Notes to the Consolidated Financial Statements
Year ended 31 March 2006

1. General information

The Company was incorporated in the Cayman Islands on 15 February 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with registered office at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies.

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the Listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 19 July 2005. Details of the Reorganisation are set out in the prospectus dated 22 July 2005 issued by the Company (the "Prospectus"). The shares of the Company have been listed on the Main Board of the Stock Exchange since 3 August 2005.

The Company is an investment holding company. The principal activities of its subsidiaries are the publishing of newspapers, magazines and books, the provision of electronic financial and property market information services and the provision of training services.

The Group resulting from the Reorganisation is regarded as a continuing group. Accordingly, the consolidated financial statements for the two years ended 31 March 2006 and 2005 have been prepared on the basis of merger accounting, under which the consolidated results include the results of the subsidiaries comprising the Group as if the current structure had been in existence throughout the years presented. These consolidated financial statements have been approved for issue by the Board of Directors on 26 June 2006.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") and Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under historical cost convention.

Notes to the Consolidated Financial Statements

Year ended 31 March 2006

2. Summary of significant accounting policies (Continued)

2.2 The adoption of new/revised HKAS/HKFRS

In 2006, the Group adopted the new/revised standards and interpretations of HKAS/HKFRS below, which are relevant to its operations. The 2005 comparatives have been amended as required, in accordance with the relevant requirements.

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 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effect of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurements
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of HKAS 2, 7, 8, 10, 21, 23 and 33 has no material impact on the accounting policies of the Group. The effect of adopting the other HKAS and HKFRS on the financial statements is as follows:

(a) *HKAS 1 Presentation of Financial Statements*

The adoption of HKAS 1 has resulted in changes in presentation in the financial statements. In prior years, minority interests were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets, and minority interests in the results of the Group were presented in the consolidated income statement separately as deduction before arriving at the profit attributable to equity holders of the Company. With effect from 1 January 2005, in order to comply with HKAS 1, minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the shareholders of the Company, and minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit after taxation between the minority interests and the equity holders of the Company. The presentation of minority interests in the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity for the comparative year has been restated accordingly.

(b) *HKAS 16 Property, Plant and Equipment*

The adoption of HKAS 16 has resulted in a change in accounting policy relating to the recognition of leased property, plant and equipment. Please refer to note 2.2 (c) below for details.

2. Summary of significant accounting policies (Continued)

2.2 The adoption of new/revised HKAS/HKFRS (Continued)

(c) *HKAS 17 Leases*

The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings in Hong Kong were previously carried at cost less accumulated depreciation and accumulated impairment losses. In accordance with the provisions of HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. The lease of land should be classified as an operating lease and any premium paid thereon is stated at cost and amortised over the period of the lease. The leasehold building is stated at cost less accumulated depreciation and accumulated impairment losses and included under the classification of property, plant and equipment in the balance sheet under HKAS 16. The effect of these changes has been reflected in the comparative figures.

The prepaid land premium is presented in the balance sheet as a separate item under non-current assets and expensed in the income statement on a straight-line basis over the period of the lease. In prior years, leasehold land was depreciated over 50 years or the unexpired period of the lease, whichever is shorter.

The effect of the adoption of the HKAS 17 is set out below:

	2006 HK$'000	2005 HK$'000
Decrease in property, plant and equipment	(55,155)	(55,287)
Increase in lease premium for land	55,155	55,287

(d) *HKAS 24 Related Party Disclosures*

As a result of the adoption of HKAS 24, the definition of related parties as disclosed in Note 2.19 has been expanded to clarify that related parties include entities that are under the significant influence of a related party that is an individual (including key management personnel, significant equity holders and/or their close family members) 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. The clarification of the definition of related parties has not resulted in any material changes to the previously reported disclosures of related party transactions nor has it had any material effect on the disclosures made in the current period, as compared to those that would have been reported had SSAP 20 "Related Party Disclosures" still been in effect.

Notes to the Consolidated Financial Statements
Year ended 31 March 2006

2. Summary of significant accounting policies (Continued)

2.2 The adoption of new/revised HKAS/HKFRS (Continued)

(e) *HKAS 32 Financial Instruments: Disclosure and Presentation*
HKAS 39 Financial Instruments: Recognition and Measurements

The Group's borrowings and debt instruments are initially measured at fair value net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement of borrowings and debt instruments is recognised over the period of the borrowings using effective interest method. In prior years, borrowings and debt instruments were stated at the nominal principal balance. This change in accounting policy has been applied prospectively and there is no material impact to the financial statements.

(f) *HKAS 36 Impairment of Assets*
HKAS 38 Intangible Assets
HKFRS 3 Business Combinations

The Group had acquired goodwill after 1 January 2005. In accordance with HKAS 38, goodwill should be subject to amortisation and should be tested for impairment at least annually, irrespective of whether any indications of impairment exist.

(g) *HKFRS 2 Share-based Payments*

A substantial shareholder of the Company had issued certain gift shares to employees after 1 January 2005. In accordance with HKFRS 2, the Group recognises the fair value of such gift shares as an expense in the income statement with a corresponding increase recognised in capital reserve under equity.

(h) *Recently issued HKAS/HKFRS*

At the date of approval of these financial statements, the following standards relevant to the Group have been issued but were not yet effective:

HKAS 1 Amendment:	Capital Disclosures
HKAS 19 Amendment:	Actuarial Gains and Losses, Group Plans and Disclosures
HKFRS 7:	Financial Instruments: Disclosures

The HKAS 19 Amendment will be effective for financial year beginning on or after 1 January 2006 while the HKAS 1 Amendment and HKFRS 7 will be effective for financial year beginning on or after 1 January 2007. The Group has not early adopted these standards.

The Group has commenced an assessment of the impact of these new HKAS/HKFRS but is not yet in a position to state whether these new HKAS/HKFRS would have a significant impact on its results of operations and financial position.

2. Summary of significant accounting policies (Continued)

2.3 Basis of consolidation

Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group except for those subsidiaries that are accounted for using merger accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see Note 2.7).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

2.4 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Notes to the Consolidated Financial Statements
Year ended 31 March 2006

2. Summary of significant accounting policies (Continued)

2.5 Foreign currency translation

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

(iii) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their estimated useful lives, as follows:

Leasehold buildings	50 years or over the unexpired period of the lease, whichever is shorter
Leasehold improvements	5 years or over the unexpired period of the lease, whichever is shorter
Plant and machinery	15 years
Furniture, fixtures and equipment	3 to 8 years
Motor vehicles	5 years
Network and computer equipment	3 to 5 years

Machinery under installation is stated at cost without making any depreciation.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

2.7 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing.

