NOTES TO FINANCIAL STATEMENTS

31 March 2006

1. CORPORATE INFORMATION

Pyxis Group Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

In the opinion of the directors, the parent and the ultimate holding company of the Group is KG NextVision Corporation, which is incorporated in the British Virgin Islands.

During the year, the Group was engaged in investment holding and the provision of marketing services.

2.1 BASIS OF PRESENTATION AND PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

During the year, the directors of the Company performed a detailed review of the principal activities and revenue structure of the Group and considered that it is appropriate to classify the provision of marketing services as one of the Group's principal activities. Accordingly, marketing services fee income of HK$39,720,000 and the related cost of services provided of HK$18,890,000 for the year ended 31 March 2005 have been reclassified from other gains/(losses) to revenue and from administrative expenses to cost of services provided, and the related trade receivables and trade payables of HK$6,298,000 and HK$6,086,000 as at 31 March 2005 have also been reclassified from prepayments, deposits and other receivables and other payables and accruals, respectively, to conform to the current year's presentation.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2006. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities

The adoption of HKASs 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 27, 33, 36 and 37 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The impact of adopting the other HKFRSs is summarised as follows:

HKAS 32 and HKAS 39 – Financial Instruments

In prior years, the Group classified its investments in equity securities for trading purposes as short term investments, which were stated at their fair values on an individual basis with gains and losses recognised in the income statement. Upon the adoption of HKAS 39, these securities held by the Group at 1 April 2005 in the amount of HK$40,711,000 are designated as financial assets at fair value through profit or loss under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised in the income statement.

The adoption of HKAS 39 has not resulted in any change in the measurement of these equity securities.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

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

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 incorporates the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual periods beginning on or after 1 January 2007.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

In accordance with the amendments to HKAS 39 and HKFRS 4 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18.

The HKAS 19 Amendment, HKAS 21 Amendment, HKAS 39 Amendment regarding cash flow hedge accounting of forecast intragroup transactions, HKFRSs 1 and 6 Amendments, HKFRS 6, HK(IFRIC)-Int 5, HK(IFRIC)-Int 6, HK(IFRIC)-Int 7, HK(IFRIC)-Int 8 and HK(IFRIC)-Int 9 do not apply to the activities of the Group. HK(IFRIC)-Int 6, HK(IFRIC)-Int 7, HK(IFRIC)-Int 8 and HK(IFRIC)-Int 9 shall be applied for annual periods beginning on or after 1 December 2005, 1 March 2006, 1 May 2006 and 1 June 2006, respectively.

Except as stated above, the Group expects that the adoption of the pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is a member of the key management personnel of the Group or its parent;

(c) the party is a close member of the family of any individual referred to in (a) or (b); or

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c).

NOTES TO FINANCIAL STATEMENTS

31 March 2006

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the lease terms
Furniture, fixtures and office equipment	15% to 33-1/3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Applicable to the year ended 31 March 2005:

The Group classified its unlisted equity investments, other than subsidiaries, as short term investments.

Short term investments

Short term investments in unlisted equity securities are stated at their fair values at the balance sheet date, on an individual investment basis. The fair values of such unlisted securities are as estimated by the directors having regard to, inter alia, the prices of the most recent reported sales or purchases of the securities, or comparison of price/earnings ratios and dividend yields of the securities with those of similar listed securities, with allowance made for the lower liquidity of the unlisted securities. The gains or losses arising from changes in the fair values of such securities are credited or charged to the income statement in the period in which they arise.

Applicable to the year ended 31 March 2006:

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (applicable to the year ended 31 March 2006)

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (applicable to the year ended 31 March 2006)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Derecognition of financial liabilities (applicable to the year ended 31 March 2006)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the rendering of services, as the underlying services have been provided;

(b) securities trading profits or losses, on the transaction dates when the relevant contract notes are exchanged; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 March 2006

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Pension scheme and other retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Taiwan are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 6% of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

NOTES TO FINANCIAL STATEMENTS

31 March 2006

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Impairment of financial assets

The Group determines that financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged decline requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in market price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Estimation uncertainty

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

Valuation of financial instruments

The Group valued certain of its financial instruments using a valuation technique based on assumptions that are not supported by observable market prices or rates. Estimating the value of investments requires the Group to make certain estimates and assumptions, further details of which are given in note 15 to the financial statement.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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 the other business segments. Summary details of the business segments are as follows:

(a) the investment holding segment engages in investments in equity investments; and

(b) the marketing service segment engages in the provision of marketing services.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

4. SEGMENT INFORMATION (continued)

(a) Business segments

The following tables present revenue, profit/(loss) and expenditure information for the years ended 31 March 2006 and 2005, and certain asset & liability information as at 31 March 2006 and 2005 of the Group's business segments.

