



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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2007

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

* For identification purposes only

FINANCIAL RESULTS

The board of directors (the "Board") of the Company herein present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Notes	2007 HK\$'000	2006 HK\$'000
Revenue	4	89,939	70,913
Cost of sales		(62,467)	(38,576)
Gross profit		27,472	32,337
Other revenue	4	1,267	2,179
Selling and distribution expenses		(19,193)	(23,031)
Administrative expenses		(20,688)	(16,277)
Operating loss	5	(11,142)	(4,792)
Finance costs	6	(53)	(508)
Loss before income tax		(11,195)	(5,300)
Income tax expense	7	(458)	(100)
Loss for the year		(11,653)	(5,400)
Attributable to:			
Equity holders of the Company		(11,653)	(5,359)
Minority interests		-	(41)
Loss for the year		(11,653)	(5,400)
Dividends	8	-	-
Loss per share for loss attributable to equity holders of the Company			
Basic	9	(HK 0.7 cents)	(HK 0.4 cents)
Diluted	9	N/A	N/A

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Notes	2007 HK\$'000	2006 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		621	1,210
Goodwill	10	3,555	–
Rental and sundry deposits		411	2,132
		4,587	3,342
Current assets			
Inventories		1,693	1,788
Trade receivables	11	7,665	3,521
Prepayments, deposits and other receivables		9,634	1,876
Amount due from a minority shareholder		–	360
Financial assets at fair value through profit or loss		245	–
Taxes refundable		–	2
Cash and cash equivalents		23,141	3,962
		42,378	11,509
Current liabilities			
Trade payables	12	7,820	3,680
Accrued expenses and other payables		3,340	1,279
Taxes payable		498	131
Amount due to a shareholder		–	453
Bank borrowings		–	377
Other borrowings		83	500
		11,741	6,420
Net current assets		30,637	5,089
Total assets less current liabilities		35,224	8,431
Non-current liabilities			
Other borrowings		500	83
		500	83
Net assets		34,724	8,348
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	13	18,000	4,605
Reserves		16,724	3,663
		34,724	8,268
Minority interests		–	80
Total equity		34,724	8,348

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2007

	Equity attributable to equity holders of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Share- based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	
	At 1 April 2005	4,000	13,703	-	(5,896)	11,807	
Loss for the year	-	-	-	(5,359)	(5,359)	(41)	(5,400)
Total recognised income and expense for the year	-	-	-	(5,359)	(5,359)	(41)	(5,400)
Issue of new shares	605	1,392	-	-	1,997	-	1,997
Issuing cost	-	(177)	-	-	(177)	-	(177)
At 31 March 2006 and 1 April 2006	4,605	14,918	-	(11,255)	8,268	80	8,348
Loss for the year	-	-	-	(11,653)	(11,653)	-	(11,653)
Total recognised income and expense for the year	-	-	-	(11,653)	(11,653)	-	(11,653)
Issue of new shares	13,014	15,067	-	-	28,081	-	28,081
Issuing cost	-	(1,777)	-	-	(1,777)	-	(1,777)
Disposal of a subsidiary	-	-	-	-	-	(80)	(80)
Recognition of share option benefits at fair value	-	-	5,595	-	5,595	-	5,595
Exercise of share options	381	11,424	(5,595)	-	6,210	-	6,210
At 31 March 2007	18,000	39,632	-	(22,908)	34,724	-	34,724

NOTES TO FINANCIAL STATEMENTS:

1. GENERAL INFORMATION

Maxitech International Holdings Limited (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 2681GT, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit 1209, 12th Floor, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Hong Kong. The Company's shares are listed on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to a special resolution passed on 17 January 2007 at an extraordinary general meeting, the Company's name was changed from FX Creations International Holdings Limited to Maxitech International Holdings Limited.

The principal activity of the Company is investment holding. The subsidiaries (together with the Company referred to as the "Group") are principally engaged in the retail and wholesale of bags and accessories and the trading of recycled computers.

The final results have been prepared 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 ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

2. ADOPTION OF NEW OR AMENDED HKFRSs

From 1 April 2006, the Group has adopted all the new and amended HKFRSs which are first effective on 1 April 2006 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in significant changes to the Group's accounting policies. The specific transitional provisions contained in some of these new or amended HKFRSs have been considered.

New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company 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 the Group's financial statements.

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

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 May 2006
- ⁴ Effective for annual periods beginning on or after 1 June 2006
- ⁵ Effective for annual periods beginning on or after 1 November 2006
- ⁶ Effective for annual periods beginning on or after 1 March 2007
- ⁷ Effective for annual periods beginning on or after 1 January 2008

3. SEGMENT INFORMATION

Primary reporting format – business segments

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. 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 the 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;
- (c) the trading segment represents the trading of recycled computers; and
- (d) the corporate segment represents investment holding.

	Retail		Wholesale		Trading		Corporate		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Segment revenue:										
Sales to external customers	34,238	39,715	17,865	31,198	37,836	-	-	-	89,939	70,913
Segment results	(432)	3,761	1,199	1,219	(2,062)	-	-	-	(1,295)	4,980
Unallocated costs									(9,847)	(9,772)
Operating loss									(11,142)	(4,792)
Finance costs									(53)	(508)
Loss before income tax									(11,195)	(5,300)
Income tax									(458)	(100)
Loss for the year									(11,653)	(5,400)
Assets										
Segment assets	3,694	4,172	2,445	4,806	7,899	-	245	-	14,283	8,978
Unallocated assets	-	-	-	-	-	-	-	-	32,682	5,873
Total assets									46,965	14,851
Liabilities										
Segment liabilities	3,019	3,577	2,126	103	3,692	-	-	-	8,837	3,680
Unallocated liabilities	-	-	-	-	-	-	-	-	3,404	2,823
Total liabilities									12,241	6,503
Other segment information:										
Depreciation	355	644	-	962	8	-	-	-	363	1,606
Unallocated	-	-	-	-	-	-	-	-	371	131
									734	1,737
Capital expenditure	494	208	-	-	100	-	-	-	594	208
Unallocated	-	-	-	-	-	-	-	-	13	73
									607	281
Impairment loss on property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Unallocated									10	3,500
									10	3,500
Impairment loss on goodwill	-	-	-	-	3,067	-	-	-	3,067	-
Unallocated									-	-
									3,067	-

Primary reporting format – 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		Unallocated		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	67,738	53,664	17,243	5,617	2,176	9,393	2,024	1,744	758	495	-	-	89,939	70,913		
Other segment information:																
Segment assets	13,169	7,275	1,114	673	-	1,030	-	-	-	3	32,682	5,870	46,965	14,851		
Capital expenditure	594	208	-	-	-	-	-	-	-	-	13	73	607	281		

4. REVENUE AND OTHER REVENUE

Revenue, which is also the Group's 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. Revenue recognised during the year is as follows:

	2007	2006
	HK\$'000	HK\$'000
Revenue		
Sales	89,939	70,913
Other revenue		
Interest income	399	152
Management income	600	900
Machinery rental income	–	600
Gain on disposal of property, plant and equipment	67	–
Sundry income	201	527
	1,267	2,179
Total revenue	91,206	73,092

5. OPERATING LOSS

	2007	2006
	HK\$'000	HK\$'000
Operating loss is arrived at after charging and crediting the following:		
Crediting:		
Interest income	399	152
Gain on disposal of property, plant and equipment	67	–
Charging:		
Auditors' remuneration	330	250
Bad debts written off	1,171	1,495
Cost of inventories recognised as expense	62,467	38,576
Contingent rents	1,471	3,452
Depreciation	734	1,737
Directors' remuneration	3,424	909
Exchange losses, net	114	32
Impairment loss on property, plant and equipment	10	3,500
Impairment loss on goodwill	3,067	–
Loss on disposal of other investments	–	260
Loss on disposal of a subsidiary	119	–
Minimum lease payments under operating lease rentals for land and buildings	10,949	7,867
Staff costs (including directors' remuneration)		
Fees	720	258
Salaries	9,120	11,213
Pension scheme contributions	371	377
Share option benefits	3,218	–

6. FINANCE COSTS

	2007	2006
	HK\$'000	HK\$'000
Interests on bank loans and overdrafts wholly repayable within five years	53	508

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of income tax in the consolidated income statement represents:

	2007 HK\$'000	2006 HK\$'000
Current tax		
– Hong Kong		
Tax for the year	201	110
Over provision in respect of prior years	–	(10)
– Overseas		
Under provision in respect of prior years	257	–
Deferred tax	–	–
Total income tax expense	458	100

Reconciliation between tax expense and accounting loss at applicable tax rates:

	2007 HK\$'000	2006 HK\$'000
Loss before income tax	(11,195)	(5,300)
Tax on loss before income tax, calculated at the rates applicable to loss in the tax jurisdiction concerned	(1,935)	(927)
Tax effect of non-deductible expenses	2,180	851
Tax effect of non-taxable revenue	(55)	(27)
Tax effect of temporary difference not recognised	49	100
Tax effect of prior year's unrecognised tax losses utilised this year	–	(82)
Tax effect of unused tax losses not recognised	–	195
Others	(38)	–
Under/(Over) provision in prior years	257	(10)
Income tax expense	458	100

8. DIVIDENDS

No dividends have been paid or declared by the Company during the year (2006: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK\$11,653,000 (2006: HK\$5,359,000) and on the weighted average of 1,631,251,472 (2006: 1,234,616,142) ordinary shares in issue during the year. The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2006 had been restated for the rights issue on 19 June 2006 and the subscription on 12 January 2007.

Diluted loss per share for the year ended 31 March 2007 was not presented because the impact of the exercise of the share options was anti-dilutive.

10. GOODWILL

Goodwill arising during the year results from the acquisition of Maxitech System Company Limited ("Maxitech System"). The net carrying amount of goodwill can be analysed as follows:

	2007 HK\$'000	2006 HK\$'000
Net carrying amount at 1 April	–	–
Acquisition of a subsidiary	6,622	–
Impairment	(3,067)	–
Net carrying amount at 31 March	3,555	–

The carrying amount of goodwill is allocated to the trading of recycled computers cash-generating unit.

11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, which generally have credit terms of up to 90 days (2006: 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.

Based on the goods delivery dates, the ageing analysis of the Group's trade receivable was as follows:

	2007 HK\$'000	2006 HK\$'000
Within 90 days	7,647	3,485
91-180 days	4	–
181-365 days	–	–
Over 1 year	14	36
	7,665	3,521

12. TRADE PAYABLES

The Group was granted by its suppliers credit periods ranging from 30 days to 90 days. Based on the goods receipt dates, the ageing analysis of the trade payables was as follows:

	2007 HK\$'000	2006 HK\$'000
Within 90 days	7,318	3,229
91-180 days	491	400
181-365 days	–	51
Over 1 year	11	–
	7,820	3,680

13. SHARE CAPITAL

	2007		2006	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	10,000,000	100,000	10,000,000	100,000
			Number of shares '000	Ordinary shares HK\$'000
Issued and fully paid:				
At 1 April 2005			400,000	4,000
Issue of new shares			60,504	605
At 31 March 2006 and 1 April 2006			460,504	4,605
Issue of new shares (note i)			15,300	153
Issue of new shares (note ii)			1,286,096	12,861
Exercise of share options (note iii)			38,100	381
At 31 March 2007			1,800,000	18,000

Notes:

- (i) On 3 November 2006, the Company allotted and issued a total of 15,300,000 consideration shares at HK\$0.18 each to the vendor as payment of part of the consideration for the acquisition of equity interest in Maxitech System.
- (ii) On 12 July 2006, the Company allotted and issued 249,302,000 shares at HK\$0.06 per share as a result of an open offer on the basis of one offer share for every two existing shares held.

On 12 January 2007, the Company entered into a subscription agreement with Virtue Partner Group Limited. As a result, the Company allotted and issued 1,036,794,000 shares at HK\$0.01 per share.
- (iii) The Company adopted a share option scheme on 21 May 2002 pursuant to a written resolution of the Company. On 20 April 2006, options to subscribe for an aggregate of 38,100,000 shares at HK\$0.163 per share had been granted by the Company under the scheme. On 26 May 2006, all the outstanding 38,100,000 share options were exercised.

14. POST BALANCE SHEET EVENTS

On 29 May 2007, the Group acquired the entire equity interests in Richfield Realty Limited ("Richfield Realty") at a consideration of HK\$597,000,000 which satisfied as to HK\$456,000,000 by the issue of the convertible bond, HK\$120,000,000 by the issue of the promissory note and HK\$21,000,000 by cash, Richfield Realty is engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopment in Hong Kong.

Convertible bonds in the aggregate amount of HK\$456,000,000 has been issued as part of the consideration on 29 May 2007. The convertible bond can be converted into shares of the Company at an initial conversion price of HK\$0.6 per share (subject to adjustments in accordance with the terms of the convertible bond) during its conversion period. Further details of which are set out in the Company's circular dated 10 May 2007 and announcement dated 29 May 2007.

On 1 June 2007, the convertible bond holder exercised its conversion rights to convert part of the convertible bond of HK\$255,000,000 into 425,000,000 shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

General

The Group is principally engaged in the retail and wholesale of bags and accessories and trading of recycled 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 recycled computers by the Group includes PCs, laptops and computer parts (such as RAM modules, LCD panels, hard disks, DVD-ROMs, plastic covers, and keyboards etc.).

Market Overview

The retail environment in Hong Kong and the environment of trading of recycled computers continuously experienced a tough year due to the keen competition from the competitors as well as experienced an increase of rental and costs in Hong Kong.

The Group recorded a decrease in wholesale sales by approximately 42.7% in the year under review compared to the previous corresponding year mainly due to less orders from existing customers.

The Group also recorded a decrease in retail sales by approximately 13.8% in the year under review compared to the previous corresponding year mainly due to closure of the retail outlets, retail shop outlets and department store counter in Taiwan.

A new business of trading of recycled computer was acquired on 3 November 2007 and has contributed approximately 42.1% of the Group's turnover in the year under review.

As a result of the above, the overall sales was increased by approximately 26.8%

Business Overview

During the year ended 31 March 2007, the retail and wholesale business recorded a decrease in turnover of approximately 26.5%, with a net profit margin of approximately 1.5%. The decrease in turnover and the low profit margin were mainly attributable to the lower pricing of goods as a result of increase of competitive and challenging business environment and the increase in operating cost and rental expenses.

Turnover for the trading of recycled computers was approximately HK\$37,836,000, with a net loss of approximately HK\$2,062,000. The net loss is attributable to the low profit margin due to the competitive business environment in electric consumer products, the increase in costs of inventories sold and the impairment loss of goodwill.

Despite the increase in the overall sales, the Group recorded a net loss of approximately HK\$11,653,000 in the year under review. The losses were mainly attributed to increase in the impairment loss of goodwill, rental expenses, cost of inventories sold, staff costs and directors' remuneration.

FINANCIAL REVIEW

Results

For the year ended 31 March 2007, the Group recorded a turnover of approximately HK\$89,939,000 (2006: approximately HK\$70,913,000), representing an increase of approximately 26.8% as compared to the previous corresponding year. The increase in turnover was attributed to the contributed of the turnover of the new business of trading of recycled computers which accounted for 42.1% of the Group's total turnover despite the decrease in the retail segment and the wholesale segment by 13.8% and 42.7% respectively.

Net loss attributable to shareholders for the year ended 31 March 2007 amounted to approximately HK\$11,653,000 (2006: approximately HK\$5,359,000). The losses were mainly attributed to increase in the impairment loss of goodwill, the rental expenses, cost of inventories sold, staff costs and directors' remuneration

Liquidity, financial resources and capital structure

During the year, the Group financed its operations with its own working capital and bank borrowings.

As at 31 March 2007, the Group had net current assets of approximately HK\$30,637,000 (2006: approximately HK\$5,089,000) including bank and cash balances of approximately HK\$23,141,000. As at 31 March 2006, bank and cash balances (including pledged bank deposits) were approximately HK\$3,962,000.

As at 31 March 2007, the Group had other secured loan of approximately HK\$583,000 (2006: 583,000), of which approximately HK\$83,000 (2006: HK\$500,000) was repayable within one year and approximately HK\$500,000 (HK\$83,000) was repayable beyond one year but within five years.

As at 31 March 2007, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was approximately 0 (2006: 0.03). The Group has no fixed interest bank borrowing.

The shares of the Company were listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("GEM") on 21 May 2002.

On 26 May 2006, 38,100,000 share options were exercised and 38,100,000 ordinary shares were issued and allotted on 12 June 2006.

On 12 July 2006, the Company by way of an open offer of new shares, issued 249,302,000 shares on the basis of one offer share for every two existing shares. Following the completion of open offer on 14 July 2006, the total issued share capital is enlarged to 747,906,000 shares.

On 3 November 2006, the Company acquired Maxitech System Company Limited and 15,300,000 shares were issued as partial of the consideration for the acquisition. Following the completion on the same day, the total issued share capital enlarged to 763,206,000 shares.

On 12 January 2007, the Company entered a subscription agreement with Virtue Partner Group Limited, a company incorporated in the British Virgin Islands and beneficially and wholly owned by Mr. Pong, which the the Company conditionally agreed to allot and issue 1,036,794,000 shares. Following the completion on 23 March 2007, the total issued share capital was enlarged to 1,800,000,000 shares.