Notes to the Consolidated Financial Statements

Year ended 31 March 2006

2. Summary of significant accounting policies (Continued)

2.8 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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 recognised 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 at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.9 Trade and other receivables

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

2.10 Inventories

Inventories comprise raw materials and finished goods and are stated at the lower of cost and net realisable value, after making due allowance for any obsolete or slow-moving items. Cost is calculated on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2. Summary of significant accounting policies (Continued)

2.13 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.14 Employee benefits

(i) *Employee leave entitlements*

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Pension obligations*

The Group operates defined contribution plans, including a mandatory provident fund scheme ("MPF") in Hong Kong, the assets of which are generally held in separate trustee-administered funds.

The Group's contributions to the defined contribution retirement plans are expensed as incurred. The Group's contributions to all these plans except for the MPF are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(iii) *Share-based payment*

The fair value of the employee services received in exchange for the grant of shares by the Company's shareholders is recognised as an expense in the income statement and a corresponding increase in capital reserve within equity.

Notes to the Consolidated Financial Statements
Year ended 31 March 2006

2. Summary of significant accounting policies (Continued)

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

(i) Advertising income is recognised when the relevant advertisement is published.

(ii) Circulation income, comprises the sales of newspapers, magazines and books, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery.

(iii) Service income is principally derived from the provision of information subscription services and other related maintenance and solution services. Service income is recognised when the services are rendered.

(iv) Enrolment income on the provision of professional training is recognised when the training services are rendered.

(v) Management fee income is recognised when the services are rendered.

(vi) Rental from leasing properties is recognised on a straight-line basis over the lease periods.

(vii) Interest income is recognised on a time proportion basis using the effective interest method.

The excess of revenues received from the items (i), (ii), (iii) and (iv) over the amounts recognised as revenue for the year are recorded as fees in advance in the consolidated balance sheet.

2. Summary of significant accounting policies (Continued)

2.17 Leases

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance cost is recognised in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the consolidated income statement on a straight-line basis over the lease period.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.19 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party 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 other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk, liquidity risk and cash flow interest-rate risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Notes to the Consolidated Financial Statements
Year ended 31 March 2006

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(i) *Market risk – Foreign exchange risk*

Most of the income and expenditures of the Group are denominated in Hong Kong dollars and, for certain purchases of newsprint, in United States dollars. The value of the Hong Kong dollars is pegged to that of the United States dollars and hence, the Group does not have any material foreign exchange exposure. The Group has not implemented or entered into any type of instruments or arrangements to hedge against currency exchange fluctuations for the year under review. As at 31 March 2006, the Group did not have any outstanding hedging instruments.

(ii) *Credit risk*

The Group's credit risk arises from its bank deposits and trade receivables. To mitigate the risk arising from banks, the Group places its deposits to certain reputable banks.

The Group manages its credit risk associated with trade receivables through the application of credit approvals, credit ratings and monitoring procedures.

Credit sales are only made to customers with appropriate credit history or high credit standing while sales to new customers or customers of low credit standing are usually made on an advance payment or cash on delivery basis.

In additions, trade receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

(iii) *Liquidity risk*

The Group's policy is to regularly monitor current and expected liquidity level to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements.

(iv) *Cash flow interest-rate risk*

The Group's exposure to cash flow interest-rate risk is mainly attributable to its non-current borrowings issued at variable rates. The Group has not hedged its exposure to cash flow interest-rate risk.

3. Financial risk management (Continued)

3.2 Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and key sources of estimation uncertainty

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

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

(i) Impairment of goodwill

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The recoverable amount of a CGU is determined based on value-in-use calculations. The value-in-use calculations principally use the cash flow projections based on the financial budgets approved by management covering a five-year period and the estimated terminal value at the end of the five-year period. Key assumptions used in the preparation of the cash flow projections and the estimated terminal value include the expected growth in revenues, gross margin, growth rate and selection of discount rate of 9% of comparable entities within the industry. Management prepared the financial budgets reflecting the actual and prior year(s) performance, market share, customer base and expectations on market competition and development and the long-term growth rate for the relevant markets.

The results of the impairment test undertaken as at 31 March 2006 indicated that no impairment charge was necessary.

(ii) Provision for long service payments

The Group provides for probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group to the balance sheet date.

Notes to the Consolidated Financial Statements
Year ended 31 March 2006

4. Critical accounting estimates and key sources of estimation uncertainty
(Continued)

(iii) *Deferred tax assets*

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group's management determines the deferred tax assets based on the enacted or substantively enacted tax rates and laws and the best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. Management will revise the assumptions and profit projections at the balance sheet date.

(iv) *Allowances for inventories*

The management of the Group makes allowance for obsolete and slow-moving inventories items that are identified as no longer resalable. The management estimates the net realisable value of its inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete items.

(v) *Depreciation of property, plant and equipment*

The Group's management determines the estimated useful lives and residual values for the related depreciation charges for its property, plant and equipment. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or will write-down technically obsolete assets that have been abandoned or sold.

(vi) *Provision for impairment of receivables*

The policy for impairment of receivables of the Group is based on the evaluation of collectibility and aging analysis of trade receivables and on management's judgement. 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 were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5. Segment information

(i) Primary reporting format – business segments

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. At 31 March 2006, the Group is organised into three main business segments:

(1) Publishing and multimedia

(2) Electronic information and solutions

(3) Recruitment advertising and training

Turnover comprises the advertising income, circulation income, service income and enrolment income.

