New World CyberBase Limited

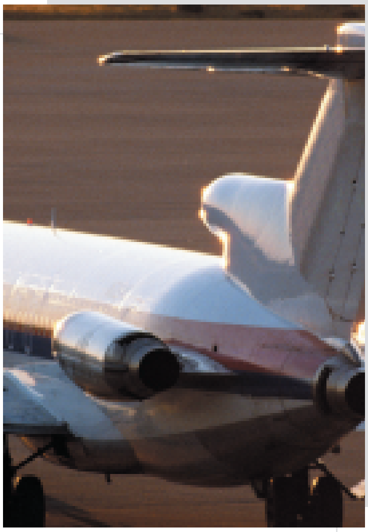
(Incorporated in Bermuda with limited liability)
(stock code:276)

06

Setting the Pace for Tomorrow

ANNUAL REPORT 2006

NewWorldCyberbase
新世界數碼基地



Mission

The strategic mission of New World CyberBase is to make full use of its experience and expertise to seek investment opportunities to optimise shareholder returns.

Contents

Corporate Information

DIRECTORS

Executive directors:
Mr. Lo Lin Shing, Simon *(Chairman)*
Ms. Yvette Ong *(Managing Director and Chief Executive Officer)*

Non-executive director:
Mr. To Hin Tsun, Gerald

Independent non-executive directors:
Mr. Peter Pun *OBE, JP*
Mr. Wei Chi Kuan, Kenny
Mr. Lau Wai Piu

COMPANY SECRETARY

Mr. Tang Chi Kei

QUALIFIED ACCOUNTANT

Mr. Kwok Ying Tung, Daniel

AUDITORS

