N/A

Unaudited Condensed Consolidated Balance Sheet
As at 30 September 2006

	Notes	As at 30 September 2006 (Unaudited) HK$'000	As at 31 March 2006 (Audited) HK$'000
NON-CURRENT ASSETS			
Fixed assets		597	1,210
Available-for-sale investments		195	–
Rental and sundry deposits		1,225	2,132
		2,017	3,342
CURRENT ASSETS			
Inventories		1,914	1,788
Accounts receivable	9	3,676	3,521
Prepayments, deposits and other receivables		13,505	1,876
Due from a minority shareholder		–	360
Taxes refundable		2	2
Bank deposits		13,000	–
Cash and bank balances		1,260	3,962
		33,357	11,509
CURRENT LIABILITIES			
Accounts payable	10	6,023	3,680
Accrued expenses and other payables		1,497	1,279
Taxes payable		98	131
Amount due to a shareholder		453	453
Short-term bank loans – secured		154	377
Current portion of other long-term loans – secured		333	500
		8,558	6,420
NET CURRENT ASSETS		24,799	5,089
TOTAL ASSETS LESS CURRENT LIABILITIES		26,816	8,431

	Notes	As at 30 September 2006 (Unaudited) HK$'000	As at 31 March 2006 (Audited) HK$'000
NON-CURRENT LIABILITIES			
Other long-term loans – secured		–	83
		26,816	8,348
FINANCED BY			
Share capital	11	7,479	4,605
Reserves		19,337	3,663
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		26,816	8,268
MINORITY INTERESTS		–	80
TOTAL EQUITY		26,816	8,348

Unaudited Condensed Consolidated Cash Flow Statement

	Six months ended 30 September 2006 (Unaudited) *HK$'000*	Six months ended 30 September 2005 (Unaudited) *HK$'000*
Net cash outflow from operating activities	(8,787)	(393)
Net cash outflow from investing activities	(457)	(534)
Net cash inflow from financing activities	19,542	63
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,298	(864)
Cash and cash equivalents at beginning of period	3,962	(2,283)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14,260	(3,147)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	14,260	532
Bank overdrafts	–	(3,679)
	14,260	(3,147)

Unaudited Consolidated Statement of Changes in Equity
For the six months ended 30 September 2006

	Issued share capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Accumulated losses (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*	Minority interests (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
At 1 April 2005	4,000	13,703	(5,896)	11,807	–	11,807
Net loss for the period	–	–	(57)	(57)	–	(57)
At 30 September 2005	4,000	13,703	(5,953)	11,750	–	11,750

	Issued share capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Accumulated losses (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*	Minority interest (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
At 1 April 2006	4,605	14,918	(11,255)	8,268	80	8,348
Issue of new shares	2,493	12,465	–	14,958	–	14,958
Issuing costs	–	(1,153)	–	(1,153)	–	(1,153)
Exercise of share options	381	5,829	–	6,210	–	6,210
Net loss for the period	–	–	(1,467)	(1,467)	(80)	(1,547)
At 30 September 2006	7,479	32,059	(12,722)	26,816	–	26,816

Notes:

1. **GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands on 10 January 2002 as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY 1-1111, Cayman Islands.

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the retail and wholesale of bags and accessories. The bags sold by the Group consist principally of business bags, sports bags, backpacks, handbags and wallets. The accessories sold by the Group include belts, watches, spectacles and umbrellas. There were no significant changes in the nature of the Group's principal activities during the period.

2. **BASIS OF PREPARATION**

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention and in accordance with the Hong Kong Accounting Standard 34 (HKAS 34) "Interim Financial Reporting" by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. The accounting policies adopted in preparation of the unaudited results are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2006.

All significant transactions and balances within the Group have been eliminated on consolidation.

3. **PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments which are measured at fair value, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Company's audited annual financial statements for the year ended 31 March 2006.

In the current interim period, the Company has applied, for the first time, a number of new standards, amendments and interpretations (new "HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning either on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Company has not early applied the following new standards, amendments and interpretations that have been issued. The Group has commenced considering the potential impact of the new HKFRS but is not yet in a position to determine whether these HKFRS would have a significant impact on how its results of operations and financial position are prepared and presented. These HKFRS may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies"[2]
HK(IFRIC)-INT 8	Scope of HKFRS 2[3]
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives[4]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 March 2006.
3 Effective for annual periods beginning on or after 1 May 2006.
4 Effective for annual periods beginning on or after 1 June 2006.

4. TURNOVER AND SEGMENT INFORMATION

Turnover represents the aggregate of the net invoiced value of goods sold, after allowances for returns and trade discounts.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provided. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Details of the business segments are summarised as follows:

(a) the retail segment represents the selling of bags and accessories via retail shops and department store counters;

(b) the wholesale segment represents the selling of bags and accessories via agents and distributors; and

(c) the corporate segment represents investment holding.

(a) Business segments

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments.

	Six months ended 30 September							
	Retail		Wholesale		Corporate		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:								
Sales to external customers	15,348	21,490	9,845	14,290	–	–	25,193	35,780
Segment results	1,161	3,421	1,486	1,649	(4,156)	(4,836)	(1,509)	234
Finance costs							(38)	(291)
Loss before income tax							(1,547)	(57)
Income tax							–	–
Loss for the period							(1,547)	(57)
BALANCE SHEET								
ASSETS								
Segment assets	735	7,381	6,253	12,785	28,386	5,405	35,374	25,571
Unallocated assets	–	–	–	–	–	–	–	–
Total assets							35,374	25,571
LIABILITIES								
Segment liabilities	–	2,578	6,023	1,451	2,535	9,671	8,558	13,700
Unallocated liabilities	–	–	–	–	–	–	–	–
Total liabilities							8,558	13,700
Other segment information:								
Depreciation	280	325	240	481	2	76	522	882
Capital expenditure	329	6	–	–	–	71	329	77

(b) Geographical segments

The following table presents revenue, certain assets and expenditure information for the Group's geographical segments.