An analysis of the Group's turnover and other revenues for the year is as follows:

	2006 HK$'000	2005 HK$'000
Turnover		
Advertising income	481,664	393,492
Circulation income	110,327	94,942
Service income	117,885	109,772
Enrolment income	11,827	10,206
	721,703	608,412
Other revenues		
Bank interest income	7,880	13
Rental income from machinery and properties	7	65
Management fee income	–	384
	7,887	462
Total revenues	729,590	608,874

Notes to the Consolidated Financial Statements
Year ended 31 March 2006

5. Segment information (Continued)

(i) Primary reporting format – business segments (Continued)

Corporate operations mainly comprise investment holding activities which does not constitute a separately reportable segment. The segment results for the year ended 31 March 2006 are as follows:

	Year ended 31 March 2006				
	Publishing and multimedia HK$'000	Electronic information and solutions HK$'000	Recruitment advertising and training HK$'000	Corporate HK$'000	Total HK$'000
REVENUE					
Turnover, gross	541,795	116,409	71,629	–	729,833
Inter-segment transactions	(7,381)	(716)	(33)	–	(8,130)
Turnover, net	534,414	115,693	71,596	–	721,703
RESULT					
Operating profit	76,892	9,414	30,337	7,250	123,893
Finance costs					(3,476)
Profit before income tax					120,417
Income tax expense					(20,896)
Profit for the year					99,521
SEGMENT ASSETS	408,745	33,877	39,923	185,244	667,789
SEGMENT LIABILITIES	161,523	43,226	9,357	1,684	215,790
OTHER INFORMATION					
Capital expenditure	74,385	1,553	25,371	–	101,309
Depreciation	19,056	3,699	933	–	23,688
Amortisation of lease premium for land	127	5	–	–	132
Provision for impairment of receivables and obsolete inventories	2,112	4,834	210	–	7,156

5. Segment information (Continued)

(i) Primary reporting format – business segments (Continued)

	Year ended 31 March 2005				
	Publishing and multimedia HK$'000	Electronic information and solutions HK$'000	Recruitment advertising and training HK$'000	Corporate HK$'000	Total HK$'000
REVENUE					
Turnover, gross	442,766	108,226	59,114	–	610,106
Inter-segment transactions	(578)	(1,096)	(20)	–	(1,694)
Turnover, net	442,188	107,130	59,094	–	608,412
RESULT					
Operating profit	59,710	2,060	19,673	–	81,443
Finance costs					(556)
Profit before income tax					80,887
Income tax expense					(14,461)
Profit for the year					66,426
SEGMENT ASSETS	316,712	47,872	17,197	–	381,781
SEGMENT LIABILITIES	137,360	42,576	23,218	–	203,154
OTHER INFORMATION					
Capital expenditure	52,743	1,780	267	–	54,790
Depreciation	13,158	6,356	1,176	–	20,690
Amortisation of lease premium for land	1,308	108	–	–	1,416
Provision for impairment of receivables and obsolete inventories	1,150	1,537	100	–	2,787

Inter-segment transactions are entered into under terms and conditions that would also be available to unrelated third parties.

(ii) Secondary reporting format – geographical segments

More than 90% of the Group's activities are carried out in Hong Kong and more than 90% of the Group's assets and liabilities are located in Hong Kong. Accordingly, no analysis of geographical segment for the relevant years is presented.

Notes to the Consolidated Financial Statements

Year ended 31 March 2006

6. Expenses by Nature – Group

Expenses included cost of sales, selling and distribution expenses and general and administrative expenses and are analysed as follows:

	2006 HK$'000	2005 HK$'000 (Restated)
Crediting		
Gain on disposal of property, plant and equipment	–	43
Reversal of provision for impairment of receivables	2,720	3,019
Recovery of bad debts	–	113
Charging		
Amortisation of lease premium for land (note 15)	132	1,416
Auditors' remuneration	1,882	982
Bad debts written off	146	344
Depreciation (note 14)		
Owned property, plant and equipment	19,777	19,256
Leased property, plant and equipment	3,911	1,434
Loss on disposal of property, plant and equipment	79	–
Operating lease rentals on land and buildings	5,805	5,342
Provision for impairment of receivables	6,489	2,456
Provision for obsolete inventories	667	331
Staff costs (note 7)	290,618	258,209

7. Staff Costs – Group

	2006 HK$'000	2005 HK$'000
Wages and salaries	280,668	249,649
Pension costs - defined contribution plans (note a)	9,950	8,560
Total including Directors' remuneration	290,618	258,209

(a) Pensions – defined contribution plans

Forfeited contributions totaling approximately HK$1,150,000 for the year ended 31 March 2006 (2005: HK$1,069,000) were utilised during the year leaving approximately HK$197,000 (2005: HK$207,000) available at the year-end to reduce future contributions.

Contributions totaling HK$892,000 (2005: HK$763,000) were payable to the Mandatory Provident Fund and other occupational retirement scheme at year-end.

7. Staff Costs – Group (Continued)

(b) Directors' remuneration

The remuneration of each Director for the year ended 31 March 2006 is set out below:

Name of Directors	Salary HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Housing allowances HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence	2,387	299	119	–	2,805
Mr. MAK Ping Leung	2,540	317	127	–	2,984
Mr. CHAN Cho Biu	2,287	286	114	–	2,687
Mr. SHEK Kang Chuen	1,600	240	80	–	1,920
Ms. SEE Sau Mei Salome	2,070	259	104	–	2,433
Non-executive Director					
Mr. CHU Yu Lun	90	–	–	–	90
Independent Non-executive Directors					
Mr. CHAN Mo Po, Paul	113	–	–	–	113
Mr. CHOW On Kiu	90	–	–	–	90
Mr. LO Foo Cheung	90	–	–	–	90
Total	11,267	1,401	544	–	13,212

The remuneration of each Director for the year ended 31 March 2005 is set out below:

Name of Directors	Salary HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Housing allowances HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence	1,992	248	100	–	2,340
Mr. MAK Ping Leung	2,100	265	105	402	2,872
Mr. CHAN Cho Biu	2,252	238	113	–	2,603
Mr. SHEK Kang Chuen	1,348	150	67	–	1,565
Ms. SEE Sau Mei Salome	1,440	216	72	600	2,328
	9,132	1,117	457	1,002	11,708

Notes to the Consolidated Financial Statements
Year ended 31 March 2006

7. Staff Costs – Group (Continued)

(b) Directors' remuneration (Continued)

During the year, no remunerations were paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. No Directors of the Company waived or agreed to waive any remunerations during the year.

(c) Five highest paid individuals

The five individuals whose remunerations were the highest in the Group for the year include five (2005: five) Executive Directors whose remunerations are reflected in the analysis presented above.