Group	Investment holding		Marketing service		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
				(Restated)		(Restated)
Segment revenue:						
Sales to external customers	**4,389**	2,153	**45,641**	39,720	**50,030**	41,873
Other gains/(losses)	**418**	(1,237)	**–**	–	**418**	(1,237)
Total	**4,807**	916	**45,641**	39,720	**50,448**	40,636
Segment results	**261**	(1,544)	**7,132**	11,138	**7,393**	9,594
Unallocated gains					**2**	1
Corporate and other unallocated expenses					**(1,380)**	(3,819)
Profit before tax					**6,015**	5,776
Tax					**(2,350)**	(2,873)
Profit for the year					**3,665**	2,903

NOTES TO FINANCIAL STATEMENTS

31 March 2006

4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group	Investment holding		Marketing service		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
				(Restated)		(Restated)
Assets and liabilities						
Segment assets	**174,650**	178,556	**12,379**	8,209	**187,029**	186,765
Corporate and other unallocated assets					**2,382**	1,517
Total assets					**189,411**	188,282
Segment liabilities	**38**	1,612	**4,773**	5,328	**4,811**	6,940
Corporate and other unallocated liabilities					**4,074**	3,518
Total liabilities					**8,885**	10,458
Other segment information:						
Depreciation:						
Amounts allocated to segments	**–**	–	**192**	67	**192**	67
Unallocated amounts					**97**	122
					289	189
Capital expenditure:						
Amounts allocated to segments	**–**	–	**167**	848	**167**	848
Unallocated amounts					**23**	286
					190	1,134

NOTES TO FINANCIAL STATEMENTS

31 March 2006

4. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following tables present revenue and expenditure information for the years ended 31 March 2006 and 2005, and certain asset information as at 31 March 2006 and 2005 of the Group's geographical segments.

Group	Hong Kong		Taiwan		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
				(Restated)		(Restated)
Segment revenue:						
Revenue	**4,151**	1,800	**45,879**	40,073	**50,030**	41,873
Other gains/(losses)	**27**	(1,500)	**393**	264	**420**	(1,236)
	4,178	300	**46,272**	40,337	**50,450**	40,637
Other segment information:						
Segment assets	**137,965**	139,288	**51,446**	48,994	**189,411**	188,282
Capital expenditure	**23**	286	**167**	848	**190**	1,134

NOTES TO FINANCIAL STATEMENTS

31 March 2006

5. REVENUE AND OTHER GAINS/(LOSSES)

Revenue, which is also the Group's turnover, represents marketing service fee income, bank interest income received and receivable, and gain on disposal of equity investments. An analysis of revenue and other gains/(losses) is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
		(Restated)
Revenue		
Marketing service fee income	**45,641**	39,720
Bank interest income	**4,224**	1,883
Gain on disposal of equity investments at fair value through profit or loss/short term investments	**165**	270
	50,030	41,873
Other gains/(losses)		
Fair value gains/(losses) on trading in equity investments at fair value through profit or loss/short term investments, net	**418**	(1,237)
Others	**2**	1
	420	(1,236)

NOTES TO FINANCIAL STATEMENTS

31 March 2006

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived after charging:

	Group	
	2006	2005
	HK$'000	HK$'000
		(Restated)
Cost of services provided*	**23,201**	18,890
Depreciation	**289**	189
Auditors' remuneration	**370**	287
Employee benefits expense		
(including directors' remuneration (note 7)):		
Salaries and other benefits	**9,654**	9,204
Pension scheme contributions	**222**	24
	9,876	9,228
Minimum lease payments under operating leases:		
Land and buildings	**3,131**	2,259
Equipment	**37**	34

* Included wages and salaries of HK$447,000 (2005: HK$192,000) and pension scheme contributions of HK$21,000 (2005: Nil) disclosed under "Employee benefits expense".

