



Long Success International (Holdings) Limited

百齡國際（控股）有限公司*

(formerly known as CyberM International (Holdings) Limited)

美域數碼國際（控股）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8017)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2006

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

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

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

The principal means of information dissemination on GEM is publication on the Internet website operated by the Exchange. GEM 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.

The Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors of Long Success 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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, 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 purpose only

SUMMARY

- Turnover of the Group for the year ended 31 March 2006 was approximately HK\$47,498,000 (2005: HK\$24,160,000) representing an increase of 96% over the previous year.
- Net profit attributable to shareholders for the year ended 31 March 2006 was approximately HK\$2,849,000 corresponding to an earning per share of approximately HK1.13 cents as compared to loss attributable to shareholders and a loss per share of approximately HK\$2,414,000 and HK0.97 cents respectively reported in the previous year.
- The Directors do not declare any dividend for the year ended 31 March 2006.

ANNUAL RESULTS

The audited consolidated results of the Long Success International (Holdings) Limited and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2006 together with the comparatives for the corresponding periods in 2005 are as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2006

	<i>Note</i>	2006 HK\$'000	2005 <i>HK\$'000</i>
Turnover	2	47,498	24,160
Other revenue	2	330	54
Raw materials and consumables used		(8,040)	(8,910)
Commission expenses		(15,837)	–
Staff costs		(13,407)	(10,798)
Depreciation on fixed assets		(284)	(424)
Amortisation and impairment loss on intangible assets		(578)	(1,279)
Impairment loss on available-for-sale financial assets		(330)	–
Bad debts written off		(412)	–
Provision for doubtful debts		(472)	(507)
Other operating expenses		(4,439)	(4,438)
		<hr/>	<hr/>
Operating profit/(loss)	2	4,029	(2,142)
Finance costs		(347)	(272)
		<hr/>	<hr/>
Profit/(loss) before taxation		3,682	(2,414)
Taxation	3	(833)	–
		<hr/>	<hr/>
Profit/(loss) after taxation		2,849	(2,414)
		<hr/>	<hr/>
Attributable to:			
– Equityholders of the parent		2,849	(2,414)
– Minority interest		–	–
		<hr/>	<hr/>
		2,849	(2,414)
		<hr/>	<hr/>
Earning/(loss) per share			
Basic		HK1.13 cents	(HK0.97 cents)
		<hr/>	<hr/>
Diluted		On/A	On/A
		<hr/>	<hr/>

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2006

	Note	Group		Company	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Non-current assets					
Intangible assets		–	578	–	–
Fixed assets		410	389	–	–
Interests in subsidiaries		–	–	12,577	11,854
Investments in securities		–	330	–	–
Available-for-sale financial assets		–	–	–	–
		410	1,297	12,577	11,854
Current assets					
Inventories		–	99	–	–
Trade receivables	6	7,796	3,851	–	–
Prepayments, deposits and other receivables		1,431	777	–	–
Pledged deposits		–	5,570	–	–
Fixed deposits		1,300	–	–	–
Cash and bank balances		5,585	1,494	75	11
		16,112	11,791	75	11
Current liabilities					
Trade payables	7	2,425	1,333	–	–
Accruals and other payables		4,039	2,648	843	105
Receipts in advance		2,083	2,131	–	–
Amount due to a director		–	358	–	896
Current portion of long-term bank loan		229	520	–	–
Current portion of obligations under finance leases		108	–	–	–
Bank overdrafts, secured		–	5,826	–	–
Amount due to ultimate holding Company		1,313	–	265	–
Provision for taxation	3	833	–	–	–
		11,030	12,816	1,108	1,001
Net current assets/(liabilities)		5,082	(1,025)	(1,033)	(990)
Total assets less current liabilities		5,492	272	11,544	10,864