(d) Group's remuneration policy

The primary goal of the Group's remuneration policy is to attract, retain and motivate talented individuals to contribute to the success of our businesses. The directors' remunerations are reviewed by the Remuneration Committee and/or the Board (in the case of Non-executive Directors) from time to time having regard to the performance of the Group, the duties and responsibilities concerned and the prevailing market conditions.

8. Finance costs – Group

	2006 HK$'000	2005 HK$'000
Interest on bank loans and overdrafts	968	419
Interest element of finance leases	2,832	267
Interest capitalised	(324)	(130)
	3,476	556

The average capitalisation rate applied to funds borrowed generally and used for the installation of machinery is approximately 4.76% (2005: 1.67%) per annum.

9. Income tax expense – Group

Hong Kong profits tax has been provided at a rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the year. Overseas tax is calculated at tax rates applicable in countries in which the group is assessable for tax.

	2006 HK$'000	2005 HK$'000
Hong Kong profits tax	17,084	14,879
Over provisions in prior years	(212)	–
Deferred income tax relating to the origination and reversal of temporary differences	4,024	(418)
Taxation charge	20,896	14,461

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the year.

(b) The People's Republic of China (" PRC") enterprise income tax

No provision for PRC enterprise income tax has been made for two subsidiaries operating in the PRC, namely環富通科技（深圳）有限公司 and 深圳港經廣告傳播有限公司 (HKET Advertising (Shenzhen) Limited) as they have no estimated assessable income for the year. Both these subsidiaries are subject to a standard income tax rate of 15% in accordance with the relevant applicable tax laws.

Notes to the Consolidated Financial Statements

Year ended 31 March 2006

9. Income tax expense – Group (Continued)

(c) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the home country tax rate of the Company as follows:

	2006 HK$'000	2005 HK$'000
Profit before income tax	120,417	80,887
Calculated at taxation rate of 17.5% (2005: 17.5%)	21,073	14,155
Over provisions in prior years	(212)	–
Income not subject to taxation	(1,267)	(75)
Income not subject to Hong Kong profits tax	(61)	(28)
Expenses not deductible for tax purposes	444	418
Utilisation of previously unrecognised tax losses	(69)	(2,559)
Tax losses for which no deferred income tax asset was recognised	1,293	741
Others	(305)	1,809
	20,896	14,461

10. Profit attributable to equity holders – Company

The profit attributable to equity holders is dealt with in the financial statements of the Company to the extent of HK$7,272,000 (2005: Nil).

11. Earnings per share

The calculation of basic earnings per share for current year is based on profit attributable to equity holders of the Company of HK$98,164,000 and weighted average number of 390,883,288 shares deemed to be issued during the year.

The comparative basic earnings per share is calculated based on profit attributable to equity holders of the Company of HK$65,094,000 and an aggregate of 312,000,000 shares comprising 78 shares issued immediately after incorporation of the Company and 311,999,922 shares issued upon the Reorganisation, which were deemed to have been in issue since 1 April 2004.

There were no dilutive potential ordinary shares in existence during the year under review and, therefore, no diluted earnings per share amounts have been presented.

12. Dividends

The dividends paid and recognised by the Company during the year ended 31 March 2006 amounted to HK$12,516,000 (HK 2.9 cents per share) (2005: Nil). A final dividend in respect of the year ended 31 March 2006 of HK 5.7 cents per share, amounting to a total dividend of HK$24,601,000 is to be proposed at the annual general meeting on 26 July 2006. This proposed dividend is not reflected as a dividend payable in the consolidated balance sheet, but will be reflected as an appropriation of retained earnings.

	2006 HK$'000	2005 HK$'000
Interim dividend paid of HK 2.9 cents (2005: nil) per ordinary share	12,516	–
Proposed final dividend of HK 5.7 cents (2005: nil) per ordinary share	24,601	–
Dividends declared and paid by a subsidiary to its then shareholders prior to the Reorganisation (note (a))	–	5,625
	37,117	5,625
Total dividends paid by the Company	12,516	–
Total dividends paid by a subsidiary to its then shareholders (note (a))	3,625	6,500
	16,141	6,500

Notes to the Consolidated Financial Statements
Year ended 31 March 2006

12. Dividends (Continued)

Note:

(a) Career Times Online Limited, a subsidiary of the Company had declared and paid dividends in respect of the year ended 31 March 2005 to its then shareholders prior to the Reorganisation.

	2006 HK$'000	2005 HK$'000
Interim dividend, paid	–	2,000
Proposed final dividend	–	3,625
	–	5,625
Total dividends paid during the year	3,625	6,500

13. Goodwill – Group

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to country of operation and business segment.

	Advertising in Mainland China* HK$'000	Recruitment Advertising* HK$'000	Total HK$'000
Balance at 1 April 2005	–	–	–
Acquisitions of additional interests in a subsidiary (note (a))	–	23,923	23,923
Acquisitions of entire registered capital of a company incorporated in Mainland China (note (b))	1,616	–	1,616
Balance at 31 March 2006	1,616	23,923	25,539

* Advertising in Mainland China and Recruitment Advertising are included in the segments of Publishing and Multimedia and Recruitment Advertising and Training respectively.

13. Goodwill – Group (Continued)

Note:

(a) On 12 August 2005, a subsidiary of the Company, iCareerTimes (BVI) Limited acquired the remaining 40% interests in the issued share capital of Cotino Limited, one of the Group's subsidiaries from an independent third party, for a cash consideration of HK$24,455,000 pursuant to a conditional sale and purchase agreement dated 30 June 2005. Details of the transaction were set out in the Prospectus. The excess of the purchase consideration over the book value of net assets acquired of HK$532,000 was recognised as goodwill amounted to HK$23,923,000.

(b) On 13 February 2006, a subsidiary of the Company, Hong Kong Economic Times Limited acquired the entire interests in the registered capital of深圳港經廣告傳播有限公司(HKET Advertising (Shenzhen) Limited) from a related company for a cash consideration of HK$1,000,000 pursuant to a conditional sale and purchase agreement dated 15 July 2005. Details of the transaction were set out in the Prospectus. The excess of the purchase consideration over the fair value of the net liabilities acquired of HK$616,000 was recognised as goodwill which amounted to HK$1,616,000.

(c) Impairment tests for goodwill

For purpose of impairment test, the recoverable amount of a CGU is determined based on value-in-use calculations. The results of the impairment test undertaken as at 31 March 2006 indicated that no impairment charge was necessary. Key assumptions used in the impairment test are set out in note 4(i).