At 31 March 2006, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2005: Nil).

NOTES TO FINANCIAL STATEMENTS

31 March 2006

7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Fees	**–**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**2,858**	2,744
Performance related bonuses	**234**	519
Pension scheme contributions	**12**	12
	3,104	3,275

(a) Independent non-executive directors

There were no emoluments payable to the independent non-executive directors during the year (2005: Nil).

(b) Executive directors

2006	**Fees** HK$'000	**Salaries, allowances and benefits in kind** HK$'000	**Performance related bonuses** HK$'000	**Pension scheme contributions** HK$'000	**Total remuneration** HK$'000
Executive directors:					
Mr. Henry Hung CHEN	–	2,390	–	–	2,390
Miss Wing Yan AU	–	468	234	12	714
	–	2,858	234	12	3,104

NOTES TO FINANCIAL STATEMENTS

31 March 2006

7. DIRECTORS' REMUNERATION (continued)

(b) Executive directors (continued)

2005	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:					
Mr. Henry Hung CHEN	–	2,276	285	–	2,561
Miss Wing Yan AU	–	468	234	12	714
	–	2,744	519	12	3,275

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

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2005: two) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining three (2005: three) non-director, highest paid employees for the year are as follows:

	Group 2006 HK$'000	Group 2005 HK$'000
Salaries, allowances and benefits in kind	**1,818**	1,708
Performance related bonuses	**387**	512
Pension scheme contributions	**39**	12
	2,244	2,232

NOTES TO FINANCIAL STATEMENTS

31 March 2006

8. FIVE HIGHEST PAID EMPLOYEES (continued)

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2006	2005
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	1
	3	3

9. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (2005: Nil). Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2006	2005
	HK$'000	HK$'000
Group:		
Current – Elsewhere		
Charge for the year	**2,350**	2,797
Underprovision in prior years	**–**	76
Total tax charge for the year	**2,350**	2,873

NOTES TO FINANCIAL STATEMENTS

31 March 2006

9. TAX (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates for the locations in which the Company and its subsidiaries are domiciled to the tax expense for the year is as follows:

Group – 2006

	Hong Kong	**Taiwan**	**Total**
	HK$'000	HK$'000	HK$'000
Profit/(loss) before tax	(1,363)	7,378	6,015
Tax at the statutory tax rates	(239)	1,845	1,606
Income not subject to tax	(731)	(136)	(867)
Expenses not deductible for tax	253	352	605
Deferred tax assets related to tax losses carried forward not recognised	717	289	1,006
Tax expense for the year	–	2,350	2,350

Group – 2005

	Hong Kong	**Taiwan**	**Total**
	HK$'000	HK$'000	HK$'000
Profit/(loss) before tax	(5,329)	11,105	5,776
Tax at the statutory tax rates	(933)	2,776	1,843
Adjustments in respect of current tax of previous periods	–	76	76
Income not subject to tax	(314)	(214)	(528)
Expenses not deductible for tax	266	75	341
Deferred tax assets related to tax losses carried forward not recognised	981	160	1,141
Tax expense for the year	–	2,873	2,873

NOTES TO FINANCIAL STATEMENTS

31 March 2006

9. TAX (continued)

The Group has tax losses arising in Hong Kong of HK$47,156,000 (2005: HK$43,057,000) and in Taiwan of HK$33,170,000 (2005: HK$32,384,000) that are available indefinitely and for the future five years ending 31 March 2011, respectively, for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

10. PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The loss for the year ended 31 March 2006 dealt with in the financial statements of the Company was HK$2,058,000 (2005: HK$2,565,000) (note 21(b)).

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of HK$3,665,000 (2005: HK$2,902,000), and the weighted average number of 2,400,002,000 (2005: 2,400,002,000) ordinary shares in issue during the year.

