LONG SUCCESS
百齡國際

LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

Stock Code : **8017** **(Incorporated in Bermuda with limited liability)**

2006
ANNUAL REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

This report, for which the directors (the "Directors") of Long Success International (Holdings) Limited (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Contents

EXECUTIVE DIRECTORS

Mr. Wong Kam Leong *(Chairman)*
Mr. Lai Cho Wai *(Deputy Chairman)*
Mr. Ma Chon
Mr. Lau Chiu Pui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tung, Robert
Mr. Ieong Meng Wa

COMPANY SECRETARY

Mr. Fok Wai Man

QUALIFIED ACCOUNTANT

Mr. Fok Wai Man

COMPLIANCE OFFICER

Mr. Wong Kam Leong

AUTHORISED REPRESENTATIVES

Mr. Wong Kam Leong
Mr. Fok Wai Man

AUDIT COMMITTEE

Mr. Ng Kwok Chu, Winfield
Mr. Ng Chau Tung, Robert
Mr. Ieong Meng Wa

LEGAL ADVISORS

Appleby Spurling & Kemple – as to Bermuda Law
5511, The Centre
99 Queen's Road Central
Central, Hong Kong

AUDITORS

CCIF CPA Limited
37th Floor, Hennessy Centre
500 Hennessy Road
Causeway Bay, Hong Kong

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

HEAE OFFICE AND PRINCIPAL PLACE OF BUSINESS

2007-9, China Resources Building
26 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited
10 Nassau Street, Mei Foo Sun Chuen
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Reid Management Limited
Argyle House, 41A Cedar Avenue
Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Ltd
46/F, Hopewell Centre,
183 Queen's Road East, Hong Kong

WEBSITES

http://www.long-success.com

REVIEW

The principal activities of the Group comprise developing related business in the gaming and entertainment sectors, and providing IT consulting services in the Greater China Region.

This financial year is the first year that of the Company has diversified it business in the gaming and entertainment sector. Such strategy has been proved to be successful and contributed substantially to the growth in turnover and profit.

Here are some financial and business highlights:

- Turnover was HK$47 million, an increase of 96% compared to 2005. The increase was mainly come from gaming and entertainment sector.
- Profit attribute to shareholders was HK$2.85 million compared to loss of HK$2.41 million in 2005.
- Basic earnings per share from continuing operations (EPS) were 1.13 HK cents compared to loss per share 1.0 HK cents in 2005.
- In mid 2005, the Group has engaged in the provision of services to the one of the VIP gaming lounge at Galaxy Casino in Waldo Hotel in Macau. The Group will continue to develop and expand related business in the gaming and entertainment sectors in the region.
- Besides, the Group will continue to provide IT consulting services in Great China Region. The IT consulting services include smartcard system, ERP solutions, etc.

PROSPECTS

During 2005, our gaming and entertainment business has contributed impressive growth. We anticipate the gaming and entertainment business will continue to grow and become one of the key profit centre. We will continue to solicit for acquisition or partnership to capture the business opportunities from the booming economy of Macau, especially from the rapid-growing tourism and gaming industry.

Wong Kam Leong
Chairman

Hong Kong, 28 June 2006

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 22.8 million (2005: NIL). Turnover contributed by sales of customised software and related computer equipment is 17.8 million (2005: 17.2 million). The sales and lease of packaged software drops to 1.0 million (2005: 2.3 million). The support and maintenance service revenue is 5.9 million (2005: 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: H$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.

Profile of the directors of the Company and the senior management of the Group are set out as follows:

EXECUTIVE DIRECTORS

Mr. Wong Kam Leong, aged 42, is the chairman of the Company. And he has been the chairman and legal representative of a PRC electric appliance company namely Zhongshan Weili Electronics Appliances Group Limited (中山威力電器集團有限公司). He has over 10 years experience in sales and marketing and property trading and development in the Mainland China. Mr. Wong is responsible for the overall strategic planning, direction and business development of the Company. Mr. Wong Kam Leong is the controlling shareholder of the Company.

Mr LAI Cho Wai, aged 37 is the deputy chairman of the Company. Mr. Lai is the executive manager of the JADE VIP Lounge in the Jai Alai Casino in Macau since 1996. Mr Lai is also the Director of Macau Street E-Tech & Advertising Limited and the Director of Rock & Roll Amusement Development Incorporation Limited since 2000. He has vast experience in the gaming industry, in particular, in relation to the management of VIP lounges in casinos, formulating policies of VIP lounges and analysing monthly business statements of VIP lounges.

Mr. Ma Chon, aged 48, has been appointed as an executive director of the Company since 28th November, 2005. Mr. Ma was also the marketing manager of the LEROY VIP Lounge in the Lisboa Casino in Macau. He has vast experience in the gaming industry in Macau, in particular, in relation to the management of VIP lounges in casinos, formulating marketing policies of VIP lounges.

Mr. Lau Chiu Pui, Duncan, aged 49, is the director of the Company. Mr. Lau has over 20 years' experience in the information technology industry. He is also the co-founder and council member of the Information and Software Industry Association. He holds a bachelor degree of science from the University of Toronto.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Kwok Chu, Winfield, aged 47, has been appointed as an independent non-executive director (the "INED") and member of audit committee of the Company since 3rd January 2006. Mr. Ng was the General Manager of a reputable financial institution. Mr. Ng has over 10 years consumer and commercial finance experiences and has in-depth knowledge in cross-border market and financing operation.

Mr. Ng Chau Tung, Robert, aged 50, has been appointed as an INED and member of audit committee of the Company since 3rd January 2006. Mr. Ng holds a Bachelor of Business Administration from The Chinese University of Hong Kong. He is also the member of the Institute of Financial Accountant (U.K.) and the Registered Financial Planner. Mr Ng has over 20 years experience in the banking sector. He was also the Chairman of the Hong Kong Equipment Leasing Association, and Independent Non-executive Committee Member of the Finance House Association and the Hong Kong Deposit Taking Company Association.

Mr. Ieong Meng Wa, aged 46, has been appointed as an INED and member of audit committee of the Company since 7th April 2006. Mr. Ieong is director of private property trading and development companies. He has vast experience in sales and marketing and property trading and development in Macau and Mainland China.

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. Fok Wai Man, aged 31, joined the Group in 2005. He is the qualified accountant and company secretary of the Group. He holds a degree in BA (Hons) Accountancy from the Hong Kong Polytechnic University. Mr. Fok has over 8 years of experience in accounting and he is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants.

The directors submit their report together with the audited accounts for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 17 to the accounts. An analysis of the Group's performance for the year by business and geographical segments is set out in note 6 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 22. The directors do not recommend the payment of a dividend.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 27 to the accounts.

As at 31 March 2006, the Company had no reserves available for distribution to its shareholders (2005: Nil).

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 16 to the accounts.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws and there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 68.

PURCHASE, SALE OR REDEMPTION OF SHARES

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.

