1. GENERAL

The Company is incorporated and registered as an exempted company in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited ("SEHK").

The address of the registered office and principal place of business of the Company are disclosed in the section of "Corporate Information" to the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is same as the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its subsidiaries and jointly controlled entity are stated in notes 35 and 16 respectively.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong, requirements of the Hong Kong Companies Ordinance and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The Group has early applied, for the first time, a number of new and revised HKFRSs and HKASs that are effective for accounting periods beginning on or after 1st January 2005 in the consolidated financial statements for the year ended 30th June 2005.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Fundamental uncertainty

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group as the Group sustained continuous operating losses and incurred loss attributable to the equity holders of the Company of HK$83,193,000 for the year ended 30th June 2006. In view of the substantial losses in consecutive years and the liquidity position of the Group, the directors have adopted the following measures with a view to maintain the Group's existence as a going concern basis and to improve the Group's overall financial and cash flow position:

(a) the Group continues to explore opportunities for different sources of financing to strengthen the Group's working capital position; and

(b) the Group continues to implement measures to tighten cost controls over various general and administrative expenses and to improve the Group's operating results and positive cash flow operation.

In the opinion of the directors of the Company, if the measures described above accomplish the expected results, the directors are satisfied that the Group will be able to have sufficient working capital to meet in full its financial obligations as they fall due in the foreseeable future and be able to return to a commercially viable concern. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis, notwithstanding the Group's financial position and tight cash flows as at 30th June 2006.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

At the date of authorisation of these consolidated financial statements, the following standards and interpretations and amendments were in issue but not yet effective for the years covered by these consolidated financial statements.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures[2]
HKAS 21 (Amendment)	Net Investment in a Foreign Operation[2]
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions[2]
HKAS 39 (Amendment)	The Fair Value Option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts[2]
HKFRS 6	Exploration for and Evaluation of Mineral Resources[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC)-Int 4	Determining whether an Arrangement Contains a Lease[2]
HK(IFRIC)-Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds[2]
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market, Waste Electrical and Electronic Equipment[3]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]
HK(IFRIC)-Int 8	Scope of HKFRS 2[5]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[6]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[7]

[1] Effective for annual periods beginning on or after 1st January 2007.
[2] Effective for annual periods beginning on or after 1st January 2006.
[3] Effective for annual periods beginning on or after 1st December 2005.
[4] Effective for annual periods beginning on or after 1st March 2006.
[5] Effective for annual periods beginning on or after 1st May 2006.
[6] Effective for annual periods beginning on or after 1st June 2006.
[7] Effective for annual periods beginning on or after 1st November 2006.

The Group has not early applied the new standards, interpretations and amendments that have been issued but are not yet effective as at 30th June 2006. The directors of the Company anticipate that the application of these new standards or interpretations will have no material impact on the consolidated financial statements of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for financial instruments which are measured at fair values. The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the balance sheet date.

The results of the subsidiaries which are acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All significant intra-group transactions and balances have been eliminated on consolidation.

(b) Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment losses.

(c) Interest in a jointly controlled entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Equity settled share-based payment transactions

Share options granted to directors and employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based compensation reserve).

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

(e) Revenue recognition

(i) Service income

Service income is recognised when services are rendered.

(ii) Sales of financial asset at fair value through profit or loss/available-for-sale investment

Proceeds from sale of financial assets at fair value through profit or loss/available-for-sale investment are recognised on a trade date basis when the risks and rewards of ownership are transferred and title has passed.

(iii) Interest income from a financial asset

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(iv) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided to write off the costs of the property, plant and equipment over their estimated useful lives from the date on which they become fully operational and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Leasehold improvement	10% to 50% or over the terms of the leases whichever is shorter
Furniture, fixtures and equipment	20%
Motor vehicle	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

(g) Intangible assets

Intangible asset represents the cost of acquisition of patents and technology for the provision of credit card security device and digital network authorisation services.

Intangible assets to be assessed at the individual asset level as having either finite or indefinite life. A finite-life intangible asset is amortised over its estimated useful life whereas an intangible asset with an indefinite useful life is carried at cost less accumulated impairment losses (if any). Intangible assets with indefinite lives are not subject to amortisation but are tested for impairment annually or more frequently when there are indications of impairment.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets (Continued)

Impairment

Intangible assets with indefinite useful lives are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired (see the accounting policies in respect of impairment losses for tangible and intangible assets below).

(h) Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss, loans and receivables and available-for-sale investments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including debtors, deposits and prepayments) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale investments

Available-for-sale investments are investments in unlisted equity securities and stated at fair value, except for those equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any accumulated identified losses.

In respect of available-for-sale investments carried at fair value, the gains or losses arising from changes in the fair value of an investment are dealt with as movements in the other reserve, until the investment is sold, collected, or otherwise disposed of, or until the investment is determined to be impaired, the cumulative gain or loss derived from the investment recognised in the other reserve, together with the amount of any further impairment, is removed from equity and charged to the consolidated income statement in the year in which the impairment arises.

In respect of available-for-sale investments carried at cost less any accumulated impairment losses, when there is objective evidence that an impairment loss has been incurred on an investment, the carrying amount of the investment should be reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and the amount of the impairment is charged to the consolidated income statement in the year in which it arises. Impairment losses recognised shall not be reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities including other creditors and accrued charges, bank borrowings and convertible note are subsequently measured at amortised cost, using the effective interest rate method.

Convertible notes

Convertible notes issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest for similar non-convertible debt. The difference between the proceeds of issue of the convertible notes and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the note into equity, is included in equity as an equity component of the convertible notes (equity component of convertible notes reserve).

In the subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Group, will remain in equity component of convertible notes reserve until the embedded option is exercised (in which case the balance stated in equity component of convertible notes reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in equity component of convertible notes reserve will be released to accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

When the Company extinguishes the convertible notes before maturity through an early redemption or repurchase in which the original conversion privileges are unchanged, the Company allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components for the convertible notes at the date of the transaction. Once the allocation of the consideration is made, the amount of gain or loss relating to the liability component is recognised in profit or loss; and the amount of consideration relating to the equity component is recognised in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expired). The difference between the carrying amount of the financial liability derecognised and the consideration received or receivable is recognised in profit or loss.

(i) Impairment losses (other than intangible assets (see the accounting policies in respect of intangible assets above))

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amounts, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items are recognised in profit or loss in the period in which they arise except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted on or before the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Taxation (Continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and a jointly controlled entity, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(l) Retirement benefit scheme

The retirement benefit scheme contributions relating to the mandatory provident fund scheme charged to the consolidated income statement represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

The amount of contributions payable to pension scheme in jurisdictions other than Hong Kong is charged to the consolidated income statement as an expense as they fall due.