Diluted earnings per share amount for the years ended 31 March 2006 and 31 March 2005 have not been disclosed as no dilutive events existed during these years.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
31 March 2006			
At 31 March 2005 and at 1 April 2005:			
Cost	598	2,199	2,797
Accumulated depreciation	(127)	(1,715)	(1,842)
Net carrying amount	471	484	955
At 1 April 2005, net of accumulated depreciation	471	484	955
Additions	–	190	190
Depreciation provided during the year	(157)	(132)	(289)
Exchange realignment	(7)	(12)	(19)
At 31 March 2006, net of accumulated depreciation	307	530	837
At 31 March 2006:			
Cost	590	1,296	1,886
Accumulated depreciation	(283)	(766)	(1,049)
Net carrying amount	307	530	837

NOTES TO FINANCIAL STATEMENTS

31 March 2006

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements HK$'000	**Furniture, fixtures and office equipment** HK$'000	**Total** HK$'000
31 March 2005			
At 1 April 2004:			
Cost	–	1,663	1,663
Accumulated depreciation	–	(1,653)	(1,653)
Net carrying amount	–	10	10
At 1 April 2004, net of accumulated depreciation	–	10	10
Additions	598	536	1,134
Depreciation provided during the year	(127)	(62)	(189)
At 31 March 2005, net of accumulated depreciation	471	484	955
At 31 March 2005:			
Cost	598	2,199	2,797
Accumulated depreciation	(127)	(1,715)	(1,842)
Net carrying amount	471	484	955

NOTES TO FINANCIAL STATEMENTS

31 March 2006

13. INTERESTS IN SUBSIDIARIES

	Company	
	2006	2005
	HK$'000	HK$'000
Unlisted shares, at cost	**10,150**	10,150
Due from subsidiaries	**23,499**	23,339
	33,649	33,489
Impairment	**(8,272)**	(8,272)
	25,377	25,217

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. Although the amounts due from subsidiaries are technically currently repayable under the original terms of the transactions giving rise thereto, they have been deferred or subordinated for the longer term and are therefore classified as non-current. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company				Principal activities
			Direct		Indirect		
			2006	2005	**2006**	2005	
Affinity Marketing Group, Inc.*	Cayman Islands/ Hong Kong	US$2,000,000	**–**	–	**100**	100	Investment holding
Affinity Marketing Group, Inc.	Taiwan	NTD17,000,000	**–**	–	**99.65**	99.65	Investment holding
CRM Marketing Services, Inc.*	Taiwan	NTD99,783,000	**–**	–	**100**	100	Provision of marketing services

NOTES TO FINANCIAL STATEMENTS

31 March 2006

13. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company				Principal activities
			Direct		Indirect		
			2006	2005	**2006**	2005	
Pyxis Management Limited	Hong Kong	HK$2	**–**	–	**100**	100	Provision of consultancy services
Pyxis Frontiers Limited*	British Virgin Islands/ Hong Kong	US$1	**100**	100	**–**	–	Investment holding
SungTeh Investment Company Limited	Taiwan	NTD50,000,000	**100**	100	**–**	–	Investment holding

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

14. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

14. TRADE RECEIVABLES (continued)

An aged analysis of the trade receivables as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
		(Restated)
Within 1 month	**3,010**	6,296
1 to 2 months	**157**	2
2 to 3 months	**76**	–
Over 3 months	**20**	–
	3,263	6,298

The carrying amounts of the trade receivables approximate to their fair values.

15. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS/SHORT TERM INVESTMENTS

	Group	
	2006	2005
	HK$'000	HK$'000
Unlisted equity investments, at fair value	**45,141**	40,711

The above unlisted equity investments at 31 March 2005 were classified as held for trading.

The fair values of unlisted equity investments at fair value through profit or loss have been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated balance sheet, and the related changes in fair values, which are recorded in the consolidated income statement, are reasonable, and that they are the most appropriate values at the balance sheet date.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

16. CASH AND BANK BALANCES AND PLEDGED TIME DEPOSITS

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Time deposits	**5,232**	4,502	**–**	–
Cash and bank balances	**132,883**	134,189	**129,322**	131,580
	138,115	138,691	**129,322**	131,580
Less: Pledged time deposits for bank guarantees	**(5,232)**	(4,502)	**–**	–
Cash and cash equivalents	**132,883**	134,189	**129,322**	131,580

At the balance sheet date, time deposits of HK$5,232,000 (2005: HK$4,502,000) were pledged to a bank as security for bank guarantees given by such bank to certain counterparties in relation to the provision of marketing services by the Group to such counterparties.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for a period of one year (2005: three months) and earn interest at respective short term fixed deposit rates. The carrying amounts of the cash and bank balances and the pledged time deposits approximate to their fair values.

17. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
		(Restated)
Within 1 month	**3,077**	6,057
1 to 2 months	**–**	13
2 to 3 months	**–**	9
Over 3 months	**–**	7
	3,077	6,086

The trade payables are non-interest-bearing and are normally settled on 60-day terms. The carrying amounts of the trade payables approximate to their fair values.

18. OTHER PAYABLES AND ACCRUALS

The Group's and the Company's other payables are non-interest-bearing and have an average term of three months. The carrying amounts of the other payables approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

19. SHARE CAPITAL

	2006	2005
	HK$'000	HK$'000
Authorised:		
5,000,000,000 ordinary shares of HK$0.1 each	**500,000**	500,000
Issued and fully paid:		
2,400,002,000 ordinary shares of HK$0.1 each	**240,000**	240,000

20. SHARE OPTION SCHEME

On 30 September 2004, the Company adopted an option scheme (the "Scheme") which became effective on 28 October 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme included the Company's directors, employees of the Group and other individuals as determined by the directors on the basis of their contribution to the success of the development and growth of the Group. No share options have been granted under the Scheme since the Scheme became effective.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

20. SHARE OPTION SCHEME (continued)

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

21. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 22 of the financial statements.

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation prior to the listing of the Company's shares over the nominal value of the Company's shares issued in exchange therefor.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

21. RESERVES (continued)

(b) Company

	Share premium account	Contributed surplus	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2004	112,550	51,061	(244,562)	(80,951)
Loss for the year	–	–	(2,565)	(2,565)
At 31 March 2005 and at 1 April 2005	112,550	51,061	(247,127)	(83,516)
Loss for the year	–	–	(2,058)	(2,058)
At 31 March 2006	112,550	51,061	(249,185)	(85,574)

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation prior to the listing of the Company's shares over the nominal value of the Company's shares issued in exchange therefor.

Under the Bermuda Companies Act 1981 (as amended), the contributed surplus of the Company is distributable to shareholders in certain circumstances.

22. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties, equipment and staff quarters under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years, and those for office equipment for terms of three years.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

22. OPERATING LEASE ARRANGEMENTS (continued)

At 31 March 2006, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2006	2005
	HK$'000	HK$'000
Within one year	**2,395**	2,522
In the second to fifth years, inclusive	**3,202**	4,729
	5,597	7,251

At the balance sheet date, the Company had no operating lease commitment (2005: Nil).

23. RELATED PARTY TRANSACTION

All compensation of key management personnel of the Group is included in the directors' remuneration as disclosed in note 7 to the financial statements.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than equity investments at fair value through profit or loss held for trading purposes, comprise cash and short term time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Price risk

The Group trades in financial instruments, taking positions in equity investments, to take advantage of short term movements in the equity markets.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Price risk (continued)

Price risk represents the possibilities of changes in fair value or future cash flows due to changes in market prices. The Group is exposed to price risk through its financial instruments at fair value through profit or loss.

The Group has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control various trading transactions in a timely and accurate manner.

Foreign currency risk

The Group's foreign currency exposures primarily arising from certain equity investments, which are mainly denominated in US dollars. In view of the fact that the Hong Kong dollar is virtually pegged with the US dollar, the Group's exposure to foreign currency risk is considered by the directors to be minimal.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, and equity investments at fair value through profit or loss, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

NOTES TO FINANCIAL STATEMENTS

31 March 2006

25. COMPARATIVE AMOUNTS

As further explained in notes 2.1 and 2.2 to the financial statements, due to the change in principal activities and the revenue structure of the Group and the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new presentation or requirements. Accordingly, certain comparative amounts have been reclassified to conform to the current year's presentation and accounting treatment.

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 13 July 2006.