Notes to the Consolidated Financial Statements

Year ended 31 March 2006

14. Property, plant and equipment – Group

	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Network and computer equipment HK$'000	Machinery under installation HK$'000	Total HK$'000
Net book value at 1 April 2004								
– as previously stated	95,884	7,361	49,860	15,572	378	6,746	–	175,801
– effect of adopting HKAS 17 (note 2.2(c))	(56,703)	–	–	–	–	–	–	(56,703)
As restated	39,181	7,361	49,860	15,572	378	6,746	–	119,098
Additions	10,092	487	863	4,807	437	1,251	36,853	54,790
Depreciation	(1,053)	(2,538)	(5,811)	(7,658)	(141)	(3,489)	–	(20,690)
Disposals	–	(175)	–	(4)	(79)	(23)	–	(281)
Net book value at 31 March 2005	**48,220**	**5,135**	**44,912**	**12,717**	**595**	**4,485**	**36,853**	**152,917**
At 31 March 2005								
Cost	58,194	12,394	71,796	48,477	909	64,306	36,853	292,929
Accumulated depreciation	(9,974)	(7,259)	(26,884)	(35,760)	(314)	(59,821)	–	(140,012)
Net book value	48,220	5,135	44,912	12,717	595	4,485	36,853	152,917
Net book value at 1 April 2005								
– as previously stated	103,507	5,135	44,912	12,717	595	4,485	36,853	208,204
– effect of adopting HKAS 17 (note 2.2 (c))	(55,287)	–	–	–	–	–	–	(55,287)
As restated	48,220	5,135	44,912	12,717	595	4,485	36,853	152,917
Additions	–	8,631	18,621	11,456	420	887	35,755	75,770
Transfers	–	–	72,608	–	–	–	(72,608)	–
Depreciation	(1,165)	(3,095)	(9,892)	(6,993)	(227)	(2,316)	–	(23,688)
Disposals	–	(1)	(127)	(530)	–	(1)	–	(659)
Net book value at 31 March 2006	**47,055**	**10,670**	**126,122**	**16,650**	**788**	**3,055**	**–**	**204,340**
At 31 March 2006								
Cost	58,194	20,509	162,868	58,512	1,329	65,083	–	366,495
Accumulated depreciation	(11,139)	(9,839)	(36,746)	(41,862)	(541)	(62,028)	–	(162,155)
Net book value	47,055	10,670	126,122	16,650	788	3,055	–	204,340

14. Property, plant and equipment – Group (Continued)

(a) The net book value of leased plant and machinery is approximately HK$72,477,000 (2005: HK$19,369,000).

(b) Depreciation expense of HK$14,730,000 (2005: HK$10,882,000) has been expensed in cost of sales, HK$79,000 (2005: HK$122,000) in selling and distribution expenses and HK$8,879,000 (2005: HK$9,686,000) in general and administrative expenses.

(c) Certain of the Group's leasehold buildings with aggregate net book values of approximately HK$45,000,000 (2005: 46,117,000) are secured against the banking facilities of the Group (Note 27).

15. Lease premium for land – Group

The Group's interests in leasehold land, which are all situated in Hong Kong, represent prepaid operating lease payments and their net book value are analysed as follows:

	2006 HK$'000	2005 HK$'000 (Restated)
Net book value at 1 April		
– as previously stated	–	–
– effect of adopting HKAS 17 (note 2.2c)	55,287	56,703
	55,287	56,703
Amortisation	(132)	(1,416)
Net book value at 31 March	55,155	55,287

	2006 HK$'000	2005 HK$'000
Leases of over 50 years	52,206	52,266
Leases of between 10 to 50 years	2,949	3,021
	55,155	55,287

Certain of the Group's leasehold land with aggregate net book value of approximately HK$50,257,000 (2005: HK$50,385,000) are secured against the banking facilities of the Group.

Notes to the Consolidated Financial Statements
Year ended 31 March 2006

16. Deferred income tax – Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2006 HK$'000	2005 HK$'000
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	12	(16)
– Deferred tax assets to be recovered within 12 months	10	1,223
	22	1,207
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	(13,156)	(10,324)
– Deferred tax liabilities to be recovered within 12 months	(211)	(204)
	(13,367)	(10,528)
	(13,345)	(9,321)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Accelerated taxation depreciation HK$'000
At 1 April 2004	12,200
Recognised in the income statement	(1,101)
At 31 March 2005	11,099
Recognised in the income statement	6,336
At 31 March 2006	17,435

16. Deferred income tax – Group (Continued)

Deferred tax assets

	Provisions HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2004	(421)	(2,040)	(2,461)
Recognised in the income statement	278	405	683
At 31 March 2005	(143)	(1,635)	(1,778)
Recognised in the income statement	(110)	(2,202)	(2,312)
At 31 March 2006	(253)	(3,837)	(4,090)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$10,938,000 (2005: HK$10,678,000) in respect of tax losses amounting to HK$58,221,000 (2005: HK$57,998,000) that can be carried forward against future taxable income. The tax losses of HK$53,387,000 (2005: HK$54,586,000) have no expiry date while other tax losses amounting to HK$529,000, HK$1,660,000, HK$1,222,000 and HK$1,423,000 will expire in 2008, 2009, 2010 and 2011 respectively.

17. Inventories – Group

	2006 HK$'000	2005 HK$'000
Raw materials	19,773	3,133
Finished goods	2,484	1,906
Less: provision for obsolete inventories	(2,002)	(1,335)
	20,255	3,704

The cost of inventories recognised as expense and included in cost of sales amounted to HK$105,164,000 (2005: HK$90,267,000).

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Year ended 31 March 2006

18. Trade and other receivables

	Group		Company	
	2006 HK$'000	2005 HK$'000 (Restated)	2006 HK$'000	2005 HK$'000
Trade receivables, gross	134,796	116,232	–	–
Less: provision for impairment of receivables	(6,276)	(7,819)	–	–
Trade receivables, net	128,520	108,413	–	–
Deposits, prepayments and other receivables	12,226	20,579	829	–
	140,746	128,992	829	–

The carrying amounts of trade and other receivables approximate their fair value.

