1. CORPORATE INFORMATION

The Company is a limited liability company incorporated and domiciled in Bermuda. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is 14th Floor, Harbour Commercial Building, 122-124 Connaught Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company and its subsidiaries (collectively the "Group") include the design, manufacture and sales of footwear products, provision of system integration services and trading of information technology related hardware and software. The Group has sold its operations in manufacturing of footwear products during the year.

The acquisition of Popular Asset Limited and Excel Star Technology Limited as described in note 26 is in line with the Group's strategy to strengthen the provision of system integration services.

The financial statements on pages 21 to 59 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") as published by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial statements for the year ended 30 September 2005 were approved by the board of directors on 22 February 2006.

2. ADOPTION OF NEW / REVISED HKFRS

The Group has early adopted the following new / revised standards and interpretations of HKFRS which are relevant to its operations and have been issued but are not yet effective. These include the following new, revised and renamed standards :

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 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 21	The Effect of Changes in Foreign Exchange Rates
HKAS 27	Consolidated and Separated Financial Statements
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKFRS 3	Business Combinations

2. ADOPTION OF NEW / REVISED HKFRS *(Continued)*

All the above standards have been applied retrospectively except where specific transitional provisions require a different treatment and accordingly the 2004 financial statements and their presentation have been amended in accordance with HKAS 8. Due to the change in accounting policies, the 2004 comparatives contained in these financial statements differ from those published in the financial statements for the year ended 30 September 2004. Significant effects on current, prior or future periods arising from the first-time application of the standards listed above in respect to presentation, recognition and measurement of accounts are described in the following notes:

2.1 Adoption of HKAS 1

The application of HKAS 1 led to an update of the presentation of financial statements. Minority interests are now included as a separate line item within equity. Profit and loss attributable to minority interests and that attributable to owners of the parent company are now presented as allocations of the net results of the year.

2.2 Adoption of HKAS 36, HKAS 38 and HKFRS 3

These standards stipulate a prospective change to the accounting policies.

In accordance with the provisions of HKFRS 3, the amortisation of goodwill has ceased and the accumulated amortisation at 30 September 2004 was eliminated against the original gross amount of goodwill. Goodwill is now subject only to annual testing for impairment as well as when there is indication of impairment. The Group has allocated the carrying amount of its goodwill to its cash generating units.

In respect of goodwill previously eliminated against or credited to reserves, HKFRS 3 does not require entities to recognise that goodwill in profit or loss when it disposes of all or part of the business to which that goodwill relates or when a cash-generating unit to which the goodwill relates becomes impaired. Moreover, the Group is not required nor permitted to restate goodwill previously eliminated against reserves.

In accordance with the provision of HKAS 38, no adjustments to prior period financial statements were deemed to be necessary as a result of the reassessment of the useful lives of its intangible assets.

2.3 Other standards adopted

The adoption of HKAS 2, 7, 8, 10, 14, 16, 27, 33 and 37 did not result in significant alterations to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these other standards did not result in any changes to the disclosures in these financial statements.

The adoption of the above standards did not result in any changes to the amounts in these financial statements.

2. ADOPTION OF NEW / REVISED HKFRS *(Continued)*

2.4 New standards or interpretations that have not been early adopted

The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective. The adoption of such Standards and Interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 17	Leases
HKAS 24	Related Party Disclosures
HKAS 32	Financial instruments: Disclosure and Presentation
HKAS 39	Financial instruments: Recognition and Measurement
HKFRS 7	Financial instruments - Disclosures

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared on the historical cost basis as modified by the revaluation of certain property, plant and equipment. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of these financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 September each year. All material intercompany transactions and balances within the Group are eliminated on consolidation.

3.3 Subsidiaries

Subsidiaries are entities over which the Company has the power to control the financial and operating policies. 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 Company. They are de-consolidated from the date that control ceases.

In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 Subsidiaries *(Continued)*

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, subsidiaries are carried at cost less impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

3.4 Foreign currency translation

The consolidated financial statements are presented in Hong Kong dollars (HK$), which is also the functional currency of the Company.

In the separate financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement under "other financial income" or "administrative and other operating expenses", respectively.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all separate financial statements of subsidiaries, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rate at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the average rates over the reporting period. Any differences arising from this procedure have been dealt with in the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Hong Kong dollars at the closing rate.

Other 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 shareholders' 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Income and expense recognition

Revenue comprises the fair value for the sale of goods and services, net of rebates and discounts and after elimination of sales within the Group. Revenue is recognised as follows:

Sales of goods are recognised upon transfer of risk to the customer and collectibility of the related receivables is reasonably assured.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be provided.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Operating expenses are recognised in the income statement upon utilisation of services or at the date of their origin.

3.6 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share 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.

3.7 Property, plant and equipment

All property, plant and equipment are stated at acquisition cost less depreciation and impairment losses.