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

AS AT 31 MARCH 2006

	<i>Note</i>	Group		Company	
		2006	2005	2006	2005
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current liabilities					
Obligations under finance leases		(54)	–	–	–
Long-term bank loan		–	(228)	–	–
		<u>(54)</u>	<u>(228)</u>	<u>–</u>	<u>–</u>
NET ASSETS		<u>5,438</u>	<u>44</u>	<u>11,544</u>	<u>10,864</u>
Financed by:					
Share capital		25,303	25,006	25,303	25,006
Reserves		<u>(19,865)</u>	<u>(24,962)</u>	<u>(13,759)</u>	<u>(14,142)</u>
Shareholders' funds		<u>5,438</u>	<u>44</u>	<u>11,544</u>	<u>10,864</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*FOR THE YEAR ENDED 31 MARCH 2006*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
At 1 April 2004	25,006	5,613	(341)	(29)	(27,761)	2,488
Exchange differences arising on translation	–	–	–	(30)	–	(30)
Net loss for the year	–	–	–	–	(2,414)	(2,414)
At 31 March 2005	25,006	5,613	(341)	(59)	(30,175)	44
Issue of shares on exercise of share options	297	2,257	–	–	–	2,554
Exchange differences arising on translation	–	–	–	(9)	–	(9)
Net profit for the year	–	–	–	–	2,849	2,849
At 31 March 2006	<u>25,303</u>	<u>7,870</u>	<u>(341)</u>	<u>(68)</u>	<u>(27,326)</u>	<u>5,438</u>
Reserves retained by:						
– Company and subsidiaries						
– At 31 March 2006	<u>25,303</u>	<u>7,870</u>	<u>(341)</u>	<u>(68)</u>	<u>(27,326)</u>	<u>5,438</u>
– At 31 March 2005	<u>25,006</u>	<u>5,613</u>	<u>(341)</u>	<u>(59)</u>	<u>(30,175)</u>	<u>44</u>

Notes:

1. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with new HKFRSs issued by HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain plant and equipment and available for sale financial assets. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Impact of recently issued financial reporting standards

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new or revised Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations, (herein collectively referred to as the “new HKFRSs”), which are generally effective for accounting periods commencing on or after 1 January 2005.

Adoption of HKASs/HKFRSs

The Group has adopted the following HKASs issued in the financial statements for the year ended 31 March 2006:

HKAS 1	Presentation of financial statements
HKAS 2	Inventories
HKAS 7	Cash flow statements
HKAS 8	Accounting policies, changes in accounting estimates and errors
HKAS 10	Events after the balance sheet date
HKAS 12	Incomes taxes
HKAS 14	Segment reporting
HKAS 16	Property, plant and equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee benefits
HKAS 21	The effects of changes in foreign exchange rates
HKAS 23	Borrowing costs
HKAS 24	Related party disclosures
HKAS 27	Consolidated and separate financial statements
HKAS 28	Investments in associates
HKAS 32	Financial instruments: Disclosure and presentation
HKAS 33	Earnings per share
HKAS 34	Interim financing reporting
HKAS 36	Impairment of assets
HKAS 37	Provision, contingent liabilities and contingent assets
HKAS 38	Intangible assets
HKAS 39	Financial instruments: Recognition and measurement
HKAS 40	Investment property

The adoption of these new/revised HKASs 1, 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 28, 32, 33, 34, 36, 37, 38, 39 and 40 did not result in substantial changes to the accounting policies of the Group and the methods of computation in the Group's consolidated financial statements. In summary:

- HKAS 1 affects certain presentation in the consolidated balance sheet, the consolidated income statement and consolidated statement of changes in equity.
- HKASs 14, 16, 17, 23 and 28 affect certain presentations and disclosures of the consolidated financial statements.
- HKASs 2, 7, 8, 10, 12, 18, 19, 21, 24, 27, 33, 34, 36, 37, 38 and 40 do not have any impact as the Group's accounting policies have already complied with the standards.

The adoption of HKASs 32, 39 has resulted in a change in the accounting policy relating to the investments in securities which is reclassified as the available for sale financial assets .

HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous Hong Kong Statement of Standard Accounting Practice (“SSAP”) 24 “Accounting for investments in securities for the comparative information”. The adjustments required for the accounting differences between SSAP 24 and HKAS 39, if any, are determined and recognised at 1 April 2005.