DIRECTORS

The directors during the year and up to the date of this report were:

Executive directors	
Mr. Wong Kam Leong	(Appointed on 28 November 2005)
Mr. Lai Cho Wai	
Mr. Ma Chon	(Appointed on 28 November 2005)
Mr. Lau Chiu Pui	
Ms. Chan Pui Fong, Trish	(Resigned on 3 January 2006)
Non-executive director	
Mr. Chiu Raymond Yim	(Resigned on 3 January 2006)
Independent non-executive directors	
Mr. Ng Kwok Chu, Winfield	(Appointed on 3 January 2006)
Mr. Ng Chau Tung, Robert	(Appointed on 3 January 2006)
Mr. Ieong Meng Wa	(Appointed on 7 April 2006)
Mr. Chan Wai Choi, Glenn	(Resigned on 3 January 2006)
Dr. Kwan Ngan Hing, Edith	(Resigned on 3 January 2006)
Mr. Cheong Ngai Ming, David	(Resigned on 3 January 2006)

In accordance with the Bye-Laws of the Company, Mr. Lau Chiu Pui, Mr. Ma Chon, Mr. Ng Kwok Chu, Winfield Mr. Ng Chau Tung, Robert and Mr. Ieong Meng Wa retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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:

			Number of share options				
Name and category of eligible participants	**Date of grant**	**Exercise price per share** *HK$*	**As at 1.4. 2005**	**Granted during the year**	**Exercised during the year**	**Lapsed/ Cancelled during the year**	**As at 31.3.2006**
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.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2006, the following directors and chief executive of the Company had or were deemed to have interests in the equity shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register kept by the Company pursuant to Part XV of the SFO or otherwise notified to the Company pursuant to the minimum standards of dealings by the directors as referred to in Rules 5.46 to 5.68 of the GEM Listing Rules:

Name	Type of interest	Number of ordinary shares in the Company	Percentage of shareholding
Directors			
Wong Kam Leong (Mr. Wong)	Corporate Interest *(Note 1)*	177,500,000	70.15%
Lau Chiu Pui (Mr. Lau)	Discretionary trust *(Note 2)*	13,750,000	5.43%

Notes:

1. As at 31 March 2006, the 177,500,000 shares in the Company were beneficially owned by and registered in the name of Wide Fine International Limited ("Wide Fine"), a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Wong.

   On 26 May 2006, Wide Fine had transferred 22,000,000 ordinary shares to Mr. Lai Cho Wai, the executive director of the Company and 23,000,000 ordinary shares to Mr. Lai Pak Leng, an independent third party, representing 8.69% and 9.09% of the total existing issued share capital of the Company. Wide Fine owns an aggregate of 132,500,000 ordinary shares, representing 52.37% of the total issued share capital of the Company.

2. The 13,750,000 shares in the Company are beneficially owned by and registered in the name of Noble Class Group Limited ("Noble Class"), a company incorporated in the British Virgin Islands. Noble Class is in turn wholly held by Sunrise International (Holdings) Limited ("Sunrise"), a company incorporated in the Cayman Islands. All the issued non-voting redeemable and retractable preferred shares of Sunrise, with the rights to a fixed 5% cumulative dividend and redemption at fixed redemption prices in the aggregate amount of HK$9 million, are held by Mr. Lau and Ms Chan Pui Fong (Mr. Lau's spouse). The issued ordinary shares of Sunrise are held in the following proportions

Name of shareholders	Class of ordinary shares	Participating proportion
Pro Nes Genesis Anstalt (the "Anstalt")*	Voting, non-participating	–
Mr. Lau	Non-voting, participating	100%
		100%

* The Anstalt is a corporate entity under Liechtenstein in which Mr. Lau has sole beneficial interest.

Mr. Lau and Ms. Chan Pui Fong (Mr. Lau's spouse) are therefore taken to have a beneficial interest in the 13,750,000 ordinary shares owned by Noble Class under Part XV of the SFO.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable any of the Company's directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Save as disclosed above, none of the directors and chief executive (including their spouse and children under the age of 18) had any interest in, or had been granted, or exercised, any right to subscribe for the shares of the Company and its associated corporations (within the meaning of the SFO).

Save as disclosed above, none of the directors, chief executive or their associates had any interests in the securities of the Company or any of its associated corporations as defined in Part XV of the SFO which was discloseable for the year ended 31 March 2006.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31 March 2006, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

Name	Number of ordinary shares held	Percentage of shareholding
Wide Fine International Limited	177,500,000	70.15%**
Noble Class Group Limited	13,750,000	5.43%*
Sunrise International (Holdings) Limited	13,750,000	5.43%*
Pro Nes Genesis Anstalt (the "Anstalt")	13,750,000	5.43%*

* Duplication, all shareholdings are beneficially held as stated above.

** On 25 July 2005 and 29 September 2005 Wide Fine had exercised the option in full to acquire shares from Noble Class. Following the completion of the exercise of the balance of the Option on 30 September 2005, Wide Fine and parties acting in concert with it owned an aggregate of 177,500,000 Shares, representing approximately 70.15% of the issued share capital of the Company as at 29 September 2005 and were required to make a mandatory unconditional cash offer for all the outstanding Shares and for the cancellation of all outstanding Share Options (the "Offer") (other than those already acquired by Wide Fine and parties acting in concert with it) pursuant to Rules 26.1 and 13 of the Takeovers Code. The Offer had closed on 20 December 2005. No valid acceptance had received by Wide Fine.

On 26 May 2006, Wide Fine had transferred 22,000,000 ordinary shares to Mr. Lai Cho Wai, the executive director of the Company and 23,000,000 ordinary shares to Mr. Lai Pak Leng, an independent third party, representing 8.69% and 9.09% of the total existing issued share capital of the Company. Wide Fine owns an aggregate of 132,500,000 ordinary shares, representing 52.37% of the total issued share capital of the Company.

Save as disclosed above, no other person was recorded in the register pursuant to Part XV of the SFO as having an interest being 5 per cent or more of the issued share capital of the Company as at 31 March 2006.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	16.52%
– five largest suppliers combined	35.45%
Sales	
– the largest customer	47.96%
– five largest customers combined	64.43%

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in the Group's five largest suppliers or customers during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2006, the directors are not aware of any business or interest of each director, management shareholder and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

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. Ieong 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.

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.

AUDITORS

The accounts have been audited by CCIF CPA Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Wong Kam Leong
Chairman

Hong Kong, 28 June 2006

The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 of the GEM Listing Rules other than the deviations as disclosed in this report.

DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in Rules 5.48 to 5.69 of the GEM Listing Rules. Having made specified enquiry with the Directors, all the Directors confirmed that they have complied with the required such code of conduct and required standard of dealings.

BOARD OF DIRECTORS

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 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. Biographical details of the Directors are set out on page 6 to 7.

The Board supervises the management of the business and affairs of the Group. The Board oversees the Group's overall strategic plans, approves major funding and investment proposals and reviews the financial performance of the Group.