Land and buildings are stated at valuation less accumulated depreciation and amortisation and impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment less their residual value, being the net amount which the Group expects to obtain from disposal of an asset at the end of its useful life after deducting the expected cost of disposal, over their estimated useful lives, using the straight line method, at the following rates per annum:

Plant and machinery	10%
Equipment and furniture	20%
Motor vehicles	20%
Network equipment	20%

Leasehold improvements are amortised over the remaining unexpired period of the lease or its estimated useful life to the Group, whichever is shorter. The principal annual rate used is 20%.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.8 Impairment testing of goodwill and property, plant and equipment

The Group's goodwill and property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill are tested for impairment at least annually. All other individual assets or cash-generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

3.9 Leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the present value of the lease payments plus incidental payment, if any, to be borne by the lessee. A corresponding amount is recognised as a finance lease liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Subsequent accounting for assets held under finance lease agreement, i.e. depreciation methods and useful lives, correspond to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed to finance costs.

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

3.10 Inventories

At the balance sheet date inventories are carried at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Finance costs are not taken into consideration. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.11 Accounting for income taxes

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

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with the rules set out in HKAS 12, no deferred taxes are recognised in conjunction with goodwill. This applies also to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as money market instruments and bank deposits. Money market instruments are financial assets carried at fair value through profit or loss.

3.13 Share capital

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

3.14 Pension obligations and short term employee benefits

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.14 Pension obligations and short term employee benefits *(Continued)*

Interest expenses related to pension obligation are included in “finance costs” in the income statement. All other pension related benefit expenses are included in “staff costs”.

Short-term employee benefits are recognised for the number of paid leave days (usually holiday entitlement) remaining at the balance sheet date. They are included in current pension and other employee obligation at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

The Group operates a MPF scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of independent trustees.

The employees of the Company’s subsidiaries in the Peoples’ Republic of China (the “PRC”) participate in the state-managed retirement benefits schemes operated by the relevant local government authority in the PRC. The subsidiaries are required to make contribution to the retirement schemes at a certain percentage of the basic salaries of their employees.

3.15 Financial liabilities

The Group’s financial liabilities include bank loans and overdrafts, trade and other payables and finance lease liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in ‘finance costs’ in the income statement.

Bank loans are raised for support of long term funding of the Group’s operations. They are recognised at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Trade payables are recognised initially at their nominal value and subsequently measured at amortised cost less settlement payments.

3.16 Segment reporting

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

Unallocated costs represent corporate expenses. Segment assets consist primarily of goodwill, property, plant and equipment, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.16 Segment reporting *(Continued)*

Capital expenditure comprises additions to intangible assets and property, plant and equipment, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, sales are based on the country in which the customer is located and total assets and capital expenditure are where the assets are located.

3.17 Financial assets

Trade receivables are provided against when objective evidence is received that the Group will not be able to collect all amount due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated cashflows.

3.18 Comparatives

The Group previously disclosed interest income within revenue. Management believes that its inclusion in other financial income is a fairer representation of the Group's activities.

4. REVENUE

An analysis of the Group's revenue is as follows:

	2005	2004
	HK$'000	HK$'000
Revenue - Turnover		
Footwear products	**16,606**	105,884
Information technology business		
- Trading of hardware and software	**20,326**	31,059
- Provision of services	**5,877**	46
	26,203	31,105
	42,809	136,989

Turnover represents total invoiced value of goods sold, net of sales tax and services rendered.

5. SEGMENT INFORMATION

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

In accordance with the Group's internal financial reporting policy, its segment information is presented by way of two segments format: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Primary reporting format – Business segments

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

2005	Information technology business HK$'000	Leisure and athletic footwear HK$'000	Corporate HK$'000	Total HK$'000
By principal activity:				
Sales to external customers	26,203	16,606	—	42,809
Segment results	(1,382)	(720)	(5,830)	(7,932)
Bank interest income				74
Exchange difference				41
Finance costs				(150)
Impairment loss on goodwill				(51,761)
Gain on disposal of subsidiaries				1,523
Loss before income tax				(58,205)
Income tax expense				—
Loss for the year				(58,205)
Segment assets	10,872	3,461	66,035	80,368
Segment liabilities	1,549	3,325	2,348	7,222
Other information for the year				
Capital expenditure	2,248	14	—	2,262
Depreciation and amortisation on property, plant and equipment	345	693	—	1,038

5. SEGMENT INFORMATION *(Continued)*

Primary reporting format – Business segments *(Continued)*

2004	Information technology business HK$'000	Leisure and athletic footwear HK$'000	Corporate HK$'000	Total HK$'000
By principal activity:				
Sales to external customers	31,105	105,884	—	136,989
Segment results	451	(28,130)	(11,366)	(39,045)
Bank interest income				119
Exchange difference				92
Finance costs				(235)
Provision for doubtful debt		(2,523)		(2,523)
Gain on disposal of subsidiaries				20,534
Others		(410)		(410)
Loss before income tax				(21,468)
Income tax expense				—
Loss for the year				(21,468)
Segment assets	50,310	39,858	54,135	144,303
Segment liabilities	15,425	13,328	3,131	31,884
Other information for the year				
Capital expenditure	2	214	—	216
Depreciation and amortisation on property, plant and equipment	4	1,390	—	1,394
Amortisation of goodwill	—	6,577	—	6,577

5. SEGMENT INFORMATION *(Continued)*

Secondary reporting format – Geographical segments

The following tables provide an analysis of the Group's revenue and contribution to loss from operations by geographical market:

2005	Europe HK$'000	PRC HK$'000	United States of America HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	—	38,757	—	4,052	42,809
Segment results	—	(7,174)	—	(758)	(7,932)
Bank interest income					74
Exchange difference					41
Finance costs					(150)
Impairment loss on goodwill					(51,761)
Gain on disposal of subsidiaries					1,523
Loss before income tax					(58,205)
Income tax expense					—
Loss for the year					(58,205)

2004	Europe HK$'000	PRC HK$'000	United States of America HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	72,169	38,822	6,563	19,435	136,989
Segment results	(13,874)	(12,220)	(1,545)	(11,406)	(39,045)
Bank interest income					119
Exchange difference					92
Finance costs					(235)
Provision for doubtful debt		(2,523)			(2,523)
Gain on disposal of subsidiaries					20,534
Others		(410)			(410)
Loss before income tax					(21,468)
Income tax					—
Loss for the year					(21,468)

Over 90% of the Group's assets as at 30 September 2005 and 30 September 2004 and its capital expenditure for the year then ended were located or utilised in the PRC. Accordingly geographical segment information in relation to the Group's assets and capital expenditure has not been presented.

6. OTHER FINANCIAL INCOME

	2005	2004
	HK$'000	HK$'000
Exchange gain, net	**41**	92
Bank interest income	**74**	119
Others	**31**	—
	146	211

7. FINANCE COSTS

	2005	2004
	HK$'000	HK$'000
Interest charges on:		
Bank and other loans repayable within five years	**150**	225
Finance leases	**—**	10
	150	235

8. LOSS BEFORE INCOME TAX

	2005 HK$'000	2004 HK$'000
Loss before income tax is arrived at after charging:		
Auditors' remuneration	**625**	600
Cost of inventories recognised as expense		
– Footwear products	**3,325**	128,448
– Information technology business	**37,491**	29,140
	40,816	157,588
Depreciation and amortisation on property, plant and equipment		
– owned assets	**1,038**	1,308
– leased assets	**—**	86
	1,038	1,394
Loss on disposal of property, plant and equipment	**—**	411
Write off of property, plant and equipment	**318**	—
Amortisation of goodwill (included in administrative and other operating expenses)	**—**	6,577
Impairment loss on goodwill (included in administrative and other operating expenses)	**51,761**	—
Provision for doubtful debt *(Note)*	**—**	2,523
Rental in respect of land and buildings under operating leases	**414**	52
Staff costs (including directors' remuneration of HK$1,705,000 (2004: HK$1,445,000) and contributions to retirement benefits schemes of HK$555,000 (2004: HK$771,000)	**5,277**	13,460

Note:

During the year ended 30 September 2004, an agreement was entered into between Huayi Footwear Co., Ltd. Jinjiang（晉江市華意鞋業有限公司）("Huayi"), a then wholly-owned subsidiary of the Company, and the local municipal government, under which Huayi agreed to surrender part of its land and a portion of the building premises constructed on the land, for the expansion by the municipal government of a road, in return for a compensation of approximately RMB2,687,000 (HK$2,523,000). As of 30 September 2004, Huayi had not received this compensation which had been long overdue according to the agreement. As a result of this, full provision had been made against the amount of compensation receivable as at 30 September 2004.

9. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided in the financial statements as the Group did not derive any assessable profit in Hong Kong for the year.

No PRC income tax has been provided in the financial statements as the Group did not derive any assessable profit in the PRC for the year.

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

	2005	2004
	HK$'000	HK$'000
Loss before income tax	**(58,205)**	(21,468)
Tax on loss before income tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(10,323)**	(4,025)
Tax effect of non-deductible expenses	**10,289**	4,031
Tax effect of non-taxable revenue	**(31)**	(4)
Tax effect of tax losses not recognised	**65**	19
Tax effect on temporary differences not recognised	**—**	(21)
Income tax expense	**—**	—

At 30 September 2005, the tax effect of temporary differences for which deferred tax assets have not been recognised in the financial statements is in respect of the following:

	Group	
	2005	2004
	HK$'000	HK$'000
Accelerated depreciation allowances	**2**	2
Tax losses	**(571)**	(506)
	(569)	(504)

Deferred tax assets have not been recognised in the financial statements due to the uncertainty regarding the availability of future profit streams. The tax losses will not expire under current tax legislation.

10. LOSS FOR THE YEAR

Of the consolidated loss for the year attributable to equity holders of the Company of HK$57,890,000 (2004: HK$21,468,000), a loss of HK$58,096,000 (2004: HK$2,250,000) has been dealt with in the financial statements of the Company.

11. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company for the year of HK$57,890,000 (2004: HK$21,468,000) and on the weighted average of 1,030,328,767 (2004: 748,372,603) ordinary shares in issue during the year.

No diluted loss per share is presented for both years as there were no dilutive potential ordinary shares in issue.