Impact of issued but not yet effective financial reporting standards

The Group has not early applied the following new standards, interpretations and amendments that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, interpretations or amendments will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures ²
HKAS 21 (Amendment)	Net investment in a foreign operation ²
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions ²
HKAS 39 (Amendment)	The fair value option ²
HKAS 39 and HKFRS 4 (Amendments)	Financial guarantee contracts ²
HKFRS 6	Exploration for and evaluation of mineral resources ²
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC) - Int 4	Determining whether an arrangement contains a lease ²
HK(IFRIC) - Int 5	Rights to Interests Arising from Decommissioning, restoration and environmental rehabilitation funds ²
HK(IFRIC) - Int 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment ³
HK(IFRIC) - Int 7	Applying the restatement approach under HKAS 29 Financial reporting in Hyperinflationary Economies ⁴
HK(IFRIC) - Int 8	Scope of HKFRS 2 ⁵
HK(IFRIC) - Int 9	Reassessment of embedded derivatives ⁶

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

² Effective for annual periods beginning on or after 1 January 2006

³ Effective for annual periods beginning on or after 1 December 2005

⁴ Effective for annual periods beginning on or after 1 March 2006

⁵ Effective for annual periods beginning on or after 1 May 2006

⁶ Effective for annual periods beginning on or after 1 June 2006

2. Turnover and segment information

The Group is principally engaged in the trading of software packages, provision of consultancy technical support and marketing services. Revenues recognised during the year are as follows:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Turnover		
Sales of customised software and related computer equipment	17,828	17,198
Sales and lease of packaged software	977	2,313
Provision of technical support and maintenance services	5,915	4,627
Rental income	–	22
Provision of beauty-salon services	–	–
Marketing service in Macau	22,778	–
	<hr/>	<hr/>
	47,498	24,160
Other revenue		
Interest income	153	18
Sundry income	115	36
Government grant	30	–
Other service fee	32	–
	<hr/>	<hr/>
	330	54
	<hr/>	<hr/>
Total revenues	47,828	24,214
	<hr/> <hr/>	<hr/> <hr/>

Primary Reporting Format – Business Segments

The Group is organised into six major business segments:

- (i) Sales of customised software and related computer equipment
- (ii) Sales and lease of packaged software
- (iii) Provision of technical support and maintenance services
- (iv) Lease of an investment property
- (v) Provision of beauty-salon services
- (vi) Marketing service in Macau

There are no sales or other transactions between the business segments.

	2006						
	Customised software and related computer equipment <i>HK\$'000</i>	Packaged software <i>HK\$'000</i>	Technical support and maintenance <i>HK\$'000</i>	Lease of investment property <i>HK\$'000</i>	Beauty- salon <i>HK\$'000</i>	Marketing Service in Macau <i>HK\$'000</i>	Group <i>HK\$'000</i>
Turnover	<u>17,828</u>	<u>977</u>	<u>5,915</u>	<u>-</u>	<u>-</u>	<u>22,778</u>	<u>47,498</u>
Segment results	<u>1,728</u>	<u>466</u>	<u>1,865</u>	<u>-</u>	<u>-</u>	<u>6,942</u>	11,001
Other revenue							330
Unallocated corporate expenses							(7,302)
Operating profit							4,029
Finance costs							(347)
Taxation							(833)
Minority interests							-
Profit attribution to shareholders							<u>2,849</u>
Segment assets	8,016	439	2,660	-	-	5,407	16,522
Unallocated assets							-
Total assets							<u>16,522</u>
Segment liabilities	6,263	343	2,079	-	-	2,399	11,084
Unallocated liabilities							-
Total liabilities							<u>11,084</u>
Depreciation and amortisation	356	20	117	-	-	8	501
Unallocated corporate expenses							-
Total depreciation and amortisation							<u>501</u>
Impairment losses recognised in the income statement	261	14	86	-	-	-	361
Unallocated impairment loss							330
Total impairment losses							<u>691</u>
Capital expenditures	197	11	66	-	-	31	305

	Customised software and related computer equipment <i>HK\$'000</i>	Packaged software <i>HK\$'000</i>	Technical support and maintenance <i>HK\$'000</i>	Lease of investment property <i>HK\$'000</i>	Beauty- salon <i>HK\$'000</i>	Marketing Service in Macau <i>HK\$'000</i>	Group <i>HK\$'000</i>
Turnover	<u>17,198</u>	<u>2,313</u>	<u>4,627</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>24,160</u>
Segment results	<u>987</u>	<u>254</u>	<u>508</u>	<u>22</u>	<u>-</u>	<u>-</u>	1,771
Other revenue							54
Unallocated corporate expenses							<u>(3,967)</u>
Operating loss							(2,142)
Finance costs							(272)
Taxation							-
Minority interests							<u>-</u>
Loss attribution to shareholders							<u>(2,414)</u>
Segment assets	9,106	1,225	2,426	-	1	-	12,758
Unallocated assets							<u>330</u>
Total assets							<u>13,088</u>
Segment liabilities	9,169	1,981	1,085	-	358	-	12,593
Unallocated liabilities							<u>451</u>
Total liabilities							<u>13,044</u>
Depreciation and amortisation	1,214	163	326	-	-	-	1,703
Unallocated corporate expenses							<u>-</u>
Total depreciation and amortisation							<u>1,703</u>
Impairment losses recognised in the income statement	-	-	-	-	-	-	-
Unallocated impairment loss							<u>-</u>
Total impairment losses							<u>-</u>
Capital expenditures	71	10	19	-	-	-	100

Geographical Segments

The Group mainly operates in Hong Kong, Macau and the PRC. In presenting information on the basis of geographical segments, segment turnover and segment results are based on the geographical location of customers and segment assets and capital expenditures are based on geographical location of the assets.

	2006		2005	
	Turnover	Segment	Turnover	Segment
	<i>HK\$'000</i>	<i>results</i>	<i>HK\$'000</i>	<i>results</i>
		<i>HK\$'000</i>		<i>HK\$'000</i>
Hong Kong	24,720	(3,355)	24,146	(2,238)
Macau	22,778	6,109	–	–
PRC	–	(235)	14	(230)
	<u>47,498</u>	<u>2,519</u>	<u>24,160</u>	<u>(2,468)</u>
Other revenue		<u>330</u>		<u>54</u>
Operating profit/(loss)		<u>2,849</u>		<u>(2,414)</u>

	2006		2005	
	Assets	Capital	Assets	Capital
	<i>HK\$'000</i>	<i>expenditure</i>	<i>HK\$'000</i>	<i>expenditure</i>
		<i>HK\$'000</i>		<i>HK\$'000</i>
Hong Kong	10,810	305	12,783	100
Macau	5,407	–	–	–
PRC	305	–	305	–
	<u>16,522</u>	<u>305</u>	<u>13,088</u>	<u>100</u>

3. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any assessable profit for the year (2005: Nil).

No provision for PRC enterprise income tax has been made in the accounts as all subsidiaries of the Company operating in the PRC are eligible for tax exemptions during the year ended 31 March 2006 (2005: Nil).

Overseas taxes on profits assessable of the Group if any, are calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, bases on the prevailing legislation, interpretations and practices in respect thereof.

Deferred tax assets have not been recognised in respect of the tax losses incurred by the Group as they have arisen in companies that have been loss-making for some time.

a) Taxation in the income statement represents:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Hong Kong profits tax	–	–
Macau profits tax		
– Provision for the year is calculated at 12% (2005: Nil) of the estimated assessable profits for the year	833	–
	833	–

b) Reconciliation of the taxation applicable to profit/(loss) before taxation using the statutory rates for the places in which the Company and its subsidiaries are domiciled to the taxation at the effective tax rates are as follows:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Profit/(loss) before taxation	3,682	(2,414)
Tax at statutory rate of 17.5%	644	(422)
Effect of different tax rates in other places	(418)	(36)
Tax effect on income not subject to tax	47	(3)
Tax effect on expenses not deductible for tax	92	259
Tax effect on temporary differences not recognised	143	185
Tax effect on tax losses utilised	(139)	(36)
Tax effect on tax losses not recognised	464	53
Tax expenses	833	–

4. Earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the Group's profit attributable to shareholders for the year of HK\$2,849,000 (2005: loss of HK\$2,414,000) and on the weighted average number of 251,461,767 (2005: 250,060,000) ordinary shares in issue during the year.