The Board meets regularly and additional meetings are convened when deemed necessary by the Board. Board members are provided with complete, adequate and timely information to allow the Directors to fulfill their duties properly.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Wong Kam Leong ("Mr. Wong") assumes the role of both the Chairman and the Chief Executive Officer of the Company. Mr. Wong is responsible for business plans, strategies and policies. He ensures that the Board acts in the best interest of the Group and all key and appropriate issues are properly briefed and discussed by the Board in order for the Board functions effectively.

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.

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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are persons of high caliber and with vast experiences in the fields of accounting, financial and overseas market. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his independence to the Company, and the Company considers them to be independent under Rule 5.09 of the GEM Listing Rules.

The independent non-executive Directors are not appointed for a specific term but are subject to retirement at the first general meeting after their appointment and thereafter subject to retirement by rotation at least once every three years and in accordance with the Articles.

DIRECTORS' ATTENDANCE AT BOARD, AUDIT COMMITTEE MEETINGS

Name of director	Board Meeting	Audit Committee Meeting
Mr. Wong Kam Leong	7/14	N/A
Mr. Lai Cho Wai	8/14	N/A
Mr. Ma Chon	6/14	N/A
Mr. Lai Chiu Pui	13/14	N/A
Mr. Ng Kwok Chu, Winfield	1/14	1/4
Mr. Ng Chau Tung, Robert	1/14	1/4
Ms. Chan Pui Fong, Trish *(Note 1)*	9/14	N/A
Mr. Chiu Raymond Yim *(Note 1)*	1/14	N/A
Dr. Kwan Ngan Hing, Edith *(Note 1)*	1/14	3/4
Mr. Chan Wai Choi, Glenn *(Note 1)*	1/14	3/4
Mr. Cheong Ngai Ming, David *(Note 1)*	1/14	3/4

Note:

1. Resigned on 3rd January 2006.

NOMINATION OF DIRECTORS

The full Board is responsible for the selection and approval of candidate for appointment of Director to the Board, the Company has not established a Nomination Committee for the time being.

In considering the nomination of Directors, the Director took into account the qualifications, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the industry and/or other professional areas.

REMUNERATION OF DIRECTORS

The Company established the Remuneration Committee on 9 May 2006 which consists of three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Ieong Meng Wa.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy for Directors and senior management and overseeing the remuneration packages of the executive Directors and senior management.

No Remuneration Committee meeting was held during the year under review.

All share option scheme has been cancelled and no share option scheme is adopted by the Company as at year ended 31 March 2006. Details of the share option scheme cancelled during the year are set out in the Directors' Report and note 26 to the financial statements. Details of the Directors' remuneration are set out in note 14 of the financial statements.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements. The Directors, have made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. During the year ended 31 March 2006, the audit committee comprises the following members, namely, Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert, Mr. Chan Wai Choi, Glenn, Dr. Kwan Ngan Hing, Edith, and Mr. Cheong Ngai Ming, David. All of them are independent non-executive directors. As at the date of the report, the audit committee comprises the following members, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Ieong Meng Wa. The chairman of the audit committee is Mr. Ng Kwok Chu, Winfield.

The audit committee held 4 meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

Members		**Attendance**
Mr. Ng Kwok Chu, Winfield		1/4
Mr. Ng Chau Tung, Robert		1/4
Mr. Chan Wai Choi, Glenn	(Resigned on 3 January 2006)	3/4
Dr. Kwan Ngan Hing, Edith	(Resigned on 3 January 2006)	3/4
Mr. Cheong Ngai Ming, David	(Resigned on 3 January 2006)	3/4

The audited consolidated results of the Group for the year ended 31 March 2006, have been reviewed by the audit committee.

As at 31 March 2006, the Company had two INEDs and two audit committee members. The number of INEDs and audit committee members 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.

AUDITORS' REMUNERATION

The amount of fees charged by the Auditors generally depends on the scope and volume of the auditors' work. For the year ended 31 March 2006, the Auditors of the Company received approximately HK$280,000 for audit services and HK$55,000 for non-audit services comprising consultancy services.

CCIF
CCIF CPA LIMITED
37/F Hennessy Centre
500 Hennessy Road
Causeway Bay Hong Kong

AUDITORS' REPORT TO THE SHAREHOLDERS OF LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

(FORMERLY KNOWN AS CYBERM INTERNATIONAL (HOLDINGS) LIMITED)
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the financial statements on pages 22 to 67 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2006 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants

Kwok Cheuk Yuen
Practising Certificate Number P02412

Hong Kong, 28 June 2006

Consolidated Income Statement

for the year ended 31 March 2006

	Note	2006 HK$'000	2005 HK$'000
Turnover	6	**47,498**	24,160
Other revenue	6	**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)
Operating profit/(loss)	7	**4,029**	(2,142)
Finance costs	8	**(347)**	(272)
Profit/(loss) before taxation		**3,682**	(2,414)
Taxation	9	**(833)**	–
Profit/(loss) after taxation		**2,849**	(2,414)
Attributable to:			
– Equityholders of the parent		**2,849**	(2,414)
– Minority interest		**–**	–
		2,849	(2,414)
Earnings/(loss) per share	11		
Basic		**HK1.13 cents**	(HK0.97 cents)
Diluted		**N/A**	N/A

The notes on pages 28 to 67 form part of these financial statements.

		Group		Company	
		2006	2005	**2006**	2005
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Non-current assets					
Intangible assets	15	**–**	578	**–**	–
Fixed assets	16	**410**	389	**–**	–
Interests in subsidiaries	17	**–**	–	**12,577**	11,854
Investments in securities	18	**–**	330	**–**	–
Available-for-sale financial assets	19	**–**	–	**–**	–
		410	1,297	**12,577**	11,854
Current assets					
Inventories	20	**–**	99	**–**	–
Trade receivables	21	**7,796**	3,851	**–**	–
Prepayments, deposits and other receivables		**1,431**	777	**–**	–
Pledged deposits	29	**–**	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	22	**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	25	**–**	358	**–**	896
Current portion of long-term bank loan	23	**229**	520	**–**	–
Current potion of obligations under finance leases	24	**108**	–	**–**	–
Bank overdrafts, secured		**–**	5,826	**–**	–
Amount due to ultimate holding Company	25	**1,313**	–	**265**	–
Provision for taxation	9	**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
Non-current liabilities					
Obligations under finance leases	24	**(54)**	–	**–**	–
Long-term bank loan	23	**–**	(228)	**–**	–
		(54)	(228)	**–**	–
NET ASSETS		**5,438**	44	**11,544**	10,864

Balance Sheets

as at 31 March 2006

	Note	Group 2006 HK$'000	Group 2005 HK$'000	Company 2006 HK$'000	Company 2005 HK$'000
Financed by:					
Share capital	26	**25,303**	25,006	**25,303**	25,006
Reserves	27	**(19,865)**	(24,962)	**(13,759)**	(14,142)
Shareholders' funds		**5,438**	44	**11,544**	10,864

Approved and authorised for issue by the board of directors on 28 June 2006.

Wong Kam Leong
Director

Ma Chon
Director

The notes on pages 28 to 67 form part of these financial statements.

	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Consolidated total HK$'000
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 *(Note 26 and 27)*	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	25,303	7,870	(341)	(68)	(27,326)	5,438
Reserves retained by:						
– Company and subsidiaries						
– At 31 March 2006	25,303	7,870	(341)	(68)	(27,326)	5,438
– At 31 March 2005	25,006	5,613	(341)	(59)	(30,175)	44

The notes on pages 28 to 67 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 March 2006

	2006 HK$'000	2005 HK$'000
Operating profit/(loss)	**4,029**	(2,142)
Depreciation of fixed assets	**284**	424
Amortisation of intangible assets	**217**	1,279
Loss on disposal of investment properties	**–**	135
Impairment losses on intangible assets	**361**	–
Impairment loss on available for sale financial assets	**330**	–
Interest income	**(153)**	(18)
Operating profit/(loss) before working capital changes	**5,068**	(322)
Decrease in inventories	**99**	147
Increase in trade receivables, prepayments, deposits and other receivables	**(4,599)**	(2,023)
Increase in trade payables, accruals, other payables and receipts in advance	**2,435**	689
Increase in amount due to ultimate holding company	**1,313**	–
Net cash inflow/(outflow) from operations	**4,316**	(1,509)
Operating activities		
Interest paid	**(347)**	(272)
Interest received	**153**	18
Net cash inflow/(outflow) from operating activities	**4,122**	(1,763)
Investing activities		
Purchase of fixed assets	**(305)**	(100)
Proceeds from disposal of investment properties	**–**	1,365
Net cash (outflow)/inflow from investing activities	**(305)**	1,265
Net cash inflow/(outflow) before financing	**3,817**	(498)
Financing activities		
Inception of finance leases	**216**	–
Capital element of finance lease payments	**(54)**	(25)
Repayment of long-term bank loan borrowed	**(519)**	(484)
Repayment to a director	**(358)**	(342)
Issue of share	**2,554**	–
Net cash inflow/(outflow) from financing activities	**1,839**	(851)
Net increase/(decrease) in cash and cash equivalents	**5,656**	(1,349)

	2006 HK$'000	2005 HK$'000
Cash and cash equivalents at the beginning of the year	**1,238**	2,617
Effect of foreign exchange rate changes	**(9)**	(30)
Cash and cash equivalents at the end of the year	**6,885**	1,238
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**5,585**	1,494
Fixed deposits	**1,300**	–
Pledged deposits	**–**	5,570
Bank overdrafts	**–**	(5,826)
	6,885	1,238

The notes on pages 28 to 67 form part of these financial statements.

1. BASIS OF PREPARATION

(A) GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office and principal place of business are respectively Canon's Court, 22 Victoria Street Hamilton HM 12, Bermuda and Rooms 2007-9, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in lease of software licences, trading of hardware equipment, provision of marketing consultancy services, and marketing service in Macau.

(B) CONSOLIDATED FINANCIAL STATEMENTS

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

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

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

2. 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

2. IMPACT OF RECENTLY ISSUED FINANCIAL REPORTING STANDARDS (Continued)

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.

3. 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

4. PRINCIPAL ACCOUNTING POLICIES

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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

A summary of the significant accounting policies adopted by the Group is set out below:

(A) REVENUE RECOGNITION

i) Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

ii) Rental income is recognised on an accrual basis.

iii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

iv) Income from securities and other investments is recognized when the right to receive payment is established.

v) Revenue from the provision of technical support and maintenance beauty services and marketing service in Macau is recognized when the services are rendered to customers.

(B) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment other than investment properties and other properties are stated at cost less accumulated depreciation (see note 4(D)) and impairment losses (see note 4(E)).

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives to the Company.

The gain or loss on disposal of property, plant and equipment other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(C) ASSETS UNDER LEASES

i) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals receivables/payables under such operating leases are accounted for in the income statement on a straight-line basis over the periods of the respective lease.

ii) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 4(D). Impairment losses are accounted for in accordance with the accounting policy as set out in note 4(E). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 4(A)(ii).

iii) Operating leases charges

Where the Group has the use of assets under operating leases, payments made under the lease are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(D) AMORTISATION AND DEPRECIATION

Property, plant and equipment are depreciated at rates sufficient to write off their cost/valuation less accumulated impairment loss over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvement	50% or over the lease term whichever is shorter
Furniture and fixtures	25%
Computer equipment	25 – $33^1/_3$%
Motor vehicles	25%

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(E) IMPAIRMENT OF ASSETS

Internal and external sources of information are reviewed at each balance sheet date to identify indications that property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

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 amortisation 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 purposes of assessing impairment, assets are grouped of the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(F) INTANGIBLE ASSETS

(i) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of 3 years to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(ii) Software

The cost of acquisition of software is capitalised and treated as an intangible asset if the cost is not an integral part of the related hardware. Software is amortised on a straight-line basis over the remaining estimated useful life or 3 years whichever is shorter.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) SUBSIDIARIES

A subsidiary is a company in which the Group or Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

Interests in subsidiaries in the balance sheet are stated at cost less identified impairment loss. The results of subsidiaries are accounted for to the extent of dividends received and receivable.

(H) FINANCIAL INSTRUMENTS

Investments are recognised and derecognised on the trade date when the Company commits itself to purchase or sell an asset and are initially measured at fair value plus, in the case of investments other than trading securities, transaction costs. At each balance sheet date, the Company assesses whether there is any objective evidence that an investment or group of investments is impaired. Investments are further categorised into the following classifications for the measurement after initial recognition.

i) Trading securities

Investments in securities held for trading are classified as trading securities included in current assets and are stated in the balance sheet at fair value. Gain or loss on the fair value changes of trading securities is recognised in the income statement.

ii) Held-to-maturity investments

Investment in debt securities with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity are classified as held-to-maturity investments, which are measured at amortised cost using the effective interest method, less impairment losses, if any.

Impairment losses on held-to-maturity investments are recognised in income statement when there is objective evidence that an impairment loss has been incurred and are measured as the difference between its carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) FINANCIAL INSTRUMENTS (Continued)

iii) Available-for-sale financial assets

Investments other than those held for trading and held to maturity are classified as available-for-sale financial assets and are stated in the balance sheet at fair value. Gain or loss on the fair value changes of available-for-sale financial assets is recognised directly in equity in the fair value reserves, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses which are recognised directly in income statement.

When the available-for-sale financial assets are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in income statement. Where the available-for-sale financial assets are interest-bearing, interest calculated using the effective interest method is recognised in income statement.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in income statement even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in income statement.

iv) Unquoted equity instruments carried at cost

Investments in unquoted equity instruments whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, is measured at cost less impairment losses, if any.

If there is objective evidence that an impairment loss has been incurred on such instrument, the amount of impairment loss is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar instrument. Such impairment losses are not reversed.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) LEASES

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Company. All other leases are classified as operating leases.

i) Finance leases

Assets held under finance leases are recognised in the balance sheet at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under finance leases. All assets held under finance leases are classified as fixed assets, except for those properties held to earn rental income which are classified as investment property, in the balance sheet.

Depreciation and impairment loss are calculated and recognised in the same manner as the depreciation and impairment loss on fixed assets as set out in note 4(B) and 4(E) respectively, except for the estimated useful lives cannot exceed the relevant lease terms, if shorter.

Minimum lease payments are apportioned between finance charge and the reduction of the outstanding liabilities. The finance charge is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii) Leases of land and building

Whenever necessary in order to classify and account for a lease of land and building, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

The land element is classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term. The building element is classified as a finance or operating lease in the same way as leases of other assets.

If the lease payments on a lease of land and building cannot be allocated reliably between the land and building elements at the inception of the lease, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) LEASES (Continued)

iii) Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognised in the balance sheet as lease premium for land.

Contingent rents are charged as an expense in the periods in which they are incurred.

(J) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on a first-in, first-out basis, comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(K) TRADE RECEIVABLE

Provision is made against trade receivable to the extent that they are considered to be doubtful. Trade receivable in the balance sheet is stated net of such provision.

(L) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, 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 expenditures expected to settle the obligation.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(L) PROVISIONS AND CONTINGENT LIABILITIES (Continued)

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.

(M) INCOME TAX

(i) Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in reserves, in which case they are recognised in reserves.

(ii) Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are not discounted. The carrying amount of deferred tax assets/liabilities is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Group and the Company has the legally enforceable right to set off current tax assets against current tax liabilities. The principle of offsetting usually applies to income tax levied by the same tax authority on same taxable entity.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(N) CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. Cash equivalents include investments and advances denominated in foreign currencies provided that they fulfil the above criteria.

For the purposes of the cash flow statement, cash equivalents would also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

(O) FOREIGN CURRENCIES

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in the terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their profit and loss accounts are translated into Hong Kong dollars at the exchange rates ruling at the dates of transactions for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit and loss account.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(P) BORROWING COSTS

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

Borrowing costs are expensed as incurred, except when they are directly attributable to the acquisition, construction or production of assets that necessarily takes a substantial period of time to get ready for their intended use in which case they are capitalised as part of the cost of that asset. Capitalisation of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and the activities to prepare the asset for its intended use are in progress. Borrowing costs are capitalised at the weighted average cost of the related borrowings until the asset is ready for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. All other borrowing cost are charged to the income statement in the year in which they are incurred.

(Q) EMPLOYEE BENEFITS

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Provision is made in respect of paid leave entitlement accumulated during the year, which can be carried forward into future periods for compensated absence or payment in lieu if the employee leaves employment.

The Group operates a defined contribution retirement schemes and the regular cost of providing retirement benefits is charged to the income statement over the expected service lives of the members of the scheme on the basis of level percentages of pensionable pay. Variations from regular cost arising from triennial actuarial valuations are allocated to the income statement over the expected remaining service lives of the members.

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Scheme Ordinance are charged to the income statement when incurred.

(R) RELATED PARTIES

Two 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, or vice versa, or where the parties are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or corporate entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

(S) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

(T) CONTINGENT LIABILITIES

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 events 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 accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(U) COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Company's accounting policies

There are no significant effects on amounts recognised in the financial statements arising from the judgements used by the management in the process of applying the Company's accounting policies, which are described in note 4.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

i) Impairment allowances on available-for-sale financial assets

The Company establishes, through charges against the income statement, impairment allowances in respect of estimated incurred loss in available-for-sale financial assets. The overall impairment allowances represent the aggregate amount by which the management considers necessary to write down its portfolio in order to state it in the balance sheet at its estimated net recoverable value.

Management considers objective evidence of impairment. An individual impairment allowance is assessed by a discounted cash flow method, measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

ii) Estimated impairment to intangible assets

The Group assesses annually whether intangible assets have any indication of impairment, in accordance with the relevant accounting policies. The recoverable amounts of intangible assets have been determined based on value-in-use calculations or scrap value. These calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted and estimated market value of the scraps.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

iii) Impairment assessment for trade receivables

The policy for impairment assessment for trade receivables of the Group is based on the evaluation of collectability and an aging analysis of trade receivables and on the judgement of the management. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group are deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required.

6. TURNOVER, REVENUE AND SEGMENT INFORMATION

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

	2006 HK$'000	2005 HK$'000
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**	–
	47,498	24,160
Other revenue		
Interest income	**153**	18
Sundry income	**115**	36
Government grant	**30**	–
Other service fee	**32**	–
	330	54
Total revenues	**47,828**	24,214

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

6. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

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

	2006						
	Customised software and related computer equipment HK$'000	Packaged software HK$'000	Technical support and maintenance HK$'000	Lease of investment property HK$'000	Beauty–salon HK$'000	Marketing service in Macau HK$'000	Group HK$'000
Turnover	17,828	977	5,915	–	–	22,778	47,498
Segment results	1,728	466	1,865	–	–	6,942	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							2,849
Segment assets	8,016	439	2,660	–	–	5,407	16,522
Unallocated assets							–
Total assets							16,522
Segment liabilities	6,263	343	2,079	–	–	2,399	11,084
Unallocated liabilities							–
Total liabilities							11,084
Depreciation and amortisation	356	20	117	–	–	8	501
Unallocated corporate expenses							–
Total depreciation and amortisation							501
Impairment losses recognised in the income statement	261	14	86	–	–	–	361
Unallocated impairment loss							330
Total impairment losses							691
Capital expenditures	197	11	66	–	–	31	305

6. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

	2005						
	Customised software and related computer equipment HK$'000	Packaged software HK$'000	Technical support and maintenance HK$'000	Lease of investment property HK$'000	Beauty–salon HK$'000	Marketing service in Macau HK$'000	Group HK$'000
Turnover	17,198	2,313	4,627	22	–	–	24,160
Segment results	987	254	508	22	–	–	1,771
Other revenue							54
Unallocated corporate expenses							(3,967)
Operating loss							(2,142)
Finance costs							(272)
Taxation							–
Minority interests							–
Loss attribution to shareholders							(2,414)
Segment assets	9,106	1,225	2,426	–	1	–	12,758
Unallocated assets							330
Total assets							13,088
Segment liabilities	9,169	1,981	1,085	–	358	–	12,593
Unallocated liabilities							451
Total liabilities							13,044
Depreciation and amortisation	1,214	163	326	–	–	–	1,703
Unallocated corporate expenses							–
Total depreciation and amortisation							1,703
Impairment losses recognised in the income statement	–	–	–	–	–	–	–
Unallocated impairment loss							–
Total impairment losses							–
Capital expenditures	71	10	19	–	–	–	100

6. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

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

	2006		2005	
	Assets HK$'000	**Capital expenditure HK$'000**	Assets HK$'000	Capital expenditure HK$'000
Hong Kong	**10,810**	**305**	12,783	100
Macau	**5,407**	**–**	–	–
PRC	**305**	**–**	305	–
	16,522	**305**	13,088	100

7. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after crediting and charging the following:

	2006 HK$'000	2005 HK$'000
Crediting		
Net rental income	**–**	22
Charging		
Advertising and promotion costs	**349**	201
Amortisation of intangible assets	**217**	1,279
Auditors' remuneration	**280**	210
Depreciation		
Owned fixed assets	**255**	402
Leased fixed assets	**29**	22
Impairment		
Intangible assets	**361**	–
Available-for-sale financial assets	**330**	–
Loss on disposal of investment properties	**–**	135
Operating leases in respect of land and buildings	**1,251**	695
Less: Amount capitalised as intangible assets	**–**	–
	1,251	695
Staff costs including directors' emoluments *(note 12)*	**13,407**	10,798
Less: Amount capitalised as intangible assets	**–**	–
	13,407	10,798

8. FINANCE COSTS

	2006 HK$'000	2005 HK$'000
Interest on bank loans and overdrafts wholly repayable with five years	**341**	272
Interest element of finance leases	**6**	–
	347	272

9. 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 HK$'000	2005 HK$'000
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 HK$'000	2005 HK$'000
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**	–

10. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK$1,874,000 (2005: loss of HK$725,000).

11. 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.

12. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2006 **HK$'000**	2005 HK$'000
Salaries	**12,934**	10,279
Defined contribution pension costs	**471**	347
Other staff costs	**2**	172
	13,407	10,798

13. RETIREMENT BENEFITS COSTS

Following the introduction of the Mandatory Provident Fund Ordinance in Hong Kong, the Group participates in two pension schemes for its employees in Hong Kong, one registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and one registered under the Mandatory Provident Fund Ordinance (the "MPF Scheme").

Under the ORSO Scheme, the Group has arranged for its employees (including certain executive directors) provident fund under a defined contribution scheme managed by an independent trustee. The Group makes contributions to the scheme with an amount ranging from 3% to 7% of the employees' basic salaries. The employees are entitled to receive their entire contribution and the accrued interest thereon, and 100% of the employers' contribution and the accrued interest thereon upon retirement or leaving the Group after completing ten years of service or at a reduced scale of between 30% to 90% after completing three to nine years of service. The forfeited contributions made by the Group and related accrued interest are used to reduce the Group's future contributions. This scheme is not available to employees who join the Group after 1 December 2000.

13. RETIREMENT BENEFITS COSTS (Continued)

The MPF Scheme was set up on 1 December 2000 and is a defined contribution scheme managed by an independent trustee. Members of the ORSO Scheme were given a one-time option to choose to transfer to the MPF Scheme or remain in the ORSO Scheme. Under the MPF Scheme, each of the Group and its employees makes monthly contribution to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Ordinance. The contributions from each of the employees and the Group are subject to a contribution cap of HK$1,000 per month. Any additional contributions in excess of HK$1,000 are voluntary.

As stipulated by regulations in the PRC, the Group also participates in the state-sponsored retirement plans for all of its employees in the PRC. The Group contributes to the retirement plans 11% to 21% of the basic salary of its employees and has no future obligation for actual pension payments or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligation payable to all retired employees.

No forfeited contributions were utilised during the year and there were no material forfeitures available to reduce the Group's future contributions at both 31 March 2006 and 31 March 2005.

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	2006 **HK$'000**	2005 HK$'000
Fees	**24**	–
Salaries including benefits in kind	**1,627**	1,900
Pension contributions	**22**	27
	1,673	1,927

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(A) DIRECTORS' EMOLUMENTS (Continued)

The remuneration of individual director is set out below:

	For the year ended 31 March 2006			
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement contributions HK$'000	Total HK$'000
Executive directors				
Wong Kam Leong (appointed on 28/11/2005)	–	–	–	–
Lau Chiu Pui	–	1,200	13	1,213
Lai Cho Wai (appointed on 22/6/2005)	–	185	–	185
Ma Chon (appointed on 28/11/2005)	–	13	–	13
Chau Pui Fong, Trish (appointed on 10/6/2004 and resigned on 3/1/2006)	–	183	9	192
Non-executive director				
Chiu Raymond Yim (resigned on 3/1/2006)	–	–	–	–
Independent non-executive directors				
Leong Meng Wa (appointed on 7/4/2006)	–	–	–	–
Ng Kwok Chu, Winfield (appointed on 3/1/2006)	12	–	–	12
Ng Chau Tung, Robert (appointed on 3/1/2006)	12	–	–	12
Cheong Ngai Ming, David (appointed on 1/2/2005 and resigned on 3/1/2006)	–	46	–	46
Kwan Ngan Hing, Edith (resigned on 3/1/2006)	–	–	–	–
Chan Wai Choi, Glenn (resigned on 3/1/2006)	–	–	–	–
	24	1,627	22	1,673

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(A) DIRECTORS' EMOLUMENTS (Continued)

	For the year ended 31 March 2005			
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement contributions HK$'000	Total HK$'000
Executive directors				
Lau Chiu Pui	–	1,200	11	1,211
Lai Shu Pui, Fergus (resigned on 30/4/2004)	–	270	2	272
Wong Kit Mei (resigned on 30/4/2004)	–	180	2	182
Chan Pui Fong, Trish (appointed on 10/6/2004 and resigned on 3/1/2006)	–	240	12	252
Non-executive director				
Chiu Raymond Yim (resigned on 3/1/2006)	–	–	–	–
Independent non-executive directors				
Cheong Ngai Ming, David (appointed on 1/2/2005 and resigned on 3/1/2006)	–	10	–	10
Kwan Ngan Hing, Edith (resigned on 3/1/2006)	–	–	–	–
Chan Wai Choi, Glenn (resigned on 3/1/2006)	–	–	–	–
	–	1,900	27	1,927

The emoluments of directors fell within the following bands:

	Number of directors	
	2006	2005
Nil – HK$1,000,000	**11**	7
HK$1,000,001 – HK$2,000,000	**1**	1

During the year, no options (2005: Nil) were granted to the directors.

No directors have waived emoluments in respect of the two years ended 31 March 2006 and 2005.

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(B) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include one (2005: one) director whose emoluments are reflected in the analysis presented above.

The emoluments payable to the remaining four (2005: four) individuals during the year are as follows:

	2006 **HK$'000**	2005 HK$'000
Salaries and other emoluments	**2,326**	1,993
Pension contributions	**48**	44
	2,374	2,037

The emoluments fell within the following band:

	Number of individuals	
	2006	2005
Nil – HK$1,000,000	**4**	4

15. INTANGIBLE ASSETS

		Group	
	Development expenditures HK$'000	**Software** HK$'000	**Total** HK$'000
Cost			
At 1 April 2005	8,268	1,300	9,568
Additions	–	–	–
At 31 March 2006	8,268	1,300	9,568
Accumulated amortisation and impairment			
At 1 April 2005	8,268	722	8,990
Amortisation charge for the year	–	217	217
Impairment for the year	–	361	361
At 31 March 2006	8,268	1,300	9,568
Net book value			
At 31 March 2006	–	–	–
At 31 March 2005	–	578	578

15. INTANGIBLE ASSETS (Continued)

	Group		
	Development expenditures	**Software**	**Total**
	HK$'000	HK$'000	HK$'000
Cost			
At 1 April 2004	8,268	1,300	9,568
Additions	–	–	–
At 31 March 2005	8,268	1,300	9,568
Accumulated amortisation and impairment			
At 1 April 2004	7,422	289	7,711
Amortisation charge for the year	846	433	1,279
At 31 March 2005	8,268	722	8,990
Net book value			
At 31 March 2005	–	578	578
At 31 March 2004	846	1,011	1,857

16. FIXED ASSETS

	Group					
	Investment property	**Leasehold improvement**	**Furniture and fixtures**	**Computer equipment**	**Motor vehicles**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost						
At 1 April 2005	–	489	1,088	2,371	457	4,405
Additions	–	–	10	295	–	305
At 31 March 2006	**–**	**489**	**1,098**	**2,666**	**457**	**4,710**
Accumulated depreciation						
At 1 April 2005	–	419	1,059	2,081	457	4,016
Depreciation charge for the year	–	70	16	198	–	284
At 31 March 2006	**–**	**489**	**1,075**	**2,279**	**457**	**4,300**
Net book value						
At 31 March 2006	**–**	**–**	**23**	**387**	**–**	**410**
At 31 March 2005	–	70	29	290	–	389

16. FIXED ASSETS (Continued)

	Group					
	Investment property HK$'000	Leasehold improvement HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 April 2004	1,500	981	1,088	2,271	457	6,297
Additions	–	–	–	100	–	100
Disposals	(1,500)	(492)	–	–	–	(1,992)
At 31 March 2005	–	489	1,088	2,371	457	4,405
Accumulated depreciation						
At 1 April 2004	–	754	958	1,915	457	4,084
Depreciation charge for the year	–	157	101	166	–	424
Disposals	–	(492)	–	–	–	(492)
At 31 March 2005	–	419	1,059	2,081	457	4,016
Net book value						
At 31 March 2005	–	70	29	290	–	389
At 31 March 2004	1,500	227	130	356	–	2,213

As at 31 March 2006, the carrying amount of fixed assets held under finance leases amounted to HK$188,000 (2005: HK$Nil).

17. INTEREST IN SUBSIDIARIES

	Company	
	2006 HK$'000	2005 HK$'000
Unlisted shares, at cost	**418**	418
Due from subsidiaries	**29,478**	28,168
Due to subsidiaries	**(842)**	(255)
	29,054	28,331
Provision for impairment losses	**(16,477)**	(16,477)
	12,577	11,854

17. INTEREST IN SUBSIDIARIES (Continued)

The following is a list of subsidiaries as at 31 March 2006:

Name	Place of incorporation and operation	Particulars of Issued share capital/ registered capital	Effective interest attributable to the Group	Principal Activities
Cherry Oasis (Far East) Limited	Hong Kong	1 ordinary share of HK$1 each	* 100%	Investment holding
Cherry Oasis (Macau) Limited	Macau	50,000 ordinary shares of MOP$1	100%	Marketing service in Macau
Magic Business Solutions Limited	Hong Kong	250,000 ordinary shares of HK$1 each	100%	Investment holding
CyberM (Guangzhou) Information Technology Limited#	PRC	HK$1,750,000	100%	Inactive
CyberM Holdings Limited	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Inactive
CyberM Information Technology Limited	Hong Kong	700,000 ordinary shares of HK$1 each	100%	Trading of software and hardware equipment
Magic Information Technology Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Trading of software and hardware equipment
MagicPlus Solutions Limited	Hong Kong	750,000 ordinary shares of HK$1 each	60%	Lease of software licences, trading of hardware equipment and provision of consultancy services

17. INTEREST IN SUBSIDIARIES (Continued)

The following is a list of subsidiaries as at 31 March 2006:

Name	Place of incorporation and operation	Particulars of Issued share capital/ registered capital	Effective interest attributable to the Group	Principal Activities
Mcmanners Management Limited	British Virgin Islands	10,000 ordinary shares of US$1 each	*100%	Investment holding
Parkfield (China) Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Investment holding
SchoolPlus Limited	Hong Kong	2 ordinary shares of HK$1 each	100%	Trading of software and hardware equipment
Shilesse (Changsha) Limited#	PRC	HK$350,000	60%	**Provision of beauty-salon services
Shilesse Management Consultant Limited	Hong Kong	10 ordinary shares of HK$1 each	60%	Investment holding

* Shares held directly by the Company

** The business operation was suspended since March 2004

Wholly-foreign-owned enterprise established in the PRC

18. INVESTMENTS IN SECURITIES

	Group	
	2006	2005
	HK$'000	HK$'000
Unlisted equity securities, at cost	–	1,850
Club debenture, at cost	–	330
Less: Provision for impairment losses	–	(1,850)
	–	330

By the adoption of HKAS 32 and 39, the investments in securities were reclassified as available-for-sale financial assets from 1 April 2005 and thereafter.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2006	2005
	HK$'000	HK$'000
Unlisted equity securities, at cost	**1,850**	–
Club debenture, at cost	**330**	–
Less: Provision for impairment losses	**(2,180)**	–
	–	–

By the adoption of HKAS 32 and 39, the investments in securities were reclassified as available-for-sale financial assets from 1 April 2005 and thereafter.

20. INVENTORIES

	Group	
	2006	2005
	HK$'000	HK$'000
Merchandise	**–**	99

21. TRADE RECEIVABLES

The ageing analysis of trade receivables is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
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
	7,796	3,851

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.

22. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
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
	2,425	1,333

23. INTEREST-BEARING BORROWINGS

	The Group	
	2006	2005
	HK$'000	HK$'000
Bank loans, unsecured		
Current portion	**229**	520
Non-current portion	**–**	228
	229	748

The interest rate on unsecured bank loans is charged on the outstanding balance at prime rate plus 2% per annum.

The non-current portion represents the interest-bearing borrowings shall be repayable in the second to fifth years.

24. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amount payable:				
Within one year	**118**	–	**108**	–
In the second to fifth years	**59**	–	**54**	–
	177	–	**162**	–
Future finance charges	**(15)**	–	**–**	–
Present value of lease obligations	**162**	–	**162**	–

25. AMOUNT DUE TO A DIRECTOR / ULTIMATE HOLDING COMPANY

The amounts are unsecured, interest-free and repayable on demand.

26. SHARE CAPITAL

	No. of share '000	HK$'000
Authorised:		
Ordinary shares of HK$0.1 each		
At 1 April 2005 and 31 March 2006	1,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At 1 April 2005	250,060	25,006
Issue of shares *(Note)*	2,970	297
At 31 March 2006	253,030	25,303

Note:

During the year, the Company issued and allotted 2,000,000 and 970,000 ordinary shares of HK$0.1 each of the Company for cash at HK$1.18 and HK$0.2 per share respectively as a result of the exercise of share options.

(A) SHARE OPTION SCHEME ADOPTED ON 1 AUGUST 2000

Pursuant to the share option scheme (the "Old Scheme") adopted by the Company on 1 August 2000, the Board shall be entitled to grant options to full-time employees of the Group including executive directors and chief executive of the Company to subscribe for shares in the Company. The options granted under the Old Scheme were exercisable from 4 September 2000 to 3 September 2010 at an exercise price of HK$1.18.