12. STAFF COSTS

	2005 **HK$'000**	2004 HK$'000
Directors' emoluments (excluding contribution to retirement benefits schemes)	**1,705**	1,445
Staff wages and salaries	**3,017**	11,244
Pension costs – defined contribution plans	**555**	771
	5,277	13,460

13. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

13.1 Executive directors' and non-executive directors' emoluments

	Fees HK$'000	**Salaries and allowances HK$'000**	**Contribution to defined contribution plan HK$'000**	**Total HK$'000**
2005				
Executive directors				
Mr. Lee Man Fa	**—**	**340**	**—**	**340**
Mr. Kwok Ming Fai	**—**	**660**	**—**	**660**
Mr. Yan Wa Tat	**—**	**86**	**—**	**86**
Mr. Tai King Foon	**—**	**360**	**—**	**360**
Mr. Lin Huis Sheng	**—**	**—**	**—**	**—**
	—	**1,446**	**—**	**1,446**
Non executive directors				
Mr. Liu Kwok Wah	**96**	**—**	**—**	**96**
Mr. Leung Sai Cheong	**96**	**—**	**—**	**96**
Mr. Wong Chi Chung	**37**	**—**	**—**	**37**
Mr. Li Wai Kwan	**30**	**—**	**—**	**30**
Mr. Kan Siu Lun	**—**	**—**	**—**	**—**
	259	**—**	**—**	**259**
	259	**1,446**	**—**	**1,705**

13. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

13.1 Executive directors' and non-executive directors' emoluments *(Continued)*

	Fees HK$'000	Salaries and allowances HK$'000	Contribution to defined contribution plan HK$'000	Total HK$'000
2004				
Executive directors				
Mr. Lee Man Fa	—	198	—	198
Mr. Kwok Ming Fai	—	495	12	507
Mr. Tai King Foon	—	270	12	282
Ms. Yu Kin Ling Katherine	—	237	7	244
Mr. Lin Huis Sheng	—	179	—	179
	—	1,379	31	1,410
Non executive directors				
Mr. Liu Kwok Wah	16	—	—	16
Mr. Chan Kin Kee	50	—	—	50
Mr. Leung Sai Cheong	—	—	—	—
Mr. Kan Siu Lun	—	—	—	—
	66	—	—	66
	66	1,379	31	1,476

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

The number of directors whose remuneration fall within the following bands is as follows:

	Number of directors			
	Executive directors		Independent non-executive directors	
	2005	2004	**2005**	2004
Nil - HK$1,000,000	**5**	5	**5**	4

13. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

13.2 Five highest paid individuals

Among the five highest paid individuals of the Group, three (2004: one) were directors of the Company. The remaining two (2004: four) highest paid individuals were management of the Group. The aggregate amount of the remuneration of these individuals which has not been disclosed in the directors' remuneration above is as follows:

	2005	2004
	HK$'000	HK$'000
Basic salaries, other allowances and benefits in kind	**1,120**	1,771
Discretionary bonus	**—**	—
Contributions to pension schemes	**20**	24
	1,140	1,795

The number of the above individuals whose remuneration fall within the following bands is as follows:

	Number of individuals	
	2005	2004
Nil - HK$1,000,000	**2**	4

During the year, no emoluments were paid to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2004: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings HK$'000	Plant and machinery HK$'000	Equipment and furniture HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Network equipment HK$'000	Total HK$'000
At 1 October 2003							
Cost or valuation	6,200	13,808	844	1,264	—	—	22,116
Accumulated depreciation	—	(6,910)	(308)	(792)	—	—	(8,010)
Net book amount	6,200	6,898	536	472	—	—	14,106
Year ended 30 September 2004							
Opening net book amount	6,200	6,898	536	472	—	—	14,106
Exchange differences	53	54	3	5	—	—	115
Revaluation surplus (Note 25)	498	—	—	—	—	—	498
Additions	—	31	185	—	—	—	216
Disposals	(1,765)	(1,161)	—	(8)	—	—	(2,934)
Depreciation and amortisation	(186)	(991)	(108)	(109)	—	—	(1,394)
Closing net book amount	4,800	4,831	616	360	—	—	10,607
At 30 September 2004							
Cost or valuation	4,800	7,719	945	510	—	—	13,974
Accumulated depreciation and amortisation	—	(2,888)	(329)	(150)	—	—	(3,367)
Net book amount	4,800	4,831	616	360	—	—	10,607
Year ended 30 September 2005							
Opening net book amount	**4,800**	**4,831**	**616**	**360**	**—**	**—**	**10,607**
Acquisition of subsidiaries (Note 26)	**—**	**—**	**278**	**37**	**1,444**	**38**	**1,797**
Additions	**—**	**—**	**451**	**14**	**—**	**—**	**465**
Disposal of subsidiaries (Note 26)	**(4,681)**	**(4,063)**	**(405)**	**(300)**	**—**	**—**	**(9,449)**
Write off	**—**	**(318)**	**—**	**—**	**—**	**—**	**(318)**
Depreciation and amortisation	**(119)**	**(450)**	**(165)**	**(82)**	**(217)**	**(5)**	**(1,038)**
Closing net book amount	**—**	**—**	**775**	**29**	**1,227**	**33**	**2,064**
At 30 September 2005							
Cost	**—**	**—**	**927**	**37**	**1,444**	**38**	**2,446**
Accumulated depreciation and amortisation	**—**	**—**	**(152)**	**(8)**	**(217)**	**(5)**	**(382)**
Net book amount	**—**	**—**	**775**	**29**	**1,227**	**33**	**2,064**

At 30 September 2004, the Group's land and buildings with an aggregate carrying value of HK$1,867,000 were pledged as security for the Group's bank loan.

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

At 30 September 2004, the analysis of the cost or valuation of the above assets is as follows:

	Land and buildings HK$'000	Plant and machinery HK$'000	Equipment and furniture HK$'000	Motor vehicles HK$'000	Total HK$'000
At Cost	—	7,719	945	510	9,174
At valuation – 2004	4,800	—	—	—	4,800
	4,800	7,719	945	510	13,974

The Group enters into finance lease arrangements for certain of its plant and machinery with the following carrying amounts:

	2005 HK$'000	2004 HK$'000
Cost – capitalised finance leases	**—**	415
Accumulated depreciation	**—**	(86)
Net book amount	**—**	329

15. INTERESTS IN SUBSIDIARIES

	Company	
	2005 HK$'000	2004 HK$'000
Investments, at cost		
Unlisted shares	**42,800**	42,800
Less: Provision for impairment	**(35,708)**	—
	7,092	42,800
Amounts due from subsidiaries	**96,690**	102,447
Less: Provision for impairment	**(20,000)**	—
	76,690	102,447

The cost of the Company's investments in subsidiaries was determined by the directors on the basis of the underlying net assets of the subsidiaries at the time when they were acquired by the Company pursuant to the group reorganisation completed on 12 June 2002.

The amounts due from subsidiaries are unsecured, interest free and have no fixed repayment terms.

15. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries at 30 September 2005 are as follows:

Name	Country/ Place of incorporation/ establishment and operations	Issued/ Registered capital	Attributable equity interests held by the Company		Principal activities
			Direct	Indirect	
Fortress Ocean Limited	British Virgin Islands ("BVI")	US$1,000 Ordinary shares	100%	—	Investment holding
Appraise Asia Investments Limited	BVI	US$1 Ordinary share	100%	—	Investment holding
Open Challenge Group Limited	BVI	US$1 Ordinary share	100%	—	Dormant
Chinaway Network Technology Limited	Hong Kong	HK$4,000,000 Ordinary shares	—	100%	Network engineering and trading of information technology related hardware and software
Daily Development Company Limited	Hong Kong	HK$2 Ordinary shares	—	100%	Dormant
Popular Asset Limited	Hong Kong	HK$2 Ordinary shares	—	100%	Provision of data centre services
Excel Star Technology Limited	BVI	US$1 Ordinary share	—	100%	Investment holding
Jiaxing Easeful Communication Co., Ltd	PRC	HK$2,000,000 Registered capital	—	51%	Provision of information technology services
Wider Development Limited	Hong Kong	HK$1 Ordinary share	—	100%	Provision of administrative and management services
Sunplan Limited	Samoa	US$1 Ordinary share	—	100%	Trading of footwear products
Joy Century Holding Limited	Samoa	US$1 Ordinary share	—	100%	Dormant

16. GOODWILL

The main changes in the carrying amounts of goodwill result from the acquisition of Popular Asset Limited and Excel Star Technology Limited as well as the impairment of goodwill. The net carrying amount of goodwill can be analysed as follows:

Group	HK$'000
At 1 October 2003	
Gross carrying amount	32,882
Accumulated amortisation	(6,577)
Net carrying amount	26,305

	2005	2004
	HK$'000	HK$'000
Net carrying amount at beginning of year	**26,305**	26,305
Additions	**25,456**	—
Impairment losses	**(51,761)**	—
Net carrying amount at end of year	**—**	26,305
At 30 September		
Gross carrying amount	**51,761**	26,305
Accumulated impairment	**(51,761)**	—
Net carrying amount	**—**	26,305

Apart from the acquisition of Popular Asset Limited and Excel Star Technology Limited (Note 26) which resulted in the recognition of additional goodwill, the change in the gross carrying amount of goodwill between 30 September 2004 and 30 September 2005 was caused by the transitional provisions of HKFRS 3. In accordance with this standard, all accumulated amortisation as at 30 September 2004 was eliminated against the gross amount of goodwill and amortisation of goodwill was discontinued from 1 October 2004.

As at 30 September 2005, the directors have made an assessment of the carrying amounts of goodwill. As a result of their assessment which took into account the recoverable amounts of the relevant cash generating units, the directors decided to make an impairment loss of HK$51,761,000 against the carrying amount of goodwill on a prudent basis.

17. INVENTORIES

	Group	
	2005	2004
	HK$'000	HK$'000
Raw materials	**—**	2,334
Work in progress	**—**	311
Finished goods	**—**	193
	—	2,838

18. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS

	Group	
	2005	2004
	HK$'000	HK$'000
Trade receivables	**11,344**	21,904
Prepayments and deposits	**5,944**	1,839
Other receivables	**19,051**	25,890
	36,339	49,633

The Group's policy is to allow an average credit period of 30 to 60 days to its trade customers. At 30 September 2005, the ageing analysis of the trade receivables was as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
0 - 30 days	**4,603**	20,126
31 - 60 days	**48**	38
61 - 90 days	**1,152**	296
91 - 180 days	**2,439**	543
181 - 365 days	**3,102**	901
	11,344	21,904

19. CASH AT BANKS

Cash at banks include the following components:

	Group	
	2005	2004
	HK$'000	HK$'000
Bank balances	**9,959**	18,905
Short-term bank deposits	**10,006**	36,015
	19,965	54,920

The effective interest rate of short-term bank deposits is 2.55% (2004: 0.5% and 0.8%). They have a maturity of 30 days and are available for immediate withdrawal without receiving any interest for the last deposit period.

Included in cash at banks is an amount of approximately HK$516,000 (2004: HK$89,000), representing Renminbi deposits placed with banks in the PRC by the Group. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

20. SHORT TERM LOANS

	Group	
	2005	2004
	HK$'000	HK$'000
Bank loan	**—**	1,415
Other loans		
– Loans from a PRC credit company	**—**	1,698
	—	3,113

The bank loan was secured by the Group's land and buildings with an aggregate carrying value of HK$1,867,000 at 30 September 2004.

The loans from a PRC credit company were secured by guarantees provided by certain unrelated third parties, interest bearing at monthly rate of 0.66375% and repayable on dates falling between 5 December 2004 and 11 July 2005.

21. OBLIGATIONS UNDER A FINANCE LEASE

The analysis of the obligations under a finance lease is as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
Due within one year	**—**	129
Due in the second to fifth years	**—**	10
	—	139
Future finance charges	**—**	(4)
Present value of finance lease liabilities	**—**	135

The present value of finance lease liabilities is as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
Due within one year	**—**	125
Due in the second to fifth years	**—**	10
	—	135
Less: Portion due within one year included under current liabilities	**—**	(125)
Non-current portion included under non-current liabilities	**—**	10

22. TRADE AND OTHER PAYABLES

	Group	
	2005	2004
	HK$'000	HK$'000
Trade payables	**3,919**	17,313
Accrued expenses	**3,303**	11,323
	7,222	28,636

22. TRADE AND OTHER PAYABLES *(Continued)*

At 30 September 2005, the ageing analysis of the trade payables were as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
0 - 30 days	**449**	13,740
31 - 60 days	**20**	1,479
61 - 90 days	**1,082**	597
91 - 180 days	**2,119**	646
181 - 365 days	**249**	851
	3,919	17,313

23. SHARE CAPITAL

	2005		2004	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorised:				
Ordinary shares of HK$0.10 each				
At beginning of year	**5,000,000,000**	**500,000**	1,000,000,000	100,000
Increase in authorised ordinary shares *(Note i)*	**—**	**—**	4,000,000,000	400,000
At end of year	**5,000,000,000**	**500,000**	5,000,000,000	500,000

Issued and fully paid:	**Number of shares**	**HK$'000**
At 1 October 2003	**412,000,000**	**41,200**
Rights issue (3 rights shares for every 2 shares) *(Note ii)*	**618,000,000**	**61,800**
At 30 September 2004 and 1 October 2004	**1,030,000,000**	**103,000**
New issue *(Note iii)*	**120,000,000**	**12,000**
At 30 September 2005	**1,150,000,000**	**115,000**

23. SHARE CAPITAL *(Continued)*

Notes:

(i) Pursuant to a special resolution passed on 16 March 2004, the authorised share capital of the Company was increased from HK$100,000,000 to HK$500,000,000 by the creation of 4,000,000,000 new shares of HK$0.10 each. These new shares rank pari passu in all respects with the then existing shares of the Company.

(ii) On 14 April 2004, 618,000,000 shares of HK$0.10 each in the proportion of three rights shares for every two then shares in issue were issued at par.

(iii) On 26 August 2005, an agreement was entered into between Open Challenge Group Limited ("Open Challenge"), a wholly-owned subsidiary of the Company, and Jet Palace Development Limited ("Jet Palace"), an independent third party, pursuant to which Jet Palace agreed to sell and Open Challenge agreed to purchase the entire issued share capital of Golden Portal Holdings Limited ("Golden Portal") at a consideration of HK$16,000,000 (subject to downward adjustment). Golden Portal is incorporated in the BVI and through its direct wholly-owned subsidiary, Capital Access Limited, holds 70% of the issued share capital of Bartech (International) Information Network Limited which is principally engaged in the provision of on-line financial information services.

The consideration was to be satisfied to the extent of HK$4,000,000 by cash and to the extent of HK$12,000,000 by Open Challenge procuring the issue of a maximum of 120,000,000 new shares in the Company, credited as fully paid at par. The cash consideration of HK$4,000,000 was paid on 6 September 2005. On 30 September 2005, 120,000,000 new shares of HK$0.10 each in the Company were issued to Jet Palace at a price of HK$0.15 per share, representing the closing price of the Company's shares as quoted on the Stock Exchange on 30 September 2005.

24. SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") on 12 June 2002 for the purpose of attracting and retaining quality personnel and providing them with incentive to contribute to the business and operation of the Group. The Scheme will remain in force for a period of ten years from the date of adoption.

The directors may at their discretion grant options to any director or employee of the Group without any initial payment at an exercise price equal to the highest of (i) the nominal value of the shares of the Company; (ii) the closing price per share as stated in daily quotations sheet of the Stock Exchange on the date of the grant of the option; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the option. The directors may specify the exercise period (not more than 10 years from the date of grant) and the minimum period for which an option must be held before it can be exercised at the time of grant options. As at the date of this annual report, the maximum number of shares available for issue under the Scheme is 103,000,000, representing approximately 9% of the issued share capital of the Company.