	Six months ended 30 September											
	Hong Kong		People's Republic of China ("PRC") (not including Hong Kong)		Taiwan		Singapore		Other		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:												
Sales to external customers	19,600	26,211	3,113	2,409	1,062	5,922	1,231	1,026	187	212	25,193	35,780
Other segment information:												
Segment assets	34,365	16,329	–	5,290	1,009	3,918	–	34	–	–	35,374	25,571
Capital expenditure	329	72	–	–	–	5	–	–	–	–	329	77

5. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging the following:

	Six months ended 30 September		Three months ended 30 September	
	2006	**2005**	**2006**	**2005**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest on overdrafts and bank loans	38	291	16	149
Depreciation	522	882	132	456

6. INCOME TAX

No provision for income tax has been made (three and six months ended 30 September 2005: Nil) as the Group has an estimated loss for Hong Kong income tax purposes in the current periods. Taxes on profits assessable in other jurisdictions have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the balance sheet date (30 September 2005: Nil).

7. LOSS PER SHARE

The calculations of basic loss per share for the three and six months ended 30 September 2006 are based on the unaudited consolidated net loss attributable to equity holders for the three and six months ended 30 September 2006 of approximately HK$522,000 and HK$1,467,000 respectively (three and six months ended 30 September 2005: net loss attributable to equity holders of approximately HK$57,000 and HK$57,000 respectively) and on the weighted average number of 718,098,152 and 597,499,967 shares during the three and six months ended 30 September 2006 (three and six months ended 30 September 2005: 400,000,000 shares).

Diluted loss per share for the three and six months ended 30 September 2006 and the corresponding periods in 2005 have not been disclosed as no dilutive events existed during those periods.

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2006 (six months ended 30 September 2005: Nil).

9. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit, which generally have credit terms of up to 90 days (six months ended 30 September 2005: 90 days). The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Aged analysis of the Group's accounts receivable as at the balance sheet dates based on the goods delivery date is as follows:

	30 September 2006 (Unaudited) *HK$'000*	**31 March 2006** (Audited) *HK$'000*
Within 90 days	2,401	3,485
91 – 180 days	1,254	–
181 – 365 days	–	–
Over 1 year	21	36
	3,676	3,521

10. ACCOUNTS PAYABLE

Aged analysis of the Group's accounts payable as at the balance sheet dates based on the goods receipt date is as follows:

	30 September 2006 (Unaudited) *HK$'000*	**31 March 2006** (Audited) *HK$'000*
Within 90 days	3,981	3,229
91 – 180 days	2,042	400
181 – 365 days	–	–
Over 1 year	–	51
	6,023	3,680

11. SHARE CAPITAL

	Number of shares	Value 30 September 2006 (Unaudited) *HK'000*
Authorised		
10,000,000,000 ordinary shares of HK$0.01 each	10,000,000,000	100,000
Issued and fully paid		
At 1 April 2006	460,504,000	4,605
Issue of new shares on exercise of the share options	38,100,000	381
Issue of new shares on the open offer	249,302,000	2,493
	747,906,000	7,479

The Company has a share option scheme for Directors and eligible employees and consultants of the Group. There were no outstanding share options at the beginning and end of the period.

During the period, 38,100,000 share options were granted and exercised.

As a result of the exercise of the Company's share options and the open offer of new shares on the basis of one offer share for every two existing shares, additional 287,402,000 new ordinary shares were allotted and issued by the Company during six months ended 30 September 2006.

UNAUDITED QUARTERLY FINANCIAL INFORMATION

The following is a reproduction of the full text of the unaudited consolidated results of the Group for the nine months ended 31 December 2006 together with accompanying notes contained on pages 2 to 4 of the third quarterly report 2006/2007 of the Company:

Unaudited Consolidated Income Statement
For the three months and nine months ended 31 December 2006

		Nine months ended 31 December		Three months ended 31 December	
		2006	**2005**	**2006**	**2005**
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	3	45,679	54,154	20,486	18,374
Cost of sales		(26,982)	(28,968)	(13,773)	(10,568)
Gross profit		18,697	25,186	6,713	7,806
Other revenue		2,147	1,432	1,156	245
Selling and distribution costs		(14,928)	(17,754)	(6,077)	(5,527)
Administrative expenses		(7,834)	(8,710)	(2,201)	(2,604)
PROFIT/(LOSS) FROM OPERATIONS		(1,918)	154	(409)	(80)
Finance costs		(62)	(435)	(24)	(144)
LOSS BEFORE INCOME TAX		(1,980)	(281)	(433)	(224)
Income tax	4	–	(4)	–	(4)
LOSS FOR THE PERIOD		(1,980)	(285)	(433)	(228)
Attributable to:					
Equity holders of the Company		(1,900)	(285)	(433)	(228)
Minority interests		(80)	–	–	–
		(1,980)	(285)	(433)	(228)
DIVIDEND	6	–	–	–	–
LOSS PER SHARE					
Basic	5	HK(0.29) cent	HK(0.07) cent	HK(0.06) cent	HK(0.06) cent
Diluted		N/A	N/A	N/A	N/A

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 January 2002 as an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY 1-1111, Cayman Islands.

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the retail and wholesale of bags and accessories and trading of used computers. The bags sold by the Group consist principally of business bags, sports bags, backpacks, handbags and wallets. The accessories sold by the Group include belts, watches, spectacles and umbrellas. The trading of used computers by the Group includes PCs, laptops and computer parts (such as RAM modules, LCD panels, hard disks, DVDROMs, plastic covers, and keyboards etc.).

2. BASIS OF PREPARATION

The unaudited consolidated income statement has been prepared under the historical cost convention and in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants, the accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. The accounting policies adopted in preparation of the unaudited results are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2006.

All significant transactions and balances within the Group have been eliminated on consolidation.

3. TURNOVER

Turnover represents the aggregate of the net invoiced value of goods sold, after allowances for returns and trade discounts.

	Nine months ended 31 December		**Three months ended 31 December**	
	2006	**2005**	**2006**	**2005**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover				
Retail of bags and accessories	24,322	29,638	8,974	8,148
Wholesale of bags and accessories	14,591	24,516	4,746	10,226
Trading of used computers	6,766	–	6,766	–
	45,679	54,154	20,486	18,374

4. INCOME TAX

No provision for income tax has been made (three and nine months ended 31 December 2005: 17.5%) as the Group has an estimated loss for Hong Kong income tax purposes in the current periods. Taxes on profits assessable in other jurisdictions have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the balance sheet date (31 December 2005: Nil).