26. SHARE CAPITAL (Continued)

(A) SHARE OPTION SCHEME ADOPTED ON 1 AUGUST 2000 (Continued)

Movements in the number of options outstanding under the Old Scheme during the year are as follows:

	2006	2005
At 1 April	**4,276,000**	6,368,000
Exercised	**(2,000,000)**	–
Lapsed	**(2,276,000)**	(2,092,000)
At 3l March	**–**	4,276,000
Representing:		
Executive directors	**–**	–
Chief executive	**–**	–
Full-time employees	**–**	4,276,000

Noble Class Group Limited ("Noble Class"), the former controlling shareholder of the Company, entered into an option agreement with Wide Fine International Limited ("Wide Fine"), the present ultimate holding company of the Group whereby Noble Class granted Wide Fine the right to acquire up to 177,500,000 existing shares in the Company from Noble Class (the "Option"). From 25 July 2005 to 29 September 2005, Wide Fine exercised the Option in full to acquire shares of the Company and became the controlling shareholder of the Company.

In accordance with the conditions of the Share Option Schemes dated 1 August 2000 and 18 August 2003 respectively, the outstanding options would be lapsed after 6 months of the change of control of the Company, which was 29 March 2006,

(B) SHARE OPTION SCHEME ADOPTED ON 18 AUGUST 2003

A new share option scheme (the “New Scheme”) was approved and adopted by the shareholders of the Company at an annual general meeting held on 18 August 2003. Under the New Scheme, the directors of the Company are authorised to grant options to the full-time employees of the Group including executive directors and chief executive to subscribe for shares of the Company. On 12 December 2003, 690,000 options and 1,332,000 options which were exercisable from 15 December 2003 to 13 June 2009 and from 14 June 2005 to 13 June 2009 respectively were granted under the New Scheme at an exercise price of HK$0.2.

On 18 August 2003, the Old Scheme was terminated and replaced by the New Scheme. Since then, no further option can be granted under the Old Scheme while all options granted prior to such termination continue to be valid and exercisable.

26. SHARE CAPITAL (Continued)

(B) SHARE OPTION SCHEME ADOPTED ON 18 AUGUST 2003 (Continued)

Movements in the number of options outstanding under the New Scheme during the year are as follows:

	2006	2005
At 1 April	**1,114,000**	1,950,000
Exercised	**(970,000)**	–
Lapsed	**(144,000)**	(836,000)
At 3l March	**–**	1,114,000
Representing:		
Executive directors	**–**	250,000
Chief executive	**–**	–
Full-time employees	**–**	864,000

Noble Class Group Limited ("Noble Class"), the former controlling shareholder of the Company, entered into an option agreement with Wide Fine International Limited ("Wide Fine"), the present ultimate holding company of the Group whereby Noble Class granted Wide Fine the right to acquire up to 177,500,000 existing shares in the Company from Noble Class (the "Option"). From 25 July 2005 to 29 September 2005, Wide Fine exercised the Option in full to acquire shares of the Company and became the controlling shareholder of the Company.

In accordance with the conditions of the Share Option Schemes dated 1 August 2000 and 18 August 2003 respectively, the outstanding options would be lapsed after 6 months of the change of control of the Company, which was 29 March 2006,

27. RESERVES

	Group				
	Share premium HK$'000	Merger reserve HK$'000 (Note)	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2005	5,613	(341)	(59)	(30,175)	(24,962)
Issue of shares at premium	2,257	–	–	–	2,257
Exchange differences	–	–	(9)	–	(9)
Profit for the year	–	–	–	2,849	2,849
At 31 March 2006	**7,870**	**(341)**	**(68)**	**(27,326)**	**(19,865)**
At 1 April 2004	5,613	(341)	(29)	(27,761)	(22,518)
Exchange differences	–	–	(30)	–	(30)
Loss for the year	–	–	–	(2,414)	(2,414)
At 31 March 2005	5,613	(341)	(59)	(30,175)	(24,962)

	Company		
	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2005	5,613	(19,755)	(14,142)
Issue of shares at premium	2,257	–	2,257
Loss for the year	–	(1,874)	(1,874)
At 31 March 2006	**7,870**	**(21,629)**	**(13,759)**
At 1 April 2004	5,613	(19,030)	(13,417)
Loss for the year	–	(725)	(725)
At 31 March 2005	5,613	(19,755)	(14,142)

At 31 March 2005 and 2006, the company had no distributable reserve.

Note: The merger reserve represents the difference between the nominal value of the share capital of subsidiaries acquired and the nominal value of the Company's shares issued in exchange thereof.

28. DEFERRED TAXATION

As at 31 March 2006, the following temporary differences have not been recognised.

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Tax losses	**3,512**	3,595	**391**	112
Temporary differences				
– Plant and machinery	**(37)**	107	**–**	
– Provision for doubtful debts	**278**	89	**–**	
	241	196	**–**	
	3,753	3,791	**391**	112

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. There is no expiry date of tax loss.

29. BANKING FACILITIES

As at 31 March 2006, the Group's general banking facilities were secured by a fixed bank deposit of approximately HK$Nil (2005: HK$5,570,000).

30. COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2006, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than one year	**1,879**	634	**–**	256
Later than one year and not later than five years	**1,141**	415	**–**	–
	3,020	1,049	**–**	256

31. FUTURE OPERATING LEASE ARRANGEMENTS

As at 31 March 2006, the Group had future aggregate minimum lease receivable under non-cancellable operating leases as follows:

	Land and buildings		Others	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than one year	**–**	–	**–**	1,666
Later than one year and not later than five years	**–**	–	**–**	791
	–	–	**–**	2,457

32. RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel are the directors of the Group and of the Company.

The compensation of directors of the Group and the Company during the year are included in note 14 to the financial statements.

The emoluments of directors are determined by the Remuneration Committee having regard to the performance of individuals and market trends.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, amounts due from fellow subsidiaries, bank balances and cash, trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

b) Liquidity risk

The Group manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any emergency liquidity requirements.

c) Cash flow interest rate risk

The Group's interest rate risk arises from bank balances which bear market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

34. ULTIMATE HOLDING COMPANY

The directors regard Wide Fine International Limited, a company incorporated in Hong Kong, as being the ultimate holding company.

35. APPROVAL OF ACCOUNTS

The accounts were approved and authorised for issue by the board of directors on 28 June 2006.

RESULTS

	For the year ended 31 March				
	2006	2005	2004	2003	2002
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**47,498**	24,160	14,674	13,701	14,145
Profit/(loss) attributable to shareholders	**2,849**	(2,414)	(9,729)	(2,584)	(12,224)

ASSETS AND LIABILITIES

	As at 31 March				
	2006	2005	2004	2003	2002
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**16,522**	13,088	14,061	17,552	18,667
Total liabilities	**(11,084)**	(13,044)	(11,573)	(5,088)	(3,841)
Minority interests	**–**	–	–	(223)	–
Net assets	**5,438**	44	2,488	12,241	14,826