24. SHARE OPTIONS *(Continued)*

The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the share capital of the Company as at the date on which the Company's shares commenced listing on the Stock Exchange, i.e 40,000,000 shares (the "Limit"). The Company may seek approval by shareholders in general meeting to refresh the Limit or to grant options beyond the Limit provided that the options in excess of the Limit are granted only to participants specifically identified by the Company before such approval is sought, subject to the limitation that the maximum number of shares which may be issued or issuable upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme(s) of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

The maximum number of shares (issued and to be issued) in respect of which options may be granted under the Scheme to any one participant in any 12-month period shall not exceed 1% of the share capital of the Company in issue on the last day of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules.

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the option).

Where options are proposed to be granted to a substantial shareholder or an independent non-executive director or any of their respective associates, and the proposed grant of options would result in the shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the grant of such options to represent in aggregate over 0.1% of the total issued shares for the time being and have an aggregate value (based on the closing price of a share at each date of the grant of these options) exceeding HK$5million, the proposed grant shall be subject to the approval of shareholders of the Company in general meeting (will all connected persons abstained from voting and votes taken on poll) in accordance with the requirements of the Listing Rules.

No outstanding options as at 30 September 2005 and 2004.

No share option was granted or exercised during the year.

25. RESERVES

Group

	Other Reserves					Total
	Share premium	Asset revaluation reserve	Merger reserve (Note a)	Statutory reserve fund	Translation reserve	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 October 2003	4,020	1,333	8,390	290	(138)	13,895
Share issue expenses	(646)	—	—	—	—	(646)
Surplus on revaluation of properties	—	498	—	—	—	498
Reserves transferred to retained profits upon disposal of properties	—	(220)	—	—	—	(220)
Translation adjustments	—	—	—	3	159	162
At 30 September 2004	3,374	1,611	8,390	293	21	13,689

	Other Reserves					Total
	Share premium	Asset revaluation reserve	Merger reserve (Note a)	Statutory reserve fund	Translation reserve	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 October 2004	3,374	1,611	8,390	293	21	13,689
Reserves transferred to accumulated losses upon disposal of subsidiaries	—	(1,611)	—	(293)	(16)	(1,920)
Translation adjustments	—	—	—	—	(5)	(5)
Premium arising on issue of shares	6,000	—	—	—	—	6,000
At 30 September 2005	**9,374**	**—**	**8,390**	**—**	**—**	**17,764**

25. RESERVES *(Continued)*

Company

	Other Reserves		Retained profits	Total
	Share premium	Contributed surplus (Note b)		
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 October 2003	4,020	27,210	34,048	65,278
Share issue expenses	(646)	—	—	(646)
Loss for the year	—	—	(2,250)	(2,250)
At 30 September 2004	3,374	27,210	31,798	62,382

	Other Reserves		(Accumulated losses)/ Retained profits	Total
	Share premium	Contributed surplus (Note b)		
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 October 2004	3,374	27,210	31,798	62,382
Premium arising on issue of shares	6,000	—	—	6,000
Loss for the year	—	—	(58,096)	(58,096)
At 30 September 2005	**9,374**	**27,210**	**(26,298)**	**10,286**

(a) Merger reserve of the Group represents the difference between the aggregate of the nominal value of the ordinary shares of the subsidiaries acquired and the nominal value of the ordinary shares of the Company issued pursuant to the group reorganisation.

(b) Contributed surplus of the Company represents the difference between the nominal value of the ordinary shares of the Company issued in a share for share exchange and the fair value of the aggregate net assets of the subsidiaries acquired.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus of the Company is available for distribution, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution to shareholders at 30 September 2005 consisted of the aggregate of the contributed surplus and (accumulated losses)/retained profits totalling approximately HK$912,000 (2004: HK$59,008,000).

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

26.1 Disposal of subsidiaries

	2005 HK$'000	2004 HK$'000
Net assets/(liabilities) disposed of:		
Property, plant and equipment	**9,449**	—
Inventories	**5,012**	—
Trade receivables, other receivables and deposits	**12,294**	10,733
Trade and other payables	**(15,478)**	(7,533)
Short term loans	**(4,811)**	—
Obligations under a finance lease	**(52)**	—
Provision for tax	**—**	(21,624)
Cash at bank	**63**	1,161
	6,477	(17,263)
Gain on disposal	**1,523**	20,534
Consideration	**8,000**	3,271
Satisfied by cash	**8,000**	3,271

Analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2005 HK$'000	2004 HK$'000
Cash consideration received	**8,000**	3,271
Cash at bank disposed of	**(63)**	(1,161)
Net inflow of cash in respect of the disposal of subsidiaries	**7,937**	2,110

The business sold during the year contributed HK$13,145,000 (2004: HK$114,078,000) to the Group's revenue and HK$1,014,000 (2004: HK$22,127,000) to the consolidated loss for the year.

The business sold during the year contributed HK$10,068,000 (2004: HK$19,171,000) to the Group's net operating cash outflow.

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

26.2 Acquisition of subsidiaries

On 7 October 2004 and 7 January 2005, the Group acquired the entire equity interests in Popular Asset Limited and Excel Star Technology Limited from independent third parties for considerations of HK$15,000,000 and HK$13,000,000 respectively, which have been fully paid during the year.

The acquired businesses contributed revenue of HK$1,621,000 and net loss of HK$1,010,000 to the Group from the date of acquisition to 30 September 2005.

Details of the net assets acquired and goodwill arising therefrom are as follows:

	HK$'000
Cash consideration	**28,000**
Fair value of net assets acquired	**2,544**
Goodwill	**25,456**

The goodwill is attributable to the significant synergies expected to arise after the Group's acquisitions.

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

	2005 HK$'000	2004 HK$'000
Property, plant and equipment	**1,797**	—
Trade receivables, other receivables and deposits	**1,532**	—
Trade and other payables	**(824)**	—
Cash at bank	**976**	—
Minority interests	**(937)**	—
Net assets acquired	**2,544**	—
Goodwill on acquisition	**25,456**	—
Cash consideration	**28,000**	—
Net cash outflow in respect of the acquisition:		
Cash consideration paid	**(28,000)**	—
Cash at bank acquired	**976**	—
	(27,024)	—

During the year ended 30 September 2003, the Group acquired the entire equity interest in Chinaway Network Technology Limited from independent third parties for a total consideration of HK$35,000,000, of which HK$13,000,000 was paid prior to 30 September 2003 and the remaining balance of HK$22,000,000 was paid during the year ended 30 September 2004.

27. OPERATING LEASE COMMITMENTS

Group

At 30 September 2005, the total future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2005 **Land and buildings** **HK$'000**	2004 Land and buildings HK$'000
Within one year	**452**	228
In the second to fifth years	**75**	152
	527	380

The Group leases three properties under operating leases. The leases run for an initial period of one to three years, with an option to renew the lease terms of the expiry date or at dates as mutually agreed between the Group and respective landlord. None of the leases include contingent rentals.

Company

The Company did not have any significant operating lease commitments at the balance sheet date.

28. CAPITAL COMMITMENTS

	Group	
	2005 **HK$'000**	2004 HK$'000
Contracted but not provided for in the financial statements in respect of construction costs for certain buildings in the PRC	**—**	1,245

Company

The Company did not have any significant commitments as at 30 September 2005.

29. CONTINGENT LIABILITIES

The Group and the Company did not have any significant contingent liabilities as at the balance sheet date.

30. POST BALANCE SHEET EVENTS

(a) On 26 August 2005, an agreement was entered into between Open Challenge, a wholly-owned subsidiary of the Company, and Jet Palace, an independent third party, pursuant to which Jet Palace agreed to sell and Open Challenge agreed to purchase the entire issued share capital of Golden Portal at a consideration of HK$16,000,000 (subject to downward adjustment). Golden Portal is incorporated in the BVI and, through its direct wholly-owned subsidiary, Capital Access Limited ("Capital Access"), holds 70% of the issued share capital of Bartech (International) Information Network Limited ("Bartech") which is principally engaged in the provision of on-line financial information services.

The consideration was to be satisfied to the extent of HK$4,000,000 by cash and to the extent of HK$12,000,000 by Open Challenge procuring the issue of a maximum of 120,000,000 new shares in the Company, credited as fully paid at par. Details of the transaction are set out in the Company's circular dated 16 September 2005. The cash consideration of HK$4,000,000 was paid on 6 September 2005. On 30 September 2005, 120,000,000 new shares of HK$0.10 each in the Company were issued to Jet Palace at a price of HK$0.15 per share, representing the closing price of the Company's shares as quoted on the Stock Exchange on 30 September 2005. This acquisition has not been completed as at 30 September 2005 as certain conditions precedent have not been fulfiled. Accordingly, the total consideration paid was shown as "Consideration paid for acquisition of subsidiaries" under non-current assets.

Subsequent to the balance sheet date, the acquisition was completed and Golden Portal, Capital Access and Bartech became subsidiaries of the Company.

The Group is in the process of making an assessment of the goodwill on acquisition arising from this transaction but is not yet in a position to conclude on this.

(b) On 20 February 2006, Appraise Asia Investments Limited ("Appraise Asia"), a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with certain independent third parties. Pursant to the conditional sale and purchase agreement, Appraise Asia agreed to acquire the entire issued share capital of SLS Investments Limited ("SLS") at a total consideration of HK$54,000,000, which is to be satisfied to the extent of HK$12,000,000 by cash and to the extent of HK$42,000,000 by issue and allotment 300,000,000 new shares ("Consideration Shares") in the Company at an issue price of HK$0.14 per share. SLS is principally engaged, through its subsidiaries, in the provision of broadband Internet access, telecommunication value added services and related business via proprietary Internet network in Beijing, the PRC. The proposed transaction is subject to, inter alia, the approval of the Company's shareholders at a special general meeting to be convened at a later date, the relevant parties obtaining all consents or approval from the PRC government authorities and the approval of the Stock Exchange to grant the listing of, and permission to deal in, the Consideration Shares. Details of this transaction are set out in the Company's announcement dated 20 February 2006.