Diluted earnings per share is not presented for this year as the Group had no potential ordinary shares as at the balance sheet date.

For the year ended 31 March 2005, no diluted loss per share is presented as the outstanding share options of the Company had anti-dilutive effects on the basic loss per share.

5. Dividend

The board of directors of the Company does not recommend the payment of any dividend for the year ended 31 March 2006 (2005:Nil).

6. Trade receivables

The ageing analysis of trade receivables is as follows:

	Group	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within three months	6,878	2,690
Over three months and within six months	718	499
Over six months and within one year	128	445
Over one year and within two years	72	129
Over two years and within three years	–	88
	<u>7,796</u>	<u>3,851</u>

The Group normally grants its customers credit periods for sales of goods ranging from 0 to 14 days. Considerations in respect of contracts for development of customised software, sales of related computer equipment, sales and lease of packaged software, the provision of technical support and maintenance services are payable pursuant to the terms of the respective contracts. The Group generally granted credit period of 2 months to customers in marketing service sector.

7. Trade Payables

The ageing analysis of trade payables is as follows:

	Group	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within three months	2,346	1,018
Over three months and within six months	29	189
Over six months and within one year	–	117
Over one year and within two years	50	3
Over two years	–	6
	<u>2,425</u>	<u>1,333</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the core business of the Group comprises (i) marketing services in Macau; (ii) sales & implementation service of customized software (including ERP and POS solutions) and related computer equipments; (iii) sales of packaged software; and (iv) provision of technical support and maintenance services on the systems implemented.

FINANCIAL REVIEW

Turnover and Profit Attributable to Shareholders

During the year under review, turnover was approximately HK\$47 million, representing a significant increase of 96% as compared to last year (2005: HK\$24 million). Profit attributable to shareholders was HK\$2.8 million, being a significant increase of 217% as compared to that of last year (2005: Loss HK\$2.4 million). The profit was mainly generated from the gaming and entertainment sector.

Segment Performance

During the year under review, turnover contributed by gaming and entertainment sector as the major business segment of the Group is HK\$22.8 million (2005: NIL). Turnover contributed by sales of customized software and related computer equipment is HK\$17.8 million (2005: HK\$17.2 million). The sales and lease of packaged software drops to HK\$1.0 million (2005: HK\$2.3 million). The support and maintenance service revenue is HK\$5.9 million (2005: HK\$4.6 million).

Financial Resources, Liquidity and Gearing

As at 31 March 2006, the Group has cash and bank balances of approximately HK\$6.9 million (2005: HK\$7.1 million). The Group's current assets are approximately 1.46 times (2005: 0.9 times) over its current liabilities. For the year under review, the Group was financed by its own working capital and the gearing ratio which represents long-term liabilities divided by shareholders' funds was 0.99% (2005: 515%).

In view of the Group's current liquidity position and the substantial improvement of profitability of the Group, especially after the introduction of the gaming and entertainment operation, the directors expect the Group will have sufficient funds to meet its operational and investment needs in the foreseeable future.

Charge of Group's Assets

As at 31 March 2006, none of the Group's assets has been pledged (2005: HK\$5.6 million was pledged to a bank in Hong Kong to secure the general banking facilities granted to the Group).

Foreign Currency Exposure

Whilst the sales, expenditures, assets and liabilities were mainly denominated in Hong Kong dollars and Renminbi, the directors believe that the Group's exposure to foreign currency fluctuations is minimal and no hedging is considered necessary.

CONTINGENT LIABILITIES

As at 31 March 2006, the directors expect that the Group had no significant contingent liabilities that would crystallise.

EMPLOYEES

As at 31 March 2006, the Group has approximately 44 (2005: 51) employees in Hong Kong and the PRC. The total remuneration to employees, including the executive directors for the year under review amounted to approximately HK\$14.0 million (2005: HK\$10.8 million). Employees in Hong Kong are also entitled to provident fund contributions and medical insurance. For employees in the PRC, the Group is required to contribute to state-sponsored retirement plans at certain prescribed rates based on their basic salaries. In addition, the Group provided comprehensive on-the-job trainings to its employees and sponsored those participated in job-related training courses to ensure their qualifications always meet the changing market standards.

FUTURE PLAN OF CAPITAL INVESTMENTS

In view of the booming economy of Macau through the rapid-growing tourism & gaming industry, the Group will continue to solicit for and identify possible acquisition or partnership to capture the business opportunities from tourism and gaming industry.

Besides, the Group will continue to develop ERP market and do not have any capital investments.

ACQUISITION AND DISPOSAL

There was no material acquisition and disposal during the year under review. As at 31 March 2006, the Group had no material investment held.

SHARE OPTIONS

The share option schemes adopted by the Company on 1 August 2000 (the “Old Scheme”) and 13 August 2003 (the “New Scheme”) (collectively, the “Schemes”) have been terminated. Since then, no further option has been granted under the Schemes and all the outstanding options granted was cancelled on 29 March 2006.

The principal terms of the New Scheme are summarised in a circular dated 30 June 2003.

Details of the share options exercised and cancelled as at 31 March 2006 are as follows:

Name and category of eligible participants	Date of grant	Exercise price per share HK\$	As at 1.4.2005	Number of share options			As at 31.3.2006
				Granted during the year	Exercised during the year	Lapsed/ Cancelled during the year	
Executive Directors							
Lau Chiu Pui	12.12.2003	0.20	250,000	0	250,000	0	0
Other Participants							
Full time employees	4.9.2000	1.18	4,276,000	0	2,000,000	2,276,000	0
	12.12.2003	0.20	864,000	0	720,000	144,000	0

Save as disclosed above, during the year ended 31 March 2006, none of the options being granted to the executive directors and chief executive have been exercised or cancelled.

Save as disclosed above, none of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Jeong Meng Wa, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES (THE “CG CODE”)

Subject to the deviation disclosed hereof, the Company has complied with all the code provisions on Corporate Governance Practices as set out in the GEM Listing Rules during the period under review:

1. As at 31 March 2006, the Board comprised 6 Directors, including 4 Executive Directors, 2 Independent Non-executive Directors (the “INED”). As at 31 March 2006, the Company had two INEDs and two audit committee members. The number of INEDs and audit committee member was less than three respectively as required by Rule 5.05 and 5.28 of the GEM Listing Rules. With effect from 7 April 2006, the Company has appointed one INED and was in compliance with Rule 5.05 and 5.28 of the GEM Listing Rules.
2. Mr. Wong Kam Leong (“Mr. Wong”) assumes the role of both the Chairman and the Chief Executive Officer of the Company. The role of chairman and chief executive officer of the Group rests on the same individual which deviates from the code provision in the CG Code of not having a clear division of responsibilities.

The Board is of the view that this has not compromised accountability and independent decision making because the independent non-executive directors form the majority of the Board of which three out of seven are independent and have free and direct access to the Company’s external auditors and independent professional advice when considered necessary.

In addition, Mr. Wong is a substantial shareholder of the Group. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management.

3. A listed issuer should establish a remuneration committee with specific written of reference which deal clearly with its authority and duties. It was not until 9 May 2006 that the Company established a remuneration committee as required under CG Code.

BOARD PRACTICES AND PROCEDURES

Save as disclosed above, throughout the year ended 31 March 2006, the Company has complied with rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its holding companies or subsidiaries has purchased or sold any of the Company's shares during the year.

On behalf of the Board
Wong Kam Leong
Chairman

28 June 2006, Hong Kong

As at the date hereof, the executive Directors are Mr. Wong Kam Leong, Mr. Lau Chiu Pui, Mr. Lai Cho Wai and Mr. Ma Chon; and the independent non-executive Directors are Mr. Jeong Meng Wa, Mr. Ng Kwok Chu, Winfield and Mr. Ng Chau Tung, Robert

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