(m) Leasing

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates and judgements (other than those involving estimates) based on past experience, expectations of the future and other information. The key source of estimation uncertainty and the critical judgement that can significantly affect the amounts recognised in the financial information is disclosed below:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Estimated impairment of intangible assets

The Group evaluates whether intangible assets have suffered any impairment whenever events or changes in circumstances indicated that the carrying amount of the assets may not be recoverable, in accordance with the accounting policy stated in Note 4(i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the management's estimation.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity and debt investments, debtors, deposits and prepayments, pledged bank deposits, bank balances, other payables and accrued charges and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain trade receivables and bank borrowings of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest bearing bank borrowings.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30th June 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of each individual trade receivables at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. At 30th June 2006, the Group had net loss of HK$83,193,000, accumulated losses of HK$332,401,000 and net cash outflow generated from operations of HK$41,712,000. Notwithstanding these, the directors of the Company consider that the Group will be successful in exploring opportunities for different sources of financing and that it will be successful in improving cash flow through tightening its cost control. On this basis, the directors of the Company consider that the Group will have successful working capital to finance its operations in the foreseeable future. The validity of which depends upon the future funding being available.

7. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for the followings:

	2006	2005
	HK$'000	*HK$'000*
Provision of financial information services	**2,526**	2,309
Provision of credit card security device and digital network authorisation services	**1,414**	984
Others	**34**	39
	3,974	3,332

7. TURNOVER AND SEGMENT INFORMATION (Continued)

(a) Business segments

For management purposes, the Group is currently organised into two (2005: two) operating divisions as detailed above. These divisions are the basis on which the Group reports its primary information. An analysis of the Group's turnover and contributions to operating results and segmental assets and liabilities by business segments is as follows:

For the year ended 30th June

	Provision of financial information services		Provision of credit card security device and digital network authorisation services		Others		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER								
External sales	**2,526**	2,309	**1,414**	984	**34**	39	**3,974**	3,332
SEGMENT RESULT	**(902)**	(441)	**(9,425)**	(8,301)	**(859)**	(88)	**(11,186)**	(8,830)
Unallocated corporate expenses							**(37,457)**	(22,650)
Finance costs							**(121)**	(1,582)
Gain attributable to financial assets at fair value through profit or loss							**3,149**	15
Share of loss of a jointly controlled entity							**(450)**	(79)
Impairment loss recognised in respect of an intangible asset							**(37,128)**	(38,284)
Loss for the year and attributable to equity holders of the Company							**(83,193)**	(71,410)

7. TURNOVER AND SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

At 30th June

	Provision of financial information services		Provision of credit card security device and digital network authorisation services		Others		Unallocated		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS										
Segment assets	**579**	355	**29,527**	53,004	**161**	192	**–**	–	**30,267**	53,551
Interest in a jointly controlled entity									**1,106**	1,080
Available-for-sales investments									**150,455**	–
Unallocated corporate assets									**5,535**	10,239
Total assets									**187,363**	64,870
LIABILITIES										
Segment liabilities	**925**	816	**3,200**	149	**–**	–	**–**	–	**4,125**	965
Unallocated corporate liabilities									**8,827**	21,839
Total liabilities									**12,952**	22,804
OTHER INFORMATION										
Capital additions	**90**	–	**981**	433	**–**	–	**1,094**	474	**2,165**	907
Depreciation	**19**	97	**426**	235	**90**	90	**957**	1,031	**1,492**	1,453
Impairment loss recognised in respect of an intangible asset	**–**	–	**37,128**	38,284	**–**	–	**–**	–	**37,128**	38,284
Bad debts written off	**–**	–	**497**	109	**–**	–	**–**	588	**497**	697
Share-based payments	**–**	–	**–**	–	**–**	–	**5,989**	1,184	**5,989**	1,184
Loss on disposal of property, plant and equipment	**–**	40	**38**	–	**–**	–	**–**	100	**38**	140
Interest expenses on convertible note	**–**	–	**–**	–	**–**	–	**–**	1,264	**–**	1,264

7. TURNOVER AND SEGMENT INFORMATION (Continued)

(b) Geographical segments

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC"). The business segment of provision of credit card security device and digital network authorisation services is located in PRC. The remaining segment is located in Hong Kong.

The following provides an analysis of the Group's turnover and contribution to loss from operations by geographical market, irrespective of the origin of the services:

	Turnover		Contribution to loss from operations	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**3,208**	2,731	**(43,127)**	(27,504)
PRC	**766**	601	**(5,516)**	(3,976)
	3,974	3,332	**(48,643)**	(31,480)

The following is an analysis of the carrying amount of segment assets and capital additions analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**184,206**	62,220	**2,016**	731
PRC	**3,157**	2,650	**149**	176
	187,363	64,870	**2,165**	907

8. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest expenses on:		
– convertible note	**104**	1,582
– bank loan	**17**	–
	121	1,582

9. GAIN ATTRIBUTABLE TO FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2006	2005
	HK$'000	*HK$'000*
Gain on disposal of financial assets at fair value through profit or loss	**3,325**	–
Changes in fair value of financial asset at fair value through profit or loss	**(176)**	15
	3,149	15

10. LOSS FOR THE YEAR

	2006	2005
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Staff costs:		
Directors' remuneration (excluding share-based payments)	**19,240**	8,310
Other staff costs	**10,996**	9,351
Contributions to retirement benefit scheme	**679**	418
Share-based payments	**5,989**	1,184
Total staff costs	**36,904**	19,263
Auditors' remuneration	**590**	480
Depreciation	**1,492**	1,453
Bad debts written off	**497**	697
Operating lease charged on rented premises	**2,784**	2,412
Loss on disposal of property, plant and equipment	**38**	140
Dividend income	**(9)**	–
Gain on redemption of convertible note	**(944)**	–
Interest income	**(1,272)**	(137)

11. TAXATION

No provision for taxation in other jurisdictions for both years has been made in the consolidated financial statements as neither the Company nor any of its subsidiaries and a jointly controlled entity had any assessable profits subject to tax in other jurisdictions.

For the years ended 30th June 2006 and 2005, no provision for Hong Kong Profits Tax had been made in the consolidated financial statements as the Group had no assessable profit.

The tax charge for the years can be reconciled to the loss for the year per the consolidated income statement as follows:

	2006	2005
	HK$'000	*HK$'000*
Loss for the year	**(83,193)**	(71,410)
Tax at Hong Kong Profits Tax rate of 17.5%	**(14,559)**	(12,497)
Tax effect of expenses not deductible for tax purpose	**13,674**	7,994
Tax effect of income not taxable for tax purpose	**(855)**	(169)
Tax effect of tax losses not recognised	**1,771**	4,697
Tax effect of other deferred tax assets not recognised	**(157)**	(124)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**126**	99
Tax charge for the year	**–**	–

12. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to equity holders of the Company of HK$83,193,000 (2005: HK$71,410,000) and on the weighted average number of 2,128,120,533 (2005 as restated: 1,774,779,744 due to a share consolidation of every six shares of the Company into one share which was completed on 30th March 2006) ordinary shares in issue during the year.

No diluted loss per share has been presented for the two years ended 30th June 2006 and 2005 as the outstanding during both years had an anti-dilutive effect on the basic loss per share for both years.

13. DIRECTORS' REMUNERATION AND EMPLOYEES' REMUNERATION

(a) Directors' remuneration

The emoluments paid or payable to each of the 13 (2005: 9) directors were as follows:

For the year ended 30th June 2006

		Other emoluments					
	Fees	Salaries and other emoluments	Discretionary bonus	Contributions to retirement benefit scheme	Housing allowance	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors							
Wong Kam Fu	–	4,800	200	12	–	1,550	6,562
Wong Hoi Keung *(Note 1)*	–	1,763	71	8	92	–	1,934
Tam Wai Keung, Billy *(Note 2)*	–	364	–	6	–	310	680
Lew Mon Hung	–	–	10,960	12	–	1,550	12,522
Yi Xing Wu *(Note 3)*	–	240	15	8	–	84	347
Sin Chi Keung, Mega *(Note 2)*	–	104	–	5	–	77	186
Wong Hong Loong	–	450	16	12	–	976	1,454
Song Xiao Hai *(Note 4)*	–	–	–	–	–	–	–
Independent non-executive directors							
Wong Che Man, Eddy	60	–	–	–	–	31	91
Ha Ping	30	–	–	–	–	31	61
Cheng Kong Ming *(Note 5)*	3	–	–	–	–	–	3
Yu King Wah *(Note 6)*	9	–	–	–	–	31	40
Tang King Fai, Kelvin *(Note 7)*	–	–	–	–	–	–	–
	102	7,721	11,262	63	92	4,640	23,880

Notes:

1. Resigned on 24th January 2006.
2. Appointed on 26th January 2006.
3. Appointed on 2nd November 2005 and resigned on 26th August 2006.
4. Resigned on 13th April 2006.
5. Resigned on 2nd November 2005.
6. Appointed on 2nd November 2005 and resigned on 23rd February 2006.
7. Appointed on 22nd May 2006.

13. DIRECTORS' REMUNERATION AND EMPLOYEES' REMUNERATION (Continued)

(a) Directors' remuneration (Continued)

For the year ended 30th June 2005

		Other emoluments					
	Fees	Salaries and other emoluments	Discretionary bonus	Contributions to retirement benefit scheme	Housing allowance	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors							
Wong Kam Fu	–	4,800	200	12	–	–	5,012
Wong Hoi Keung	–	1,440	60	12	147	–	1,659
Lew Mon Hung	–	–	1,220	24	–	–	1,244
Wong Hong Loong	–	300	10	12	–	–	322
Wang Zhao Bin *(Note 2)*	–	3	–	–	–	–	3
Song Xiao Hai	–	–	–	–	–	–	–
Independent non-executive directors							
Ha Ping	20	–	–	–	–	–	20
Cheng Kong Ming *(Note 1)*	20	–	–	–	–	–	20
Wong Che Man, Eddy	30	–	–	–	–	–	30
	70	6,543	1,490	60	147	–	8,310

Notes:

1. Appointed on 30th September 2004.
2. Resigned on 6th July 2004.

No director waived any emoluments in any of the years ended 30th June 2006 and 2005.

The remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

13. DIRECTORS' REMUNERATION AND EMPLOYEES' REMUNERATION (Continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2005: three) were executive directors of the company whose emoluments are set out above. The emolument of the remaining one (2005: two) highest paid individual for the year ended 30th June 2006 and 2005 are as follows:

	2006	2005
	HK$'000	*HK$'000*
Salaries and other emoluments, discretionary bonus and other benefits	**664**	1,133
Share-based payments	**155**	310
Contributions to retirement benefit scheme	**12**	24
	831	1,467

The emoluments of the one (2005: two) highest paid employees fall in the following bands:

	No. of individual	
	2006	2005
Nil to HK$1,000,000	**1**	2

(c) During the year, no emoluments have been paid by the Group to any directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
COST				
At 1st July 2004	1,152	5,134	388	6,674
Additions	221	686	–	907
Disposal	(786)	(1,031)	–	(1,817)
At 30th June 2005	587	4,789	388	5,764
Exchange alignment	15	40	–	55
Additions	42	665	1,458	2,165
Disposal	–	(165)	–	(165)
At 30th June 2006	644	5,329	1,846	7,819
ACCUMULATED DEPRECIATION				
At 1st July 2004	839	2,507	181	3,527
Charge for the year	101	1,274	78	1,453
Eliminated on disposals	(786)	(891)	–	(1,677)
At 30th June 2005	154	2,890	259	3,303
Exchange alignment	4	17	–	21
Charge for the year	167	1,016	309	1,492
Eliminated on disposal	–	(92)	–	(92)
At 30th June 2006	325	3,831	568	4,724
NET BOOK VALUE				
At 30th June 2006	319	1,498	1,278	3,095
At 30th June 2005	433	1,899	129	2,461

15. INTANGIBLE ASSET

	Patents and technology
	HK$'000
COST	
At 1st July 2004	86,697
Transfer from accumulated amortisation and impairment loss upon adoption of HKAS 38 *(Note a)*	(813)
At 30th June 2005 and 2006	85,884
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS	
At 1st July 2004	813
Transfer to cost upon adoption of HKAS 38 *(Note a)*	(813)
Impairment loss recognised in the consolidated income statement	38,284
At 30th June 2005	38,284
Impairment loss recognised in the consolidated income statement *(Note b)*	37,128
At 30th June 2006	75,412
CARRYING VALUE	
At 30th June 2006	10,472
At 30th June 2005	47,600

Notes:

(a) Upon adoption of HKAS 38, intangible asset with indefinite useful life is no longer amortised, and the accumulated amortisation of patents and technology as at 1st July 2004 of HK$813,000 was eliminated against the cost.

(b) During the year, the directors conducted review on the Group's intangible asset on the basis of its future value in use and determined that the intangible asset was impaired due to the change in current market conditions. Accordingly, impairment losses of approximately HK$37,128,000 had been recognised in the consolidated income statement for the year ended 30th June 2006.

16. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2006 HK$'000	2005 HK$'000
Cost of investment in an unlisted jointly controlled entity	**935**	935
Share of post acquisition losses	**(529)**	(79)
	406	856
Amount due from a jointly controlled entity	**700**	224

The amount due from a jointly controlled entity was unsecured, non-interest bearing and repayable on demand. As at 30th June 2005, the directors believe that the amounts would not be repaid within one year and therefore the amount was classified as non-current.

The fair value of the amount due from a jointly controlled entity was approximated to the corresponding carrying amount.

Details of the Company's jointly controlled entity as at 30th June 2006 are as follows:

Name of jointly controlled entity	Form of business structure	Place of incorporation and operations	Class of equity held	Registered capital	Effective percentage of equity interests/voting rights held by the Company Directly %	Indirectly %	Principal activities
北京一卡通電子支付科技有限公司 Beijing Superpass e-payment Co. Ltd. *(Note)*	Incorporated	PRC	Registered capital	RMB2,000,000	–	50	Provision of electronic payment platform

Note: The english name is for identification purpose only.

16. INTEREST IN A JOINTLY CONTROLLED ENTITY (Continued)

Extracts of the results and financial position of 北京一卡通電子支付科技有限公司 based on the unaudited management accounts as at 30th June 2006, prepared under accounting principles generally accepted in Hong Kong are as follows:

	1/7/2005 – 30/6/2006 *HK$'000*	19/11/2004 – 30/6/2005 *HK$'000*
Turnover	**–**	–
Loss for the year/period	**899**	157
Group's share of loss of a jointly controlled entity	**450**	79

	2006 *HK$'000*	2005 *HK$'000*
Total assets	**1,550**	1,953
Total liabilities	**(738)**	(241)
Net assets attributable to venturers	**812**	1,712
Group's share of net assets of a jointly controlled entity	**406**	856

17. AVAILABLE-FOR-SALE INVESTMENTS

	2006 *HK$'000*	2005 *HK$'000*
Unlisted equity securities, at cost *(Notes a, b and c)*	**143,440**	3,420
Less: Impairment loss recognised *(Note b)*	**(3,420)**	(3,420)
	140,020	–
Unlisted investments in unit trust, at fair value *(Note d)*	**10,435**	–
	150,455	–
Less: Amount shown under current assets	**(10,435)**	–
Amount shown under non-current assets	**140,020**	–

17. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Notes:

(a) The unlisted equity securities represent investments in private entities including W-Phone, Inc. incorporated in the United States of America, and Madagascar Petroleum International Limited ("MPIL") incorporated in the British Virgin Islands ("BVI").

(b) The unlisted investment in W-Phone, Inc. are measured at cost less accumulated impairment losses at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

(c) The unlisted investment represents 21% equity interest in MPIL, held by two wholly-owned subsidiaries of the Company namely Hopestar Group Limited ("Hopestar") and Dorson Group Limited ("Dorson"), which is measured at cost less accumulated impairment losses at the balance sheet date because the directors of the Company are of the opinion that a substantial or majority ownership is held by another investor who actually precludes them from having significant influence in MPIL. Therefore, the investment in MPIL is regarded as available-for-sale investment.

MPIL is an investment holding company incorporated in June 2005 and entered into the oil and gas product sharing agreement (the "Product Sharing Agreement") on 7th October 2005 with Office Des Mines Nationales Et Des Industries Strategiques ("OMNIS"), the English translation being "The National Office for Mining and Strategic Industries" of the Republic of Madagascar, in respect of an onshore block of land ("Block 2104") of approximately 20,100 square kilometers in the Republic of Madagascar for oil and gas exploitation and operation.

According to the Product Sharing Agreement, MPIL is eligible to obtain the mining titles required for exploration, exploitation and transportation for the available crude oil and available associated natural gas on Block 2104 (the "Mining Titles"). MPIL undertakes at its sole cost, expenses, risk, the arrangement of the required capital commitment, human resources and equipment for the project development of all petroleum operations within the Block 2104. The available crude oil and associated natural gas obtained from petroleum operations within the Block 2104 after deducting the quantity of crude oil and associated natural gas allocated for petroleum costs recovery shall be shared between MPIL and OMNIS according to the terms of the Product Sharing Agreement. MPIL shall have the right to take, receive, lift and export freely its share of petroleum profit and keep overseas the income from the sales of the petroleum profit.

The Product Sharing Agreement consisted of an exploration and exploitation period as follows:

– The exploration period extends for a term of eight years commencing from the date where OMNIS notifies to MPIL the approval decree of the Product Sharing Agreement and the Decree granting the Mining Titles.

– MPIL has the right to extend the exploration period to complete and finish the appraisal work, on the basis of a written request to OMNIS. This extension shall not exceed a period of two years.

– If at the end of the exploration period, no commercial discovery has been made with the Block 2104, the Product Sharing Agreement will be terminated.

– The exploitation period for a period of twenty-five years, effective from the date of notification of the Award Decree for such Mining Titles for the commercial discovery of crude oil and thirty-five years for commercial discovery of associated natural gas.

– If commercial production in Block 2104 can be obtained again at the end of the exploitation period, upon MPIL's request, OMNIS shall take necessary action to obtain an extension of the exploitation period. The request must be made at least one year prior to the end of the exploitation period.

– The extension of Mining Title for exploitation shall be, if necessary, of five years for the crude oil and ten years for associated natural gas.

In the opinion of the directors, the Group has not obtained any information in respect of whether MPIL obtained the Mining Titles, commenced any significant business operations and the Group has any long term liability and commitment in respect of the investments in Hopestar, Dorson or MPIL as at 30th June 2006.

(d) The unlisted investments represent investments in unit trust established in Cayman Islands with the maturity date on February 2007.

18. DEPOSITS PAID FOR ACQUISITION OF PROPERTIES

The amounts were paid as deposits for the acquisition of properties as offices in Beijing. In the opinion of the directors, the deposits are non-refundable and therefore classified as non-current assets.

19. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period of 60 days to its trade customers. Included in debtors, deposits and prepayments are trade debtors with the following ageing analysis:

	2006	2005
	HK$'000	*HK$'000*
0-60 days	**598**	191
61-90 days	**1**	53
Over 90 days	**1**	644
Trade debtors	**600**	888
Other debtors, deposits and prepayments	**1,213**	1,541
	1,813	2,429

The fair value of the Group's debtors, deposits and prepayments was approximated to the corresponding carrying amount.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2006	2005
	HK$'000	*HK$'000*
Listed equity securities held for trading, at fair value	**1,230**	71
Unlisted investment in investment fund, at fair value	**1,606**	–
	2,836	71
Market value of listed securities	**1,230**	71

21. PLEDGED BANK DEPOSITS

Included in the pledged bank deposits, there was approximately HK$5,110,000 (2005: Nil) pledged to a bank to secure the general banking facilities granted to a subsidiary and the remaining amount was pledged to a bank to secure a merchant account of a subsidiary.

The deposits carry fixed interest rate ranging from 3.4125% to 5.035% per annum. The carrying amount of the pledged bank deposits approximated to their fair value.

22. OTHER CREDITORS AND ACCRUED CHARGES

	2006	2005
	HK$'000	*HK$'000*
Other creditors and accrued charges	**3,201**	2,172

The fair value of the Group's other creditors and accrued charges approximated to the corresponding carrying amount.

23. BANK BORROWINGS

	2006	2005
	HK$'000	*HK$'000*
Secured bank loans	**1,943**	–

The above amounts bear interest at prevailing market rates and are repayable as follows:

	2006	2005
	HK$'000	*HK$'000*
On demand or within one year	**1,943**	–

At 30th June 2006, the Group had floating rate borrowings of HK$1,943,000. The floating rate borrowings carry interest at 90% of the benchmark lending rate of the People's Bank of China.

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	RMB'000
As at 30th June 2006	2,000
As at 30th June 2005	–

During the year, the Group obtained new loans in the amount of approximately HK$1,943,000. The loans drawn during the year carry interest at 90% of the benchmark lending rate of the People's Bank of China and will be repayable within one year.

23. BANK BORROWINGS (Continued)

At the balance sheet dates, the Group has the following undrawn borrowing facilities:

	2006	2005
	HK$'000	*HK$'000*
Floating rate		
– expiring within one year	**2,914**	–

At 30th June 2006, the bank loans were secured by the pledged bank deposits of HK$5,110,000 (2005: Nil).

The directors of the Company consider that the carrying amount of the bank borrowings approximated their fair value.

24. SHARE CAPITAL

	Number of shares	**Value**
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each at 1st July 2004, 30th June 2005 and 30th June 2006	60,000,000,000	600,000
Issued and fully paid		
Ordinary shares of HK$0.01 each at 1st July 2004	10,277,550,165	102,776
Issue of new shares of HK$0.01 each *(note a)*	400,000,000	4,000
Exercise of share options *(note b)*	142,790,000	1,427
Ordinary shares of HK$0.01 each at 30th June 2005 and 1st July 2005	10,820,340,165	108,203
Issue of new shares of HK$0.01 each *(note c)*	2,120,000,000	21,200
Issue of new shares to acquire two subsidiaries of HK$0.01 each *(note d)*	1,492,925,926	14,929
Exercise of share options *(note e)*	43,320,000	433
Repurchase of shares *(note f)*	(80,700,000)	(807)
Consolidation of every 6 shares into 1 share *(note g)*	(11,996,571,742)	–
Capital reduction *(note h)*	–	(119,965)
Ordinary shares of HK$0.01 each at 30th June 2006	2,399,314,349	23,993

24. SHARE CAPITAL (Continued)

The movements in the ordinary share capital for the year ended 30th June 2005 are as follows:

(a) 400,000,000 shares of HK$0.01 each were issued and allotted to a third party at HK$0.056 per share, representing a discount of approximately 18.8% on the closing price of HK$0.069 per share on 27th September 2004, under a private share placement.

Shares were issued under the general mandate granted to the directors on 26th March 2004.

(b) 142,790,000 shares of HK$0.01 each were issued and allotted as a result of the exercise of share options by the directors and employees of the Company, details of which are set out in note 25.

All the new ordinary shares issued during the year ended 30th June 2005 rank pari passu in all respects with the existing shares.

The movements in the ordinary share capital for the year ended 30th June 2006 are as follows:

(c) 2,120,000,000 shares of HK$0.01 each were issued and allotted to the independent third parties at a price of HK$0.060 per share representing a discount of approximately 15.5% on the closing price of HK$0.071 per share on 22nd September 2005, under a private share placement pursuant to the general mandate granted by the shareholders to the directors on 3rd December 2004.

(d) In order to finance the acquisition of two subsidiaries of the Company, 567,000,000 and 925,925,926 shares of HK$0.01 each were issued and allotted to vendors at HK$0.06 and HK$0.054 per share on 22nd February 2006 and 24th March 2006 respectively. The issue prices represented a premium of approximately 3.45% and a discount of approximately 11.48% to the closing prices of HK$0.058 and HK$0.061 per share respectively.

(e) During the year, 40,530,000 and 2,790,000 shares options were exercised by the employees of the Company at subscription prices of HK$0.06 and HK$0.058 respectively for a total consideration of HK$2,593,000 resulting in the issue of 43,320,000 new shares of HK$0.01 each.

24. SHARE CAPITAL (Continued)

(f) During the year, the Company repurchased certain of its own shares on the SEHK pursuant to the general mandate to repurchase securities approved by the shareholders of the Company on 3rd December 2004. All of the repurchased shares were cancelled, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares.

Date of repurchase	Number of ordinary shares of HK$0.01 each	Price per share		Aggregate consideration paid
		Highest	Lowest	
		HK$	*HK$*	*HK$'000*
27th October 2005	2,700,000	0.039	0.038	104
28th October 2005	78,000,000	0.040	0.030	2,887
Total	80,700,000			2,991

None of the Company's subsidiaries, sold or redeemed any of the Company's listed securities during the year.

(g) By a resolution passed at the special general meeting of the Company held on 29th March 2006, the issued share capital of the Company had been consolidated for every six ordinary shares of HK$0.06 each into one ordinary share of HK$0.01 each ("Consolidated Shares").

(h) By a resolution passed at the special general meeting of the Company held on 29th March 2006, it was resolved that with effect from 30th March 2006:

(i) the nominal value of the Consolidated Shares in issue was reduced from HK$0.06 to HK$0.01 each by canceling the issued share capital to the extent of HK$0.05 paid up on each of the issued Consolidated Shares;

(ii) credit arising from the capital reduction was entirely transferred to the contributed surplus account of the Company;

(iii) an amount equivalent to the contributed surplus account arising from the capital reduction was set off against the accumulated losses.

Details of the above are set out in the circular of the Company dated 6th March 2006.

All the new ordinary shares issued during the year ended 30th June 2006 ranked pari passu in all respects with the then existing ordinary shares of the Company.

25. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme was adopted pursuant to a resolution passed on 11th April 1994 (the "1994 Scheme") for the primary purpose of providing incentives to directors and eligible employees, and expired on 10th April 2004. Under the 1994 Scheme, the Board of Directors of the Company might grant options to eligible employees, including executive directors of the Company or any subsidiaries, to subscribe for shares in the Company.

The Company's share option scheme was adopted pursuant to a resolution passed on 30th July 2004 (the "2004 Scheme"), for the purpose of providing incentives or rewards to directors, employees, invested entities, suppliers and customers of the Group and entities that provide research, development or technological support or other services to the Group, any shareholders of any members of the Group or any invested entities or any holders of any securities issued by any members of the Group or any invested entities, and will expire on 29th July 2014. Under the 2004 Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company or any subsidiaries, to subscribe for shares in the Company.

The maximum number of shares of the Company which may be issued upon exercise of all options granted under the 2004 Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 30% of its issued share capital from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the 2004 Scheme and any other share option scheme of the Group must not in aggregate exceed 10 per cent of the shares in issue unless it is approved by shareholders in a general meeting of the Company. The maximum number of shares issuable under the options to each eligible participant in any 12-month period is limited to 1% of the shares in issue unless it is approved by shareholder in a general meeting of the Company. Any grant of options under the 2004 Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Any share options granted to a substantial shareholder or an independent non-executive director of the Company or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK$5 million, in any 12-month period, are subject to shareholders' approval in a general meeting of the Company.

At 30th June 2006, the number of shares of the Company in respect of which options had remained outstanding under the 2004 Scheme of the Company was 124,781,646, representing 5.2% of the shares of the Company in issue at that date.

Total consideration received during the year from eligible participants for taking up the options granted during the year is HK$28 (2005: HK$44).

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 per each share option granted. The exercise period of the share options granted under the 2004 Scheme shall be determined by the Board of Directors when such options are granted, provided that such period shall not end more than 10 years from the date of grant.

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The exercise price is determined by the Board of Directors of the Company, and will not be less than the highest of the closing price of the Company's shares at the date of grant, the average closing price of the Company's shares for the five trading days immediately preceding the date of grant and the nominal value of the Company's shares.

(a) The following table disclosed movements of the Company's share options for year ended 30th June 2006:

	Date of grant	Exercise price per share prior to the share consolidation *(Note 1)* HK$	Exercise price per share after adjusted for the effect of the share consolidation *(Note 1)* HK$	Outstanding at 1st July 2005 *(Note 1)*	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at 30th June 2006
Directors	18.10.2004	0.067	0.402	70,666,664	–	–	(28,999,999)	41,666,665
	04.11.2004	0.060	0.360	499,998	–	–	(166,666)	333,332
	02.11.2005	0.047	0.282	–	1,666,666	–	–	1,666,666
	07.02.2006	0.058	0.348	–	48,999,997	–	(333,333)	48,666,664
Employees of the Group	04.11.2004	0.060	0.360	12,834,990	–	(5,921,662)	–	6,913,328
	21.01.2005	0.068	0.408	3,333,333	–	–	–	3,333,333
	03.11.2005	0.049	0.294	–	1,833,333	–	(1,833,333)	–
	07.02.2006	0.058	0.348	–	3,666,665	(465,000)	–	3,201,665
Others	04.11.2004	0.060	0.360	833,333	–	(833,333)	–	–
	10.11.2005	0.060	0.360	–	9,166,664	–	(1,666,666)	7,499,998
	25.11.2005	0.060	0.360	–	2,499,999	–	–	2,499,999
	28.11.2005	0.060	0.360	–	333,333	–	–	333,333
	01.12.2005	0.060	0.360	–	3,333,332	–	–	3,333,332
	09.11.2005	0.058	0.348	–	3,333,332	–	–	3,333,332
	07.02.2006	0.058	0.348	–	1,999,999	–	–	1,999,999
				88,163,318	76,833,320	(7,219,995)	(32,999,997)	124,781,646
Excercisable at the end of the year								124,781,646

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) The following table disclosed the movements of the Company's share options for the year ended 30th June 2005:

	Date of grant	Exercise price per share prior to the share consolidation *(Note 1)* *HK$*	Exercise price per share after adjusted for the effect of the share consolidation *(Note 1)* *HK$*	Outstanding at 1st July 2004	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Effects on consolidation of shares *(Note 1)*	Outstanding at 30th June 2005
Directors	30.10.2002	0.0386	0.232	100,000,000	–	(100,000,000)	–	–	–
	18.10.2004	0.0670	0.402	–	450,000,000	(26,000,000)	–	(353,333,336)	70,666,664
	04.11.2004	0.0600	0.360	–	3,000,000	–	–	(2,500,002)	499,998
Employees of the Group	02.08.2001	0.4000	2.400	256,250	–	–	(256,250)	–	–
	01.09.2001	0.4000	2.400	100,000	–	–	(100,000)	–	–
	28.11.2003	0.0127	0.076	300,000	–	(300,000)	–	–	–
	04.11.2004	0.0600	0.360	–	96,500,000	(16,490,000)	(3,000,000)	(64,175,010)	12,834,990
	21.01.2005	0.0680	0.408	–	20,000,000	–	–	(16,666,667)	3,333,333
Others	04.11.2004	0.0600	0.360	–	5,000,000	–	–	(4,166,667)	833,333
				100,656,250	574,500,000	(142,790,000)	(3,356,250)	(440,841,682)	88,168,318
Excercisable at the end of the year									87,834,985

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2006		2005	
	Number of share options *(Note 1)*	**Weighted average exercise price *(Note 1)* *HK$***	Number of share options *(Note 1)*	Weighted average exercise price *(Note 1)* *HK$*
2004 Scheme				
Outstanding at beginning of the year	88,168,318	0.3955	–	–
Granted during the year	76,833,320	0.3477	95,749,991	0.3948
Exercised during the year	7,219,995	0.3592	7,081,671	0.3858
Cancelled/lapsed during the year	32,999,997	0.3931	500,002	0.3600
Outstanding at end of the year	124,781,646	0.3688	88,168,318	0.3954
Exercisable at end of the year	124,781,646	0.3688	87,834,985	0.3954
1994 Scheme				
Outstanding at beginning of the year	–	–	16,776,040	0.2388
Granted during the year	–	–	–	–
Exercised during the year	–	–	16,716,666	0.2310
Cancelled/lapsed during the year	–	–	59,374	2.4000
Outstanding at end of the year	–	–	–	–

(c) In respect of the share options exercised during the years, the weighted average share price at the dates of exercise is HK$0.4242 (2005: HK$0.3632).

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(d) During the year ended 30th June 2006, options were granted at the following dates and the respective estimated fair values are as follows:

	Date of grant							
	02.11.2005	**03.11.2005**	**09.11.2005**	**10.11.2005**	**25.11.2005**	**28.11.2005**	**01.12.2005**	**07.02.2006**
No. of share options granted*	1,666,666	1,833,333	3,333,333	9,166,666	2,500,000	333,333	3,333,333	54,666,666
Estimated fair values of share options granted *(HK$'000)*	84	86	170	295	106	14	158	5,084

During the year ended 30th June 2005, options were granted at the following dates and the respective estimated fair values were as follows *(Note 2)*:

	Date of grant	
	04.11.2004	21.01.2005
Number of shares granted*	7,083,333	3,333,333
Estimated fair values of share options granted (HK$'000)	774	416

(e) According to the Black-Scholes-Merton Option Pricing Model, the value and adjusted value of the options granted during the year ended 30th June 2006 are as follows:

	Date of grant							
	02.11.2005	**03.11.2005**	**09.11.2005**	**10.11.2005**	**25.11.2005**	**28.11.2005**	**01.12.2005**	**07.02.2006**
Variables								
Closing share price at date of grant*	0.282	0.294	0.342	0.348	0.348	0.348	0.354	0.342
Exercise price (HK$)*	0.282	0.294	0.348	0.36	0.36	0.36	0.36	0.348
Risk free rate (i)	4.093%	4.137%	4.174%	3.999%	3.833%	3.825%	3.844%	3.84%
Expected volatility (ii)	55.88%	55.86%	55.98%	55.93%	55.55%	55.54%	55.54%	67.4%
Expiration of the option	1 year	1 year	1 year	0.66 year	0.66 year	0.66 year	0.66 year	1 year
Expected dividend yield (iii)	0%	0%	0%	0%	0%	0%	0%	0%

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(e) (Continued)

According to the Black-Scholes-Merton Option Pricing Model, the value and adjusted value of the options granted for the year ended 30th June 2005 were as follows *(Note 2)*:

	Date of grant	
	04.11.2004	21.01.2005
Variables		
Closing share price at date of grant*	0.360	0.408
Exercise price (HK$)*	0.360	0.408
Risk free rate (i)	0.587%	1.205%
Expected volatility (ii)	120.42%	115.02%
Expiration of the option	1 year	1.1 years
Expected dividend yield (iii)	0%	0%

(i) The risk free rate is determined by the reference to the Exchange Fund Notes and their expected life.

(ii) The historical volatility rate of the share price of the Company was determined with reference to the 260 days historical share prices of the Company proceeding the balance sheet date.

(iii) The expected dividend yield was based on historical dividend payment record of the Group.

* Adjusted after consolidation of shares *(Note 1)*

The Group recognised the total expenses of HK$5,989,000 for the year ended 30th June 2006 (2005: HK$1,184,000) in relation to share options granted by the Company.

Note 1: By a resolution passed at the special general meeting of the company held on 29th March 2006, the issued share capital of the Company had been consolidated for every six ordinary shares of HK$0.01 each into one ordinary share of HK$0.06 each. The Consolidation Shares will be reduced from HK$0.06 each to HK$0.01 each by canceling the issued share capital to the extent of HK$0.05 paid up on each of the issued Consolidated Shares. Due to the share consolidation, the exercise price per share and the number of share options brought forward from last year have been adjusted to reflect the effect of the share consolidation during the year.

Note 2: The Group has not applied HKFRS 2 to share options granted on or before 7th November 2002 and share options that were granted after 7th November 2002 and had vested before 1st January 2005 in accordance with the relevant transitional provisions.

26. CONVERTIBLE NOTE

	2006	2005
	HK$'000	*HK$'000*
Liability component at the beginning of the year	**12,824**	11,560
Interest charged to finance costs	**104**	1,582
Interest paid	**(104)**	(318)
	12,824	12,824
Less: redemption during the year	**(12,824)**	–
Liability at the end of the year	**–**	12,824

On 11th June 2004, the Company issued a convertible note in the amount of HK$69,000,000 to Alpha Logistics Group Limited ("Alpha Logistics"). The convertible note bears interest at 2% per annum which are payable semi-annually in arrears and the holder of the convertible note has the option to convert the convertible note into ordinary shares of the Company, subject to adjustment, at any time from 11th June 2004 to 10th June 2007. Interest expenses on the note is calculated using the effective interest method by applying the effective interest rate of 6.67% per semi-annum to the liability component.

In accordance with HKAS 32, the fair value of the liability component of the note was calculated using a market interest rate for an equivalent non-convertible note. The residual amount, representing the value of equity conversion component, is included in shareholders' equity component of convertible note reserve.

On 27th October 2005, the Company early redeemed the convertible note with the consideration of HK$15,900,000. A gain of HK$944,000 and HK$320,000 were attributed to the liability and equity elements respectively, of which HK$944,000 was credited to consolidated income statement and HK$320,000 was credited to accumulated losses on the redemption date.

27. DEFERRED TAXATION

The movement for the year in the deferred tax liabilities in relation to intangible asset was as follows:

	HK$'000
At 1st July 2004, 30th June 2005 and 30th June 2006	7,808

At the balance sheet date, the Group has estimated the unused tax losses of approximately HK$161,346,000 (2005: HK$151,230,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits stream.

28. ACQUISITION OF SUBSIDIARIES

The Group acquired two subsidiaries namely Hopestar and Dorson with 100% of the issued share capital on 22nd February 2006 and 24th March 2006 for considerations of HK$40,020,000 and HK$100,000,000 respectively. This acquisition of subsidiaries has been accounted for using the purchase method. At the acquisition date, Hopestar and Dorson's sole assets are holding 10.5% equity interests respectively in MPIL. Accordingly, the Group effectively held 21% equity interests in MPIL and which was considered as available-for-sale investment of the Group. Details of which one set out in note 17.

In the opinion of the directors, the fair value of the identifiable assets and liabilities of the subsidiaries acquired during the year have no significant difference from their respective carrying amounts. The net asset acquired in the transaction, and the identified asset arising, are as follows:

	Acquirees' carrying amount *HK$*
Net assets acquired:	
Available-for-sale investment	140,020,078
Other payable	(78)
	140,020,000
Consideration is satisfied by:	
Cash	56,000,000
Shares issued *(Note)*	84,020,000
	140,020,000

Hopestar and Dorson did not contribute any revenue nor profit to the Group for the period between the date of acquisition and the balance sheet date.

The outflow of cash and cash equivalents in respect of the purchase of subsidiaries are HK$56,000,000.

Note: As part of the consideration for the acquisition of Hopestar and Dorson, 1,492,925,926 ordinary shares of the Company with par value of HK$0.01 each were issued. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the acquisition, amounted to HK$84,207,000.

29. MAJOR NON-CASH TRANSACTIONS

During the year ended 30th June 2006, the Group had the following major non-cash transactions:

1. The consideration for acquisition of 100% interests in Hopestar was partly settled by the Company's issue of 567,000,000 ordinary shares at HK$0.06 per share, totaling HK$34,020,000.

2. The consideration for acquisition of 100% interests in Dorson was partly settled by the Company's issue of 925,925,926 ordinary shares at HK$0.054 per share, totaling HK$50,000,000.

30. COMMITMENTS

At the balance sheet date, the Group had the following commitments, so far as not provided for in the consolidated financial statements, in respect of:

(a) Capital commitments:

	2006	2005
	HK$'000	*HK$'000*
Authorised and contracted for		
– acquisition of property, plant and equipment	**1,039**	7
– additional investment in the interest in jointly controlled entity	**1,002**	–

(b) Operating lease commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	2006	2005
	HK$'000	*HK$'000*
Within one year	**840**	1,628
In the second to fifth year inclusive	**–**	703
	840	2,331

Operating lease payments represent rentals payable by the Group for certain of its office properties and warehouse. Leases are negotiated for terms ranging from one to two years.

(c) Operating lease commitments for future minimum lease payment under non-cancellable operating leases of a jointly controlled entity in respect of land and buildings which fall due as follows:

	2006	2005
	HK$'000	*HK$'000*
Within one year	**61**	20

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for a one year term.

31. RETIREMENT BENEFITS SCHEME

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme effective from December 2000 and is funded by contributions from employer and employees according to the provisions of the MPF Ordinance. During the year under review, the total amount contributed by the Group to the scheme and charged to the consolidated income statement was HK$329,000 (2005: HK$326,000) and no contributions were forfeited.

The employees in the subsidiaries in the PRC are members of the state-sponsored pension scheme operated by the government in the PRC. The subsidiaries in the PRC are required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions under the scheme. During the year, the total amount contributed by the Group to the scheme and charged to the consolidated income statement was HK$413,000 (2005: HK$152,000).

32. POST BALANCE SHEET EVENTS

1. Pursuant to a director's resolution of the jointly controlled entity on 5th June 2006, the Group entered into an agreement with an independent third party to dispose of 10% equity interests in a jointly controlled entity – 北京一卡通電子支付科技有限公司 at a consideration approximately of RMB1,032,000 (equivalent to HK$1,001,699). The amount has been received and included in other creditors and accrued charges as at 30th June 2006. The transaction has been completed on 17th July 2006.

2. On 25th September 2006, the Group entered into an agreement with an independent third party to acquire 10% equity interest in a company known as 廣州易聯商業服務有限公司(「廣州易聯」) which was incorporated in the PRC at a consideration of RMB3,000,000 (equivalent to HK$2,914,000). 廣州易聯 is engaging in the provision of electronic commerce platform in the PRC.

33. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

(a) Key management personnel compensation

	2006	2005
	HK$'000	*HK$'000*
Salaries, bonus and other benefits	**21,496**	10,297
Share-based payments	**4,805**	528
Contributions to retirement benefit scheme	**111**	106
	26,412	10,931

(b) Details of the balance with a jointly controlled entity are set out in the consolidated balance sheet of the Group and note 16.

33. RELATED PARTY TRANSACTIONS (Continued)

(c) During the year, the Group paid interest expenses on convertible note of approximately HK$104,000 (2005: HK$318,000) to Alpha Logistics, a company wholly owned by the director, Wong Kam Fu. On 27th October 2005, the Group early redeemed the convertible note with the consideration of HK$15,900,000.

34. BALANCE SHEET OF THE COMPANY

As at 30th June 2006

	Notes	2006 HK$'000	2005 HK$'000
Non-current assets			
Property, plant and equipment		**168**	736
Interests in subsidiaries		**140,020**	108,750
		140,188	109,486
Current assets			
Other debtors, deposits and prepayments		**56**	734
Financial asset at fair value through profit or loss		**1,606**	–
Bank balances and cash		**465**	7,439
		2,127	8,173
Current liability			
Other creditors and accrued charges		**960**	1,161
		960	1,161
Net current assets		**1,167**	7,012
Total assets less current liability		**141,355**	116,498
Capital and reserves			
Share capital		**23,993**	108,203
Reserves	*(a)*	**87,514**	(34,388)
Equity attributable to equity holders of the Company		**111,507**	73,815
Non-current liabilities			
Amount due to a subsidiary	*(b)*	**29,848**	29,859
Convertible note		**–**	12,824
		29,848	42,683
		141,355	116,498

34. BALANCE SHEET OF THE COMPANY (Continued)

(a) Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Equity component of convertible note reserve HK$'000	Share-based compensation reserve HK$'000 (Note 25)	Accumulated losses HK$'000	Total HK$'000
At 1st July 2004	274,433	–	93,289	4,340	–	(391,520)	(19,458)
Issue of shares during the year	18,400	–	–	–	–	–	18,400
Exercise of share options	5,168	–	–	–	–	–	5,168
Recognition of equity settled shared-based payment	55	–	–	–	1,129	–	1,184
Loss for the year	–	–	–	–	–	(39,682)	(39,682)
At 30th June 2005 and 1st July 2005	298,056	–	93,289	4,340	1,129	(431,202)	(34,388)
Issue of shares during the year	106,000	–	–	–	–	–	106,000
Issues of shares for acquisition of subsidiaries	69,091	–	–	–	–	–	69,091
Exercise of share options	2,477	–	–	–	(317)	–	2,160
Recognition of equity settled shared-based payment	–	–	–	–	5,989	–	5,989
Repurchase of shares	(2,991)	807	–	–	–	–	(2,184)
Redemption of convertible notes	–	–	–	(4,340)	–	320	(4,020)
Cancellation of share options	–	–	–	–	(101)	101	–
Capital reduction	–	–	119,965	–	–	–	119,965
Elimination of accumulated losses of the Company	–	–	(119,965)	–	–	119,965	–
Loss for the year	–	–	–	–	–	(175,099)	(175,099)
At 30th June 2006	472,633	807	93,289	–	6,700	(485,915)	87,514

The contributed surplus of the Company includes (i) the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1994; and (ii) the surplus arising from the group reorganisation in 1998.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) 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, no reserves are available for distribution to shareholders at 30th June 2006 and 2005.

34. BALANCE SHEET OF THE COMPANY (Continued)

(b) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

35. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries held by the Company as at 30th June 2006 are as follows:

Name of subsidiary	Place of incorporation and operations	Class of shares/ equity held	Issued and fully paid/registered capital	Effective percentage of equity interests/voting rights held by the Company Directly %	Indirectly %	Principal activities
Credit Card DNA Security System Limited	Hong Kong	Ordinary	HK$1	100	–	Investment holding
Star Cyberpower V.F. Limited	BVI	Ordinary	US$1	–	100	Investment holding
Star Cyber DNA Limited	BVI	Ordinary	US$1	–	100	Investment holding
Star Mobile DNA Payment Gateway Limited	Hong Kong	Ordinary	HK$2	–	100	Provision of credit card security device and digital network authorisation services
天碼軟件開發(深圳)有限公司 Credit Card DNA Security System (Shenzhen) Limited *(Note (i))*	PRC	Registered capital	US$1,000,000	–	100	Provision of credit card security device and digital network authorisation services
Starstruck Group Limited	BVI	Ordinary	US$1	–	100	Investment holding
Star Internet Financial Information Services Limited	Hong Kong	Ordinary	HK$200	–	100	Provision of financial information services
Supreme Zone Limited (formerly known as DNA Club Limited) *(Note (ii))*	Hong Kong	Ordinary	HK$10,000	–	100	Provision of SMS personalised gateway services
Star Cyberpower Limited	BVI	Ordinary	US$1	–	100	Investment holding
China Eastern Investments Limited	BVI	Ordinary	US$1	–	100	Investment holding

35. PRINCIPAL SUBSIDIARIES (Continued)

Details of the Company's subsidiaries held by the Company as at 30th June 2006 are as follows:

Name of subsidiary	Place of incorporation and operations	Class of shares/ equity held	Issued and fully paid/registered capital	Effective percentage of equity interests/voting rights held by the Company Directly %	Indirectly %	Principal activities
Star Cyberpower Management Limited	Hong Kong	Ordinary	HK$10,000	100	–	Provision of management services
Ming Yuen Assets Limited	BVI	Ordinary	US$10	–	100	Holding of a patent and technology
Star EPS.com Limited	BVI	Ordinary	US$1	–	100	Investment holding
星光易辦事科技(深圳)有限公司 Star EPS.com (Shenzhen) Limited *(Note (i))*	PRC	Registered capital	US$150,000	–	100	Provision of e-business solution and e-commerce platform
Star EPS.com (HK) Limited	Hong Kong	Ordinary	HK$1	–	100	Electronic commerce
Hopestar	BVI	Ordinary	US$100	100	–	Investment holding
Dorson	BVI	Ordinary	US$100	100	–	Investment holding
Emailcallyou.com Limited	Hong Kong	Ordinary	HK$1	–	100	Provision of email service

Notes:

(i) It is a wholly-owned foreign enterprise established in the PRC and the english name is for identification purpose only.

(ii) The name of the Company was changed from SENDXQ.COM Limited to DNA Club Limited on 27th August 2005 and then was changed again to Supreme Zone Limited on 26th October 2005.

None of the subsidiaries of the Group had any debt securities outstanding at the balance sheet date or at any time during the year.