The Group grants an average credit period of 30 days to 90 days to its trade customers. An ageing analysis of trade receivables by due date is as follows:

	2006 HK$'000	2005 HK$'000 (Restated)
0 to 30 days	90,595	69,651
31 to 60 days	16,977	18,616
61 to 90 days	11,205	7,316
Over 90 days	16,019	20,649
	134,796	116,232

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

19. Cash and cash equivalents

	Group		Company	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Cash at bank and in hand	32,400	39,072	366	–
Short term bank deposits	187,197	–	184,033	–
	219,597	39,072	184,399	–

The effective interest rate on short-term bank deposits was 3.67% (2005: Nil) per annum; these deposits have an average maturity of 9 days.

20. Trade and other payables

	Group		Company	
	2006 HK$'000	2005 HK$'000 (Restated)	2006 HK$'000	2005 HK$'000
Trade payables	22,523	23,334	–	–
Fees in advance	35,909	31,741	–	–
Accruals and other payables	72,371	54,299	1,684	–
	130,803	109,374	1,684	–

The ageing analysis of trade payables is as follows:

	2006 HK$'000	2005 HK$'000 (Restated)
0 to 30 days	21,681	20,912
31 to 60 days	195	2,035
61 to 90 days	97	263
Over 90 days	550	124
Total	22,523	23,334

The carrying amounts of the trade and other payables approximate their fair value.

Notes to the Consolidated Financial Statements

Year ended 31 March 2006

21. Obligations under finance leases – Group

	2006 HK$'000	2005 HK$'000
Total minimum lease payments	61,672	14,596
Less: amount due within one year included under current liabilities	(10,802)	(3,018)
	50,870	11,578
The finance lease liabilities are repayable as follows:		
Within one year	13,508	3,411
In the second year	13,508	3,411
In the third to fifth year	40,525	8,809
After the fifth year	2,148	–
	69,689	15,631
Future finance charges	(8,017)	(1,035)
Present value of finance lease liabilities	61,672	14,596
The present value of finance lease liabilities are as follows:		
Within one year	10,802	3,018
In the second year	11,331	3,109
In the third to fifth year	37,410	8,469
After the fifth year	2,129	–
	61,672	14,596

It is the Group's policy to lease certain of its plant and machinery under finance leases. For the year ended 31 March 2006, the average effective borrowing rate was 4.76% (2005: 1.67%). Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Hong Kong dollars.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

22. Banks loans- secured – Group

	2006 HK$'000	2005 HK$'000
Bank loans, secured	7,035	20,320
Less: current portion	(1,505)	(4,721)
	5,530	15,599

The Group's bank loans were repayable as follows:

	2006 HK$'000	2005 HK$'000
Within one year	1,505	4,721
In the second year	1,505	4,721
In the third to fifth year	4,025	9,862
After the fifth year	–	1,016
	7,035	20,320

Bank loans are secured by the leasehold land and buildings of the Group (notes 14 and 15). The effective interest rates at the balance sheet date are 4.54% (2005: 1.85%) per annum.

The carrying amount of the non-current borrowings approximates their fair value.

All bank loans are denominated in Hong Kong dollars.

Notes to the Consolidated Financial Statements
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23. Share Capital

Authorised share capital

	Note	Number of shares	Nominal value HK$
At 15 February 2005 (date of incorporation), ordinary shares of US$0.01 each		5,000,000	390,000
On 30 June 2005,	(a)		
Consolidation of every ten shares of US$0.01 each into one share of US$0.10 each and re-denomination (at the rate of US$1.00 to HK$7.80) such that par value of each share becomes HK$0.78		500,000	390,000
Sub-division of each share into 7.8 shares of HK$0.10 each		3,900,000	390,000
Increase in authorised share capital		1,996,100,000	199,610,000
At 31 March 2006		2,000,000,000	200,000,000

23. Share Capital (Continued)

Issued share capital

		Number of shares	Nominal value HK$
At 15 February 2005 (date of incorporation)		–	–
On 23 February 2005, issue of share of US$0.01 each at nil paid		1	–
On 30 June 2005,	(a)		
Issue of share of US$0.01 each at nil paid		99	–
Consolidation of every ten issued share capital of US$0.01 each into one share of US$0.10 each and re-denomination (at the rate of US$1.00 to HK$7.8) such that par value of each share becomes HK$0.78		10	–
Sub-division of every issued share capital into 7.8 shares of HK$0.1 each		78	–
On 19 July 2005, issued and credited as fully paid at par the new shares and credited as fully paid at par the 78 shares in issue as consideration for acquisition of Hong Kong Economic Times Group (BVI) Limited pursuant to the final step of the Reorganisation	(b)	311,999,922	31,200,000
On 3 August 2005, issued and fully paid new shares of HK$0.10 each at HK$1.70 per share by way of Placing and Public Offer in connection with the listing of the Company's shares on the Main Board of the Stock Exchange	(c)	104,000,000	10,400,000
On 5 August 2005, issued and fully paid new shares of HK$0.1 each at HK$1.70 per share by way of the exercise of the Over-allotment Option	(d)	15,600,000	1,560,000
At 31 March 2006		431,600,000	43,160,000

Notes to the Consolidated Financial Statements
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23. Share Capital (Continued)

Notes:

(a) Pursuant to a written resolution of the sole shareholder of the Company passed on 30 June 2005,

(i) every ten issued and unissued shares of US$0.01 each of the Company was consolidated into one share of US$0.10 each;

(ii) the authorised and issued share capital of the Company was re-denominated (at the rate of US$1.00 to HK$7.8) from US$50,000 and US$1.00 to HK$390,000 and HK$7.8 respectively such that the par value of each share was changed from US$0.10 to HK$0.78;

(iii) every issued and unissued share of HK$0.78 each in the capital of the Company was sub-divided into 7.8 shares of HK$0.10 each; and

(iv) The authorised share capital of the Company was increased from HK$390,000, divided into 3,900,000 shares of HK$0.10 each, to HK$200,000,000, divided into 2,000,000,000 shares of HK$0.10 each, by the creation of an additional 1,996,100,000 shares of HK$0.10 each in the capital of the Company.

(b) Pursuant to a written resolution of the sole shareholder of the Company passed on 19 July 2005, the Directors were authorised to issue and allot credited as fully paid 311,999,922 shares and credit as fully paid at par the 78 shares in issue as consideration for the acquisition of Hong Kong Economic Times Group (BVI) Limited as pursuant to the final step of the Regorganisation.