On 10 April 2007, the Company entered into an acquisition agreement (the "Acquisition Agreement") with Richfield (Holdings) Limited (the "RHL") to acquire Richfield Realty Limited and a convertible bond of HK\$456,000,000 (the "Convertible Bond"), which forms part of the consideration for the acquisition, was issued upon the completed on 29 May 2007. The Convertible Bond can be converted into the shares of the Company at an initial conversion price of HK\$0.6 per share (subject to adjustments in accordance with the terms of the Convertible Bond) during its conversion period. On 1 June 2007, RHL exercise its conversion rights to convert part of the Convertible Bond of HK\$255,000,000 into 425,000,000 shares and the total issued share capital was further enlarged to 2,225,000,000 shares.

Significant investments

As at 31 March 2007 and 31 March 2006, there was no significant investment held by the Group.

Material acquisitions or disposals of subsidiaries and affiliated companies

As set out in the section headed "Liquidity, financial resources and capital structure" above, the Company has acquired the whole equity interests in Maxitech System Company Limited and Richfield Realty Limited on 3 November 2006 and 29 May 2007, respectively.

Maxitech System Company Limited is principally engaged in trading of recycled computers, which include PCs, laptops and computer parts (such as RAM modules, LCD panels, hard disks, DVD-ROMs, plastic covers, and keyboards etc.)

Richfield Realty Limited 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.

Apart from the two acquisitions above, there were no material acquisitions or disposals of subsidiaries and affiliated companies during the year.

Contingent liabilities

As at 31 March 2007 and 31 March 2006, the Group had no material contingent liabilities.

Lease and contracted 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.

As at 31 March 2007, the Group had total future minimum lease payments in respect of non-cancellable operating leases for land and buildings falling due as follows:

	2007	2006
	HK\$'000	HK\$'000
Within one year	7,876	6,165
In the second to fifth years, inclusive	4,178	3,905
	12,054	10,070

Foreign exchange exposure

The Group's income and expenditure during the year ended 31 March 2007 were denominated in United States ("US") dollars, Hong Kong ("HK") dollars and Renminbi ("RMB"), and most of the assets and liabilities as at 31 March 2007 were denominated in HK dollars and RMB. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US dollars foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US dollars to HK dollars is comparatively stable. However, the Group is exposed to RMB foreign exchange exposure and fluctuation of exchange rates of RMB against HK dollars could affect the Group's results of operations. During the year, no hedging transaction or arrangement was made.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Segment information

Business segments

Retail sales

Retail sales decreased by approximately 13.8%, as compared to the previous corresponding year, to approximately HK\$34,238,000 (2006: approximately HK\$39,715,000).

Wholesale sales

Wholesale sales comprised sales to agents and sales to distributors.

Sales to agents decreased by approximately HK\$22,000, as compared to the previous corresponding year, to approximately HK\$11,242,000 (2006: approximately HK\$11,264,000). The decrease was mainly attributed to the decrease in sales to the agents in the PRC.

Sales to distributors decreased by approximately 66.8%, as compared to the previous corresponding year, to approximately HK\$6,623,000 (2006: approximately HK\$19,934,000). The decrease was mainly attributed to the decrease in orders from existing customers.

Trading of recycled computers

Trading of recycled computers comprised of trading and distribution of recycled computers and related accessories. Trading of recycled computers represents approximately 42.1% of the total turnover which amounts to approximately HK\$37,836,000 (2006: Nil).

Geographical segments

For the year ended 31 March 2007, sales in Hong Kong was increased by approximately 26.2% as compared to the previous corresponding year. The increase was mainly attributed to the increase in the sale portion of the trading of recycled computers.

For the year ended 31 March 2007, sales to elsewhere in the PRC was increased by approximately 207.0% as compared to the previous corresponding year. The increase was mainly attributed to the increase in sales to the Group's agents in the PRC.

For the year ended 31 March 2007, sales to Taiwan decreased by approximately 76.8% as compared to the previous corresponding year. The decrease was mainly attributed to the close of the retail outlets in Taiwan in last year.

For the year ended 31 March 2007, sales to Singapore increased by approximately 16.1% as compared to the previous corresponding year. The increase was attributed to the increase in sales to the Group's agent in Singapore.

For the year ended 31 March 2007, sales to other countries increased by approximately 53% as compared to the previous corresponding year. The increase was mainly attributed to the increase in orders from countries other than above.

Future plans for material investments and expected source of funding

While looking at ways to improve the business further, the Group is looking for business opportunities elsewhere to improve the financial performance and improve shareholders returns.

The Group observed that the consolidation, assembly, and redevelopment of properties and development sites in urban districts of Hong Kong had ample market potential. On 10 April 2007, the Group entered into the Acquisition Agreement to acquire the whole equity interests of Richfield Realty Limited, which is principally engaged in the provision of property brokerage services, carrying out schemes for property consolidation, assembly and redevelopments and property in Hong Kong, and the Acquisition Agreement was completed on 29 May 2007. The Group considers that this business can offer 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 Group further considers that this business would provide a steady income stream to the Group and make a positive contribution to the profitability of the Group.

Employees and remuneration policies

As at 31 March 2007, the Group had 86 (2006: 80) employees, including Directors. Total staff costs (including directors' emoluments) were approximately HK\$13,429,000 for the year ended 31 March 2007 (2006: approximately HK\$11,848,000). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong.

PROSPECTS

The Group views the prospects of its business in retail and wholesale as challenging as the Group is experiencing rental and costs increase in Hong Kong and overseas while sales have not increased in phase due to a more competitive business environment. To streamline its operations and maintain cost control, the Group will continue to shift its existing retail network in Hong Kong and overseas to franchise and agency arrangement with a view to remain competitive.

By acquiring Maxitech System Company Limited, the Group has diversified the Group business to include distribution and trading of recycled computer parts and to reduce its reliance on the retail and wholesale business. In view of the competitive business environment in electric consumer products in Hong Kong, the Board has observed that the prospect of this business is highly challenging and it provides limited contribution to the profitability of the Group in the foreseeable future.

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 both divisions and the limited prospect, the Board intends to restrain from making further material investments in those existing businesses.

To seek more business opportunities and to maximize the return to the Group in the long run, the Group entered into an acquisition agreement to acquire Richfield Realty Limited on 10 April 2007, Richfield Realty Limited 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 acquisition was completed on 29 May 2007. The Board realized 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.

Since Mr. Pong Wai San, Wilson was appointed the executive Director and Chairman of the Company on 23 March 2007, the Board has performed business review to streamline the business operation and improve the financial position of the Group and has looking for new investment opportunities in new business section. The Board believes that it would not only enhance the overall profitability but also improve the business scope of the Group.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the year ended 31 March 2007 except that: (i) the roles of chairman and chief executive officer are not separate and are performed by the same individual, and (ii) no nomination committee of the Board is established.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry of all directors, the directors have complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the year ended 31 March 2007.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and Chief Executive Officer of the Company have been performed by Mr. Pong Wai San, Wilson. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement from time to time and will consider appointing an individual as Chief Executive Officer when it thinks appropriate.

REMUNERATION OF DIRECTORS

The remuneration committee was established with written terms of reference in compliance with the code provision. The remuneration committee consists of four members, of which majority are independent non-executive Directors, namely Mr. Pong Wai San, Wilson, Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk. The chairman of the committee is Mr. Pong Wai San, Wilson.

The role and function of the remuneration committee include the determination of the specific remuneration packages of all executive directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors.

NOMINATION OF DIRECTORS

No nomination committee was established by the Company.

The Company is in the progress of forming a nomination committee which is expected to be established in accordance with the GEM Listing Rules as and when appropriate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this announcement, none of the directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") on 2 May 2002, with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Mr. Lee Kun Hung (resigned on 23 March 2007), Mr. Wong Hou Yan, Norman (resigned on 23 March 2007), Mr. Cheung Chi Hwa, Justin (resigned on 23 March 2007), Mr. Koo Fook Sun, Louis (appointed on 23 March 2007), Mr. Lai Hin Wing, Henry (appointed on 23 March 2007) and Mr. Lung Hung Cheuk (appointed on 23 March 2007). This final results have been reviewed by the Committee, who is of the opinion that such report comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made. 4 meetings were held during the current financial year.

At the date of this announcement, the Company's executive director is Mr. Pong Wai San, Wilson, the Company's non-executive director is Mr. Li Chi Chung and the Company's independent non-executive directors are Mr. Koo Fook Sun, Louis, Mr. Lai Hin Wing, Henry and Mr. Lung Hung Cheuk.

By order of the Board
Maxitech International Holdings Limited
Mr. Pong Wai San, Wilson
Director

Hong Kong, 25 June 2007

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