5. LOSS PER SHARE

The calculations of basic loss per share for the three months and nine months ended 31 December 2006 are based on the unaudited consolidated net loss attributable to equity holders of the Company for the three months and nine months ended 31 December 2006 of approximately HK$433,000 and HK$1,900,000 respectively (three months and nine months ended 31 December 2005: net loss of approximately HK$228,000 and HK$285,000 respectively) and the weighted average of 757,551,652 and 650,278,879 shares respectively in issue during the three months and nine months ended 31 December 2006 (three months and nine months ended 31 December 2005: 401,265,084 and 405,060,335 shares in issue respectively).

Diluted loss per share for the three months and nine months ended 31 December 2005 and 2006 have not been disclosed as no diluting events existed during those periods.

6. DIVIDEND

The Board does not recommend the payment of a dividend for the three months and nine months ended 31 December 2006 (three months and nine months ended 31 December 2005: Nil).

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2006

	Issued share capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Accumulated losses (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*	Minority interests (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
At 1 April 2005	4,000	13,703	(5,896)	11,807	–	11,807
Placing of new shares	605	1,215	–	1,820	–	1,820
Net loss for the period	–	–	(285)	(285)	–	(285)
At 31 December 2005	4,605	14,918	(6,181)	(13,342)	–	(13,342)

	Issued share capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Accumulated losses (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*	Minority interests (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
At 1 April 2006	4,605	14,918	(11,255)	8,268	80	8,348
Issue of new shares for the open offer	2,493	12,465	–	14,958	–	14,958
Issuing costs	–	(1,153)	–	(1,153)	–	(1,153)
Issue of new shares for the acquisition of Maxitech System Company Limited	153	2,601	–	2,754	–	2,754
Issuing costs	–	(162)	–	(162)	–	(162)
Exercise of share options	381	5,829	–	6,210	–	6,210
Net loss for the period	–	–	(1,900)	(1,900)	(80)	(1,980)
At 31 December 2006	7,632	34,498	(13,155)	(28,975)	–	(28,975)

ACCOUNTANTS' REPORT

The following is the full text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants, Grant Thornton, Certified Public Accountants, Hong Kong:

Certified Public Accountants
Member of Grant Thornton International

Grant Thornton
均富會計師行

10 May 2007

The Directors
Maxitech International Holdings Limited
Room 806B, 8/F
Nanyang Plaza
57 Hung To Road
Kwun Tong
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Richfield Realty Limited ("Richfield Realty"), in Sections I and II, including the balance sheet as at 31 March 2007, income statement, cash flow statement, statement of changes in equity and the notes thereto for the period from 25 May 2006 (date of incorporation) to 31 March 2007 (the "Relevant Period") (collectively referred to as the "Financial Information"), prepared for inclusion in the circular of Maxitech International Holdings Limited (the "Company") dated 10 May 2007 (the "Circular") in connection with the proposed acquisition of the entire issued share capital of Richfield Realty by Vastwood Limited, a wholly-owned subsidiary of the Company.

Richfield Realty was incorporated in Hong Kong on 25 May 2006 with limited liability. It has an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1 each, of which 1 share has been issued and fully paid up. Richfield Realty is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong. The address of Richfield Realty's registered office and principal place of business is Unit 1209, 12/F, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Hong Kong.

Richfield Realty has adopted 31 March as its financial year end date. Up to the date of this report, no audited financial statements have been prepared for Richfield Realty.

For the propose of this report, the directors of Richfield Realty have prepared the financial statements of Richfield Realty for the Relevant Period (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). For the purpose of this report, we have performed independent audit procedures on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information prepared in accordance with the HKFRSs issued by the HKICPA for the Relevant Period set out in this report have been prepared by the directors of Richfield Realty based on the Underlying Financial Statements. For the purpose of this report, we have examined the Financial Information and carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The preparation of the Underlying Financial Statements and the Financial Information which give a true and fair view is the responsibility of the directors of Richfield Realty. The directors of the Company are responsible for the contents of the Circular in which this report is included. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Richfield Realty as at 31 March 2007 and of Richfield Realty's results and cash flows for the period from 25 May 2006 (date of incorporation) to 31 March 2007.

I. FINANCIAL INFORMATION

A. INCOME STATEMENT

	Notes	**Period from 25 May 2006 (date of incorporation) to 31 March 2007** *HK$'000*
Revenue	*5*	16,853
Direct costs		(2,512)
Gross profit		14,341
Other revenue	*5*	4
Less: Administrative expenses		(1,632)
Profit before income tax	*7*	12,713
Income tax expense	*8*	2,217
Profit for the period		10,496

B. BALANCE SHEET AS AT 31 MARCH 2007

	Notes	*HK$'000*
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	*11*	193
Current assets		
Trade receivables	*12*	1,011
Deposits and other receivables		687
Amount due from a shareholder	*13*	8,075
Bank and cash balances	*14*	3,423
		13,196
Current liabilities		
Accrued liabilities and other payables		676
Provision for tax		2,217
		2,893
Net current assets		10,303
Net assets		10,496
EQUITY		
Equity attributable to equity holders of Richfield Realty		
Share capital	*15*	–
Reserves		10,496
Total equity		10,496

C. CASH FLOW STATEMENT

	Period from 25 May 2006 (date of incorporation) to 31 March 2007
	HK$'000
Cash flows from operating activities	
Profit before income tax	12,713
Adjustments for:	
Interest income	(4)
Depreciation	27
Operating profit before working capital changes	12,736
Increase in trade receivables	(1,011)
Increase in deposits and other receivables	(687)
Increase in accrued liabilities and other payables	676
Net cash generated from operations	11,714
Cash flows from investing activities	
Interest received	4
Purchases of property, plant and equipment	(220)
Net cash used in investing activities	(216)
Cash flows from financing activities	
Advances to a shareholder	(8,075)
Proceeds from issuance of share capital	–
Net cash used in financing activities	(8,075)
Net increase in cash and cash equivalents	3,423
Cash and cash equivalents at beginning of period	–
Cash and cash equivalents at end of period	3,423
Analysis of cash and cash equivalents	
Bank and cash balances	3,423

D. STATEMENT OF CHANGES IN EQUITY

	Share capital *HK$'000*	Retained earnings *HK$'000*	Total equity *HK$'000*
Issue of share upon incorporation	–	–	–
Profit for the period, and total recognised income and expense for the period	–	10,496	10,496
At 31 March 2007	–	10,496	10,496

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Richfield Realty is a limited liability company incorporated in Hong Kong. The address of Richfield Realty's registered office and principal place of business is Unit 1209, 12/F, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Hong Kong.

Richfield Realty is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong.

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the requirements of the Hong Kong Companies Ordinance and have been consistently applied throughout the Relevant Period. The Financial Information also included the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

2. ADOPTION OF NEW OR AMENDED HKFRSs

Richfield Realty has not early adopted the following HKFRSs that have been issued but are not yet effective.

HKAS 1 (Amendment)	Capital Disclosures [1]
HKFRS 7	Financial Instruments – Disclosures [1]
HKFRS 8	Operating segments [2]
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives [3]
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment [4]
HK(IFRIC) – Int 11	Group and Treasury Share Transactions [5]
HK(IFRIC) – Int 12	Service Concession Arrangements [6]

Notes:

[1] Effective for annual periods beginning on or after 1 January 2007

[2] Effective for annual periods beginning on or after 1 January 2009

[3] Effective for annual periods beginning on or after 1 June 2006

[4] Effective for annual periods beginning on or after 1 November 2006

[5] Effective for annual periods beginning on or after 1 March 2007

[6] Effective for annual periods beginning on or after 1 January 2008

The directors of Richfield Realty are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on Richfield Realty's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The significant accounting policies that have been used in the preparation of the Financial Information are summarised below.

The Financial Information has been prepared on the historical cost convention.

It should be noted that accounting judgements, estimates and assumptions have been used in the preparation of the Financial Information. Although these estimates and assumptions are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Income recognition

Provided it is probable that the economic benefits will flow to Richfield Realty and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue from services is recognised in the accounting period in which the services are rendered and Richfield Realty's entitlement to commission income becomes unconditional or irrevocable.

Interest income is recognised on a time proportion basis using effective interest method.

(c) Foreign currency translations

The Financial Information are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of Richfield Realty.

Foreign currency transactions are translated into HK$ at the rates of exchange ruling at the dates of the transactions. Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement.

(d) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. The cost of asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Richfield Realty and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is provided to write off the cost over their estimated useful lives, using the straight-line method, at the following rates per annum:

Computer equipment	$33^{1}/_{3}$%

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

(e) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised when, and only when, Richfield Realty becomes a party to the contractual provisions of the instrument. They are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

At each balance sheet date, loans and receivables are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in income statement of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in income statement of the period in which the reversal occurs.

(f) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits, excluding those pledged.

(g) Impairment of assets

Property, plant and equipment are subject to impairment testing.

All assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

(h) Financial liabilities

Richfield Realty's financial liabilities include accrued liabilities and other payables. Financial liabilities are recognised when Richfield Realty becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

Accrued liabilities and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(i) Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from tax authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognised as a component of income tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement or in equity if they relate to items that are dealt with directly in equity.

(j) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

(k) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis. Affiliated costs, such as maintenance and insurance, are expensed as incurred.

(l) Retirement benefit costs and short term employee benefits

Retirement benefits to employees are provided through defined contribution plans.

Defined contribution plan

Richfield Realty operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of Richfield Realty in an independently administered fund. Richfield Realty's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Short-term employee benefits

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

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(m) Provision and contingent liabilities

Provisions are recognised when Richfield Realty has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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

(n) Related parties

Parties are considered to be related to Richfield Realty if:

(i) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with, Richfield Realty;
- has an interest in Richfield Realty that gives it significant influence over Richfield Realty; or
- has joint control over Richfield Realty;

(ii) the party is an associate of Richfield Realty;

(iii) the party is a jointly-controlled entity in which Richfield Realty has joint control;

(iv) the party is a member of the key management personnel of Richfield Realty or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of Richfield Realty, or of any entity that is a related party of Richfield Realty.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(i) Depreciation

Richfield Realty's depreciates the property, plant and equipment in accordance with the accounting policy stated in note 3(d). The estimated useful lives reflect the directors' estimate of the periods that Richfield Realty intends to derive future economic benefits from the use of Richfield Realty's property, plant and equipment.

(ii) Impairment of receivables

Richfield Realty's management assesses impairment of receivables on a regular basis. This assessment is based on the credit history of its customers and current market conditions. The management of Richfield Realty reassesses the impairment of receivables at the balance sheet date.

(iii) Income taxes

Richfield Realty is subject to profits tax in Hong Kong. Significant judgement is required in determining the provision of profits tax in Hong Kong. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Richfield Realty recognised the liabilities for potential tax exposures based on the estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. REVENUE AND OTHER INCOME

Revenue, which is also Richfield Realty's turnover, represents the net invoiced value of services rendered. Revenue and other income recognised during the Relevant Period are as follows:

	Period from 25 May 2006 (date of incorporation) to 31 March 2007 *HK$'000*
Revenue:	
Commission income	16,853
Other revenue:	
Bank interest income	4
	16,857

6. SEGMENT INFORMATION

No business or geographical segment analysis is presented as all operations, assets and liabilities of Richfield Realty during the Relevant Period are related to the provisions of consultancy services and all assets and customers are located in Hong Kong.

7. PROFIT BEFORE INCOME TAX

	Period from 25 May 2006 (date of incorporation) to 31 March 2007
	HK$'000
Profit before income tax is arrived at after charging:	
Auditors' remuneration	–
Depreciation	27
Minimum lease payments under operating lease on land and building	260
Preliminary expenses	6
Staff cost (including directors' remuneration)	
Salaries and allowances	1,014
Contributions to MPF	38
Commission paid	737
Staff welfare	503

8. INCOME TAX EXPENSE

(a) Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit during the Relevant Period.

	Period from 25 May 2006 (date of incorporation) to 31 March 2007
	HK$'000
Hong Kong profits tax during the Relevant Period and income tax expense	2,217

(b) Reconciliation between tax expense and profit for the Relevant Period at applicable tax rate is as follows:

	Period from 25 May 2006 (date of incorporation) to 31 March 2007 *HK$'000*
Profit before income tax	12,713
Tax calculated at the applicable tax of 17.5%	2,225
Tax effect of non-taxable revenue	(1)
Tax effect of non-deductible expenses	27
Tax effect of temporary differences unrecognised	(34)
Total tax expense	2,217

No deferred tax has been provided as Richfield Realty did not have any significant temporary differences which gave rise to a deferred tax asset or liability at the balance sheet date for the period presented.

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Salaries, allowances and other benefits *HK$'000*
Executive directors	
Mr. Au Wing Wah	19
Richfield (Holdings) Limited ("Richfield Holdings")	–
	19

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Period.

(b) Five highest paid individuals

The five highest paid individuals do not include any director for the Relevant Period, details of whose emoluments are set out above. The emoluments of the five highest paid individuals are as follows:

	Period from 25 May 2006 (date of incorporation) to 31 March 2007
	HK$'000
Salaries, allowances and other benefits	1,032

All five highest paid individuals fell within the emolument band of Nil to HK$1,000,000 during the Relevant Period.

During the Relevant Period, no emoluments were paid by Richfield Realty to the five highest paid individuals, including the directors of Richfield Realty, as an inducement to join or upon joining Richfield Realty or as compensation for loss of office.

10. EARNINGS PER SHARE

The earnings per share information for the Relevant Period has not been presented as the directors of the Company consider such presentation not meaningful.

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment
	HK$'000
During the Relevant Period	
Additions	220
Depreciation	(27)
Closing net book amount	193
At 31 March 2007	
Cost	220
Accumulated depreciation	(27)
At 31 March 2007	193

12. TRADE RECEIVABLES

The credit terms of trade receivables vary according to the terms agreed with customers, normally ranged between 30 days and 90 days. Based on the invoice dates, the ageing analysis of trade receivables is as follows:

	31 March 2007
	HK$'000
0 to 30 days	1,011
	1,011

The directors of Richfield Realty considered that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

13. AMOUNT DUE FROM A SHAREHOLDER

The balance is unsecured, interest-free and repayable on demand.

14. BANK AND CASH BALANCES

Cash at bank earns interest at floating rates based on daily bank deposit rates.

15. SHARE CAPITAL

	31 March 2007
	HK$
Authorised:	
10,000 ordinary shares of HK$1 each	10,000
Issued and fully paid:	
1 ordinary share of HK$1 each	1

Richfield Realty was incorporated with an authorised share capital of HK$10,000 divided into 10,000 ordinary shares of HK$1 each of which 1 share has been issued and fully paid at par upon incorporation to provide the initial capital to Richfield Realty.

16. OPERATING LEASE COMMITMENTS

At 31 March 2007, the total future minimum lease payments under a non-cancellable operating lease in respect of the buildings payable by Richfield Realty are as follows:

	31 March 2007
	HK$'000
Within one year	780
In the second to fifth years	455
	1,235

Richfield Realty leased a property under an operating lease, which runs for an initial period of 2 years. The lease did not include any contingent rentals.

17. CONTINGENT LIABILITIES

Richfield Realty did not have any significant contingent liabilities as at 31 March 2007.

18. RELATED PARTY TRANSACTIONS

During the Relevant Period, Richfield Realty had the following material related party transactions:

	Period from 25 May 2006 (date of incorporation) to 31 March 2007
	HK$'000
Rental expenses paid to a related company	260

The above transaction with related party was made in accordance with the mutually agreed terms.

19. RISK MANAGEMENT OBJECTIVE AND POLICIES

Richfield Realty does not have written risk management policies and guidelines. However, the directors of Richfield Realty analyse periodically and formulate measures to manage Richfield Realty's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, Richfield Realty employs a conservative strategy regarding its risk management.

(a) Credit risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the trade receivables, other receivables and bank balances as shown on the balance sheet or in the notes to the Financial Information. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from their carrying amount.

Richfield Realty's bank deposits are mainly deposited with banks in Hong Kong.

Richfield Realty's credit risk exposures in respect of trade receivables and other receivables are actively monitored by management to avoid significant concentration of credit risk.

(b) Foreign currency risk

Richfield Realty has no significant foreign currency risk due to limited foreign currency transaction. Richfield Realty does not use derivative financial instruments to hedge its foreign currency risk.

(c) Cash flow and interest rate risk

Cash flow and interest rate risks are managed, where necessary, to ensure short to medium term liquidity.

Richfield Realty's income and operating cash flow are not subject to significant interest rate risk.

(d) Fair values

The fair values of Richfield Realty's current financial assets and liabilities are not materially different from their carrying amount because of the immediate or short term maturity.

20. IMMEDIATE AND ULTIMATE HOLDING COMPANY

As at 31 March 2007, the directors of Richfield Realty consider Richfield Holdings, a company incorporated in Marshall Islands, as Richfield Realty's immediate and ultimate holding company. Richfield Holdings does not produce financial statements available for public use.

21. SUBSEQUENT EVENTS

No significant events have taken place subsequent to 31 March 2007.

22. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Richfield Realty in respect of any period subsequent to 31 March 2007.

Yours faithfully,
Grant Thornton
Certified Public Accountants
Hong Kong

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The following is the unaudited pro forma statement of assets and liabilities of the Enlarged Group prepared in accordance with rule 7.31(1) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the Acquisition on the financial position of the Enlarged Group as if the Acquisition had been completed on 30 September 2006. As it is prepared for illustrative purpose only, and because of its nature, it may not give a true picture of the financial position of the Enlarged Group as at the date to which it is made up to or at any future date.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group is prepared based on the unaudited consolidated balance sheet of the Group as at 30 September 2006 as extracted from the published interim report of the Company as set out in Appendix I to this circular, the audited balance sheet of Richfield Realty as at 31 March 2007 as extracted from the accountants' report on Richfield Realty in Appendix II to this circular and the pro forma adjustments to reflect the effect of the Acquisition.

	The Group as at 30 September 2006 (Unaudited)	Richfield Realty as at 31 March 2007 (Audited)	Pro forma adjustments		Pro forma Enlarged Group (Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
ASSETS AND LIABILITIES					
Non-current assets					
Fixed assets	597	193			790
Available-for-sale investments	195	–			195
Rental and sundry deposits	1,225	–			1,225
Goodwill	–	–	594,000	3	594,000
	2,017	193			596,210
Current assets					
Inventories	1,914	–			1,914
Accounts receivable	3,676	1,011			4,687
Prepayments, deposits and other receivables	13,505	687			14,192
Due from Richfield Holdings	–	8,075	(8,075)	6	–
Taxes refundable	2	–			2
Bank deposits	13,000	–	(13,000)	4	–
Cash and bank balances	1,260	3,423	(1,260)	5	3,423
	33,357	13,196			24,218

	The Group as at 30 September 2006 (Unaudited)	Richfield Realty as at 31 March 2007 (Audited)	Pro forma adjustments		Pro forma Enlarged Group (Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*Notes*	*HK$'000*
Current liabilities					
Due to Richfield Holdings	–	–	6,161	*6*	6,161
Accounts payable	6,023	–			6,023
Accrued expenses and other payables	1,497	676			2,173
Taxes payable	98	2,217			2,315
Amount due to a shareholder	453	–			453
Short-term bank loans – secured	154	–			154
Current portion of other long-term loans – secured	333	–			333
	8,558	2,893			17,612
Net current assets	24,799	10,303			6,606
Total assets less current liabilities	26,816	10,496			602,816
NON-CURRENT LIABILITIES					
Promissory notes	–	–	120,000	*1*	120,000
Convertible bonds	–	–	266,106	*7*	266,106
	–	–			386,106
Net assets	26,816	10,496			216,710
EQUITY					
Share capital	7,479	–			7,479
Reserves	19,337	10,496	179,398	*8*	209,231
Total equity	26,816	10,496			216,710

Notes:

1. The total consideration for the Acquisition is HK$597,000,000 which represents the cost of investment in Richfield Realty and is to be satisfied in the following agreed manners:

	HK$'000
Cash	21,000
Promissory notes	120,000
Convertible bonds	456,000
	597,000

2. The Company and Richfield Holdings have agreed that net profits available for distribution by Richfield Realty, minus the guaranteed net tangible asset value of HK$3,000,000, shall be distributed by way of dividends payable to its shareholder, Richfield Holdings, immediately before the Acquisition. The dividends to be distributed have not yet been reflected in the audited balance sheet of Richfield Realty as at 31 March 2007. It has also been agreed that such dividend shall firstly be applied to offset the amounts due from Richfield Holdings and the remaining balance of such dividend shall be paid to Richfield Holdings within one year after the completion of the Acquisition. Accordingly, the dividends, immediately before the Completion of Acquisition, are to be paid in the following manner:

	HK$'000
Net assets as at 31 March 2007	10,496
Less: Guaranteed net tangible asset value	(3,000)
Profit available for distribution	7,496
Less: Amount due from Richfield Holdings	(7,496)
	–

As a result of the dividend distribution immediately before the completion of Acquisition, net assets of Richfield Realty are as follows:

	HK$'000
Net assets as at 31 March 2007	10,496
Less: Amount due from Richfield Holdings	(7,496)
Net assets immediately before the completion of Acquisition	3,000

3. Goodwill is calculated based on the difference between the cost of investment, which is HK$597,000,000 (note 1), and net assets of Richfield Realty immediately before the completion of Acquisition, which is HK$3,000,000 (note 2).

   On completion of the Acquisition, the fair value of the consideration and the net identifiable assets and liabilities of Richfield Realty will have to be assessed. As a result of the assessment, the amount of goodwill may be different from that estimated based on the basis stated above for the purpose of preparation of the unaudited pro forma financial information. Accordingly, the actual goodwill at the date of completion of the Acquisition may be different from that presented above.

4. As at 30 September 2006, bank deposits of the Company amounted to HK$13,000,000. The pro forma adjustment represents a part of the cash consideration as described in note 1 above.

5. As at 30 September 2006, cash and bank balances of the Company amounted to HK$1,260,000. The pro forma adjustment represents a part of the cash consideration as described in note 1 above.

6. This represents as follows:

	Notes	*HK$'000*	*HK$'000*
Cash consideration	*1*	21,000	
Less: Bank deposits	*4*	(13,000)	
Cash and bank balances	*5*	(1,260)	
Amounts due to Richfield Holdings *(Note)*			6,740
Amount due from Richfield Holdings as at 31 March 2007		(8,075)	
Less: Dividends to be distributed by Richfield Realty	*2*	7,496	(579)
Amount due to Richfield Holdings			6,161

Note: Based on the unaudited balance sheet of the Company as at 30 September 2006, there is a shortfall of available cash balances amounting to HK$6,740,000. Following the circular issued by the Company dated 5 February 2007 regarding the proposed subscription of the subscription shares by Virtue Partner Group Limited and the possible mandatory unconditional cash offer, additional net proceeds from this of approximately HK$9.4 million has been raised. This can be used to settle the outstanding balance of HK$6,740,000. The effect on the circular dated 5 February 2007 has not yet been reflected as the pro forma adjustment for the Acquisition.

7. This relates to the convertible bonds (note 1) issued for the purpose of the Acquisition. In accordance with Hong Kong Accounting Standards 39, Financial Instruments: Recognition and Measurement, the convertible bonds are split into the equity component and liability component. The value of these components is determined based on the present value of the estimated future cash flows discounted at the prevailing market rate of approximately 12.0258% for an equivalent non-convertible loan as at 30 September 2006, representing the fair value of the contractual obligation to deliver cash to the convertible bonds holders. As such, an amount of HK$189,894,000 is credited as the equity component of the convertible bonds. The remaining balance, representing the difference, amounting to HK$266,106,000, between HK$456,000,000 (note 1) and the equity component of HK$189,894,000, is recorded as the liability component of the convertible bonds.

8. This represents the net effect of the following:

	Notes	*HK$'000*
Equity component of convertible bonds	*7*	189,894
Dividend to be declared by Richfield Realty	*2*	(7,496)
Elimination of the pre-acquisition reserves of Richfield Realty	*2*	(3,000)
		179,398

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the full text of an accountants' report dated 10 May 2007, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Grant Thornton, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Enlarged Group:

Certified Public Accountants
Member of Grant Thornton International

Grant Thornton
均富會計師行

10 May 2007

The Directors
Maxitech International Holdings Limited
Room 806B, 8/F
Nanyang Plaza
57 Hung To Road
Kwun Tong
Hong Kong

Dear Sirs

We report on the unaudited pro forma statement of assets and liabilities of Maxitech International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), and Richfield Realty Limited ("Richfield Realty") (together with the Group hereinafter collectively referred to as the "Enlarged Group") (the "Unaudited Pro Forma Statement of Assets and Liabilities"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of the entire equity interest in Richfield Realty by the Company (the "Proposed Acquisition") might have affected the financial information presented, for inclusion in Appendix III to the circular of the Company dated 10 May 2007 (the "Circular"). The basis of preparation of the Unaudited Pro Forma Statement of Assets and Liabilities is set out in the section headed "Unaudited Pro Forma Financial Information" in Appendix III to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information of the Enlarged Group in accordance with paragraph 7.31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Statement of Assets and Liabilities and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Statement of Assets and Liabilities beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Statement of Assets and Liabilities has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Statement of Assets and Liabilities as disclosed pursuant to paragraph 7.31(1) of Chapter 7 of the GEM Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the unaudited pro forma financial information.

The Unaudited Pro Forma Statement of Assets and Liabilities is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not give any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group as at 30 September 2006 or any future date.

Opinion

In our opinion:

a. the Unaudited Pro Forma Statement of Assets and Liabilities has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Statement of Assets and Liabilities as disclosed pursuant to paragraph 7.31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully
Grant Thornton
Certified Public Accountants
Hong Kong

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

(a) the information contained in this circular is accurate and complete in all material respects and is not misleading;

(b) there are no other matters the omission of which would make any statement in this circular misleading; and

(c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

SHARE CAPITAL

Authorised:		*HK$*
10,000,000,000	Shares	100,000,000
Issued and to be issued, fully paid or credited as fully paid:		*HK$*
1,800,000,000	Shares in issue as at the Latest Practicable Date	18,000,000
760,000,000	Conversion Shares	7,600,000
2,560,000,000		25,600,000

DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interest or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Director	Capacity	Number of Shares Personal interest	Corporate interest *(Note)*	Total	Approximate percentage of shareholding
Mr. Pong	Beneficial owner and interest of a controlled corporation	306,000,000	936,794,000	1,242,794,000	69.0%

Note: The 936,734,000 corporate interest Shares are held through Virtue Partner, a company which is beneficially and wholly-owned by Mr. Pong.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Director or chief executives of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Shareholder	Capacity	Number of Shares held	Approximate percentage of shareholding
Virtue Partner *(Note 1)*	Beneficial owner	936,794,000	57.6%
Ms. Tung Ching Yee, Helena *(Note 1)*	Family interest	1,242,794,000	69.0%
The Vendor *(Note 2)*	Beneficial owner	760,000,000	42.2%
Mr. Au *(Note 2)*	Interest of a controlled corporation	760,000,000	42.2%
Ms. Kong Pik Fan *(Note 2)*	Family interest	760,000,000	42.2%

Notes:

1. Ms. Tung Ching Yee, Helena is the wife of Mr. Pong and accordingly deemed to be interested in Shares beneficially owned by Mr. Pong in his own capacity and through his controlled corporation, Virtue Partner, under the SFO. For details of Mr. Pong's interest in the Shares, please refer to the note under paragraph (a) above.

2. The Vendor is a company beneficially and wholly-owned by Mr. Au. Accordingly, Mr. Au is deemed to be interested in the Shares held by the Vendor under the SFO. Since Ms. Kong Pik Fan is the wife of Mr. Au, Ms. Kong Pik Fan will also be deemed to be interested in the Shares held by the Vendor by virtue of being the spouse of Mr. Au under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

(c) Other interests in the Company

(i) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which were, since 31 March 2006 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group.

(ii) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

(iii) None of the Directors, the management Shareholders (as defined in the GEM Listing Rules) and any of their respective associates had any interest in any business which causes or may cause any significant competition with the business of the Group or any significant conflicts with the interest of the Group.

LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service agreement with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

MATERIAL ADVERSE CHANGE

Save as disclosed in the third quarterly report 2006/2007 of the Company, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2006 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

MANAGEMENT DISCUSSION AND ANALYSIS ON RICHFIELD REALTY

Business review

Richfield Realty, incorporated on 25 May 2006, is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property trading in Hong Kong.

Richfield Realty collaborates with major property developers in the implementation of consolidation schemes for old and run down buildings in urban districts for reconstruction. Richfield Realty approaches individual property owners to implement a consolidation scheme and, upon successful consolidation of a whole block of a building, negotiates with property developers who would acquire such block. Richfield Realty earns fees on providing such facilitation services.

During the Period, Richfield Realty recorded a turnover of approximately HK$16.9 million and a net profit of approximately HK$10.5 million, with the net profit margin being approximately 62.1%.

Turnover for the Period mainly represented property agency services income which amounted to HK$5.3 million (approximately 31.4% of total turnover) and property assembly and consolidation bonus which amounted to HK$11.6 million (approximately 68.6% of total turnover). During the Period, Richfield Realty completed property assembly and consolidation schemes for about 15 buildings, which are all situated on Hong Kong Island.

Cost of services mainly represents property agency services fee paid and other costs directly related to the property assembly and consolidation services. Administrative expense mainly represents the staff salaries and allowance and welfare of approximately HK$0.7 million and rental expenses of approximately HK$0.3 million.

Since Richfield Realty conducts only one business segment in Hong Kong, no segmental analysis is considered necessary.

Cash flows

For the Period, Richfield Realty recorded net cash generated from its operating activities of approximately HK$11.7 million.

Financial position

Current fund and financial resources

As at 31 March 2007, the cash and cash equivalent of Richfield Realty was approximately HK$3.4 million. Its current ratio, calculated on the basis of current assets over current liabilities, was approximately 4.6.

Bank loans and gearing ratio

As at 31 March 2007, Richfield Realty did not have any bank loans. Hence, its gearing ratio was zero.

Foreign currency risk

Richfield Realty has not affected by risk of foreign exchange because its business are principally conducted in Hong Kong.

Capital commitments and contingent liabilities

As at 31 March 2007, Richfield Realty did not have any capital commitments and contingent liabilities.

Employees and remuneration polices

As at 31 March 2007, Richfield Realty had around 30 employees. Remuneration, including commission, is determined by reference to market terms, performance, number of years of service, qualifications and experience of individual employees. Other benefits include mandatory provident fund as required by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

Material acquisitions and disposals of subsidiaries and associated companies

During the Period, there were no material acquisitions and disposals of subsidiaries and associated companies carried out by Richfield Realty.

INDEBTEDNESS

As at the close of business on 31 March 2007, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had total borrowings amounting to approximately HK$2,033,000, details of which are as follows :

Borrowings

The following table illustrates the Enlarged Group's total borrowings as at 31 March 2007 :

	Enlarged Group
	HK$'000
Other borrowings	
– secured *(Note)*	500
– unsecured	1,533
	2,033

Note: The loan is secured by the first fixed charge over the entire issued share capital of a subsidiary of the Company.

Contingent liabilities and guarantees

As at 31 March 2007, the Enlarged Group had no contingent liabilities and guarantees.

Disclaimer

Saved as disclosed above and apart from intra-group liabilities, the Enlarged Group did not have any loan capital issued and outstanding or agreed to be issued, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 31 March 2007.

Saved as disclosed above, the Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Enlarged Group since 31 March 2007 and up to the Latest Practicable Date.

FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

Since the change of the senior management of the Company in March 2007 following the close of a general offer, the Company has conducted a business review for the Group with a view to broadening and expanding the scope of business of the Group. The Directors have observed that the consolidation, assembly and redevelopment of properties and development sites in urban districts of Hong Kong has ample market potential and consider that the Acquisition offers the Group a good business opportunity in view of the growing trend of the property market and the shortage of supply of land in urban districts in Hong Kong. The Directors further consider that the Acquisition would provide a steady income stream to the Group and make a positive contribution to the profitability of the Group.

During the nine months ended 31 December 2006, the Group recorded a decrease in turnover of approximately 15.7% as compared to the corresponding period in the previous year. The decrease of income was mainly attributable to the lower pricing of the goods provided as a result of increase of competitive and challenging business environment. By acquiring Maxitech System Company Limited, the Group has diversified the Group's business to include distribution and trading of recycled computer parts, which contributed 15% in income for the period.

The Group views the prospects of the bag's business as challenging as the Group is experiencing rental and costs increases in Hong Kong while sales have not increased at the same percentage due to a more competitive business environment in the bag's industry.

While the Group will continue its existing businesses, pursuant to a management review of the business environment and the competitive landscape for the Group's existing businesses, taking into account the recurring losses suffered in such divisions, the Board intends to restrain from making further material investments in the existing businesses. As stated in the composite offer document jointly issued by the Company and Virtue Partner dated 2 March 2007, the Board would consider new investment opportunities in other business sectors.

WORKING CAPITAL

The Directors are of the opinion that in the absence of unforeseen circumstances, after taking into account the internal resources of the Enlarged Group, the Enlarged Group has sufficient working capital for its requirements in the next twelve months from the date of this circular.

MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, were entered into by members of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

(a) a placing agreement dated 21 November 2005 entered into between the Company as the issuer and Phoenix Capital Securities Limited as the placing agent in respect of the placing of 60,504,000 new Shares to not fewer than six placees at a placing price of HK$0.033 per placing Share;

(b) the underwriting agreement dated 24 May 2006 entered into among the Company, Mr. Wong Wing Cheung, Peter and Kingston Securities Limited and Quam Securities Company Limited in relation to the issue of the offer Shares by way of open offer to the qualifying Shareholders;

(c) the acquisition agreement dated 23 October 2006 entered into among the Company's wholly-owned subsidiary – Trigreat Investments Limited and Ms. Leung Sui Ping, Heidi, Mr. Yip Yung Kan and Mr. Yip Yuk Tong in relation to the acquisition of 1,000,000 shares of HK$1.00 each in the issued share capital of Maxitech System Company Limited at a total consideration of HK$8.5 million;

(d) the subscription agreement dated 12 January 2007 entered into among the Company, Virtue Partner and Mr. Wong Wing Cheung, Peter in relation to the subscription by Virtue Partner of 1,036,794,000 new Shares at HK$0.01 each; and

(e) the Acquisition Agreement.

EXPERT AND CONSENT

Grant Thornton is a firm of certified public accountants which has given its opinion contained in this circular.

Grant Thornton has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports and/or references to its names in the form and context in which they appear.

As at the Latest Practicable Date, Grant Thornton did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Grant Thornton did not have any direct or indirect interest in any assets which were, since 31 March 2006 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Michael Li & Co., 14th Floor, Printing House, 6 Duddell Street, Central, Hong Kong during normal business hours on any weekday, except public holidays, up to and including Friday, 25 May 2007:

(a) the memorandum and articles of association of the Company;

(b) the annual report of the Company for the two years ended 31 March 2006;

(c) the interim report of the Company for the six months ended 30 September 2006;

(d) the quarterly report of the Company for the nine months ended 31 December 2006;

(e) the accountants' report on Richfield Realty, the text of which is set out in Appendix II to this circular;

(f) the unaudited pro forma statement of assets and liabilities of the Enlarged Group from Grant Thornton and the accountants' report thereon, the text of each of which is set out in Appendix III to this circular;

(g) the contracts referred to in the section headed "Material contracts" in this appendix;

(h) the written consent referred to in the section headed "Expert and consent" in this appendix; and

(i) a copy of each circular issued pursuant to the requirements set out in Chapters 19 and/or 20 of the GEM Listing Rules which has been issued since 31 March 2006 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

GENERAL

(a) The branch share registrar and transfer office of the Company in Hong Kong is Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

(b) The compliance officer is Mr. Pong, who holds a bachelor's degree in applied science from the University of British Columbia.

(c) The company secretary and qualified accountant of the Company is Mr. Lee Wing Yin who is an associate member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.

(d) The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual reports and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Directors. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee comprises the three independent non-executive Directors, namely Mr. Koo Fook Sun, Louis (the chairman of the audit committee), Mr. Lai Hing Wing, Henry and Mr. Lung Hung Cheuk.

(e) The English text of this circular shall prevail over its Chinese text.