(c) On 3 August 2005, the Company issued 104,000,000 new shares of HK$0.10 each at HK$1.70 per share by way of Placing and Public Offer in connection with the listing of the Company's shares on the Main Board of the Stock Exchange.

(d) On 5 August 2005, the Company further issued 15,600,000 new shares of HK$0.10 each at HK$1.70 per share by way of the exercise of the Over-allotment Option in connection with the listing of the Company's shares on the Main Board of the Stock Exchange as set out in the Prospectus issued by the Company.

24. Reserves

(a) Group

Movement of the Group's reserves for the years ended 31 March 2006 and 2005 are presented in the consolidated statement of changes in equity on page 42.

24. Reserves (Continued)

(b) Company

	Share premium HK$'000	Capital reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 15 February 2005 (date of incorporation) and 1 April 2005	–	–	–	–
Reorganisation	147,427	–	–	147,427
Issue of shares for cash	191,360	–	–	191,360
Share issuance costs	(18,914)	–	–	(18,914)
Gift shares to employees by a substantial shareholder	–	6,120	–	6,120
Profit for the year	–	–	7,272	7,272
Interim dividend for FY2005/06	(12,516)	–	–	(12,516)
At 31 March 2006	307,357	6,120	7,272	320,749

25. Investments in and amounts due from/(to) subsidiaries – Company

		2006 HK$'000	2005 HK$'000
Investments in unlisted shares, at cost	(a)	178,627	–
Amounts due from subsidiaries	(b)	36,132	–
Amounts due to subsidiaries	(b)	(34,394)	–

Notes to the Consolidated Financial Statements

Year ended 31 March 2006

25. Investments in and amounts due from/(to) subsidiaries (Continued)

(a) Particulars of the Company's principal subsidiaries at 31 March 2006 are as follows:

Company Name	Place of incorporation	Principal activities and place of operation	Issued and fully paid up share capital/ registered capital	Interest held
Hong Kong Economic Times Group (BVI) Limited	British Virgin Islands	Investment holding	Ordinary US$10,000	100%
Asianway (Far East) Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK$100	100%
Career Times Online Limited	Hong Kong	Provision of recruitment advertising services in Hong Kong	Ordinary HK$2	100%
Cotino Limited	British Virgin Islands	Investment holding	Ordinary US$10	100%
EPRC Limited	Hong Kong	Provision of electronic property market database to the professional market in Hong Kong	Ordinary HK$100	100%
ET Business College Limited	Hong Kong	Provision of training services in Hong Kong	Ordinary HK$10,000	100%
ET Net Limited	Hong Kong	Provision of electronic financial information services in Hong Kong	Ordinary HK$2 and Non-voting deferred shares HK$10,000	96.04%
ET Net (BVI) Limited	British Virgin Islands	Investment holding	Ordinary US$104,123	96.04%
ET Net News Agency Limited	Hong Kong	Provision of electronic financial information services in Mainland China	Ordinary HK$100	96.04%
ET Net Oneoffice Limited	Hong Kong	Provision of equities and derivatives trading solutions in Hong Kong	Ordinary HK$10,000	96.04%

25. Investments in and amounts due from/(to) subsidiaries (Continued)

Company Name	Place of incorporation	Principal activities and place of operation	Issued and fully paid up share capital/ registered capital	Interest held
ET Wealth Limited	Hong Kong	Provision of funds market database and solutions to the professional market in Hong Kong	Ordinary HK$100	96.04%
ETVision Multimedia Limited	Hong Kong	Provision of multimedia production services in Hong Kong	Ordinary HK$100	100%
Euron Limited	Hong Kong	Provision of printing services in Hong Kong	Ordinary HK$100	100%
HKET China Investment (BVI) Limited	British Virgin Islands	Investment holding	Ordinary US$1	100%
Hong Kong Economic Times Limited	Hong Kong	Publication of newspaper, magazines and books in Hong Kong	Ordinary HK$100	100%
iCareerTimes (BVI) Limited	British Virgin Islands	Investment holding	Ordinary US$2	100%
Safe City Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK$100	100%
環富通科技(深圳)有限公司 * (ET Wealth Technology (Shenzhen) Limited)	The People's Republic of China	Operation of computer software research and development center in Mainland China	Registered capital HK$1,000,000	96.04%
深圳港經廣告傳播有限公司* (HKET Advertising (Shenzhen) Limited)	The People's Republic of China	Provision of advertising services in Mainland China	Registered capital HK$1,000,000	100%

* Audited by certified public accountants other than PricewaterhouseCoopers.

(b) Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand.

Notes to the Consolidated Financial Statements
Year ended 31 March 2006

26. Notes to the Consolidated Cash Flow Statement

(a) Reconciliation of profit for the year to cash generated from operations:

	2006 HK$'000	2005 HK$'000 (Restated)
Profit for the year	99,521	66,426
Adjustments for:		
– Income tax expenses (note 9)	20,896	14,461
– Depreciation (note 14)	23,688	20,690
– Amortisation (note 15)	132	1,416
– Loss/(gain) on disposal of property, plant and equipment (see below)	79	(43)
– Bonus shares	6,120	–
– Bank interest income (note 5(i))	(7,880)	(13)
– Interest expenses on bank loans and overdrafts	644	289
– Interest element of finance leases	2,832	267
– Bad debts written off (note 6)	146	344
– Provision for impairment of receivables (note 6)	6,489	2,456
– Provision for obsolete inventories (note 6)	667	331
Changes in working capital:		
– Increase in inventories	(17,218)	(2,190)
– Increase in trade and other receivables	(17,469)	(10,739)
– Increase in trade and other payables	20,303	21,568
– Decrease in amount due from a related company	602	–
Cash generated from operations	139,552	115,263

In the cash flow statement, proceeds from sales of property, plant and equipment comprise:

	2006 HK$'000	2005 HK$'000
Net book amount (note 14)	659	281
(Loss)/gain on disposal of property, plant and equipment	(79)	43
Proceeds from disposal of property, plant and equipment	580	324

26. Notes to the Consolidated Cash Flow Statement (Continued)

(b) Newly acquired subsidiary – HKET Advertising (Shenzhen) Limited

The consolidation of the result of the newly acquired subsidiary had the following effect on the Group's assets and liabilities:

	HK$'000
Property, plant and equipment	34
Trade receivables	150
Prepayments	770
Cash and cash equivalents	1,412
Fees in advance	(413)
Amount due to the then holding company	(1,856)
Accruals and other payables	(713)
Net identifiable assets and liabilities	(616)

(c) Analysis of changes in financing during the year:

	Bank loans HK$'000	Obligations under finance leases HK$'000	Minority interests HK$'000	Amount due to a related company HK$'000
At 1 April 2005	52,476	14,596	1,159	11,983
Minority interests' share of profits	–	–	1,357	–
Acquisition of additional interest in a subsidiary	–	–	(534)	–
Acquisition of property, plant and equipment	–	69,597	–	–
Cash outflow	(45,441)	(25,353)	(1,450)	(13,839)
Interest element of finance leases	–	2,832	–	–
Repayment of an amount due to a related company on behalf of a newly acquired subsidiary (note 26(b))	–	–	–	1,856
At 31 March 2006	7,035	61,672	532	–

Notes to the Consolidated Financial Statements

Year ended 31 March 2006

27. Banking Facilities

The Group had no undrawn banking facilities as at 31 March 2006. The Group's banking facilities in relation to bank borrowings of approximately HK$68,707,000 as at 31 March 2006 were secured by:

(i) legal charges on certain of the Group's leasehold land and buildings with an aggregate carrying value of HK$95,257,000 at 31 March 2006 (2005: HK$96,502,000);

(ii) an unlimited cross-corporate guarantee provided by Asianway (Far East) Limited, Euron Limited and Safe City Limited, all being subsidiaries of the Group;

(iii) an unlimited corporate guarantee provided by Hong Kong Economic Times Limited, a subsidiary of the Group; and

(iv) a corporate guarantee provided by the Company.

28. Commitments

(a) Capital commitments contracted for at the balance sheet date but not yet incurred is as follows:

	2006 HK$'000	2005 HK$'000
Property, plant and equipment	2,707	43,597

(b) Commitments under operating leases

The future aggregate minimum lease payments under non-cancellable operating leases of land and buildings are as follows:

	2006 HK$'000	2005 HK$'000
Not later than one year	7,603	6,676
Later than one year and not later than five years	1,546	6,473
	9,149	13,149

29. Business Combinations

As part of the Reorganisation, a subsidiary of the Company, Hong Kong Economic Times Limited acquired the entire registered capital of HKET Advertising (Shenzhen) Limited of HK$1,000,000 on 13 February 2006.

Details of net liabilities acquired and goodwill are as follows:

	HK$'000
Purchase consideration	1,000
Fair value of net liabilities acquired	616
Goodwill (note 13)	1,616

The fair value of assets and liabilities arising from the acquisition are as follows:

	HK$'000
Property, plant and equipment	34
Trade receivables	150
Prepayments	770
Cash and cash equivalents	1,412
Fees in advance	(413)
Amount due to the then holding company	(1,856)
Accruals and other payables	(713)
Net liabilities acquired	(616)

Notes to the Consolidated Financial Statements

Year ended 31 March 2006

30. Related party transactions

The Group is controlled by Golden Rooster Limited (incorporated in the British Virgin Islands), which owns 60.473% of the Company's shares. The remaining 39.527% of the shares are widely held. Golden Rooster Limited is the Group's ultimate holding company. The Group has entered into the following transactions with related parties.

(i) Details of significant transactions with related parties are:

		2006 HK$'000	2005 HK$'000
a)	**Service income**		
	– Roctec Credit Limited	153	213
	– Roctec Securities Company Limited	99	196
		252	409
	Service income was charged at prices and terms similar to those charged to and contracted with other third party customers of the Group.		
b)	**Rental expenses on leased property**		
	– Charm Data Limited	2,853	2,727
	– Honley Limited	2,092	1,969
	– Roctec Systems Limited	500	500
	– Hong Kong Economic Times (Holding) Limited	272	370
		5,717	5,566
	Rental expenses on leased property were charged at prevailing market rates.		
c)	**Rental income on leased property**		
	– Movielink (Hong Kong) Limited	122	215
	Rental income on leased property was charged at prevailing market rate.		
d)	**Consultant royalties expenses**		
	– Wayca Development Limited	230	164
	Consultant royalties were charged at prices and terms similar to those charged to and contracted with third parties.		

30. Related party transactions (Continued)

		2006 HK$'000	2005 HK$'000
e)	**Remuneration of contributor**		
	– Mak Ping Leung	14	–
	Remuneration of contributor was charged at prices and terms similar to those charged to and contracted with third parties.		
f)	**Key management personnel compensation**		
	– Salaries and other short-term employee benefits	12,668	11,251
	– Post-employment benefits	544	457
		13,212	11,708
	Further details of directors' emoluments are included in note 7(b) above.		
g)	**Advertising income received**		
	– 深圳港經廣告傳播有限公司 (HKET Advertising (Shenzhen) Limited)	953	–

Advertising income was charged at prices and terms pursuant to the service agreement entered.

The amount represents the advertising income received from HKET Advertising (Shenzhen) Limited prior to the acquisition by the Group on 13 February 2006 as detailed in note 13.

Roctec Securities Company Limited, Movielink (Hong Kong) Limited, Roctec Systems Limited, and Hong Kong Economic Times (Holding) Limited are beneficially owned by Mr. Fung Siu Por, Lawrence and Mr. Chu Yu Lun, the controlling shareholders and directors of the Company. Roctec Credit Limited, Honley Limited and Charm Data Limited are beneficially owned by Mr. Chu Yu Lun. Wayca Development is beneficially owned by Mr. Shek Kang Chuen, the beneficial shareholder and director of the Company.

Prior to the acquisition, 深圳港經廣告傳播有限公司(HKET Advertising (Shenzhen) Limited) was wholly owned by Hong Kong Economic Times (Holding) Limited, a related company of the Group.

Notes to the Consolidated Financial Statements
Year ended 31 March 2006

30. Related party transactions (Continued)

(ii) Balances with related parties:

The Group had the following significant balances with related parties:

	2006 HK$'000	2005 HK$'000
Due from a related company – trade		
Roctec Credit Limited	–	602
Due to a related company – non-trade		
Hong Kong Economic Times (Holding) Limited	–	11,983

31. Events after the balance sheet date

Subsequent to the year end date, the Group had repaid HK$41,950,000 of the finance leases and bank loans balances.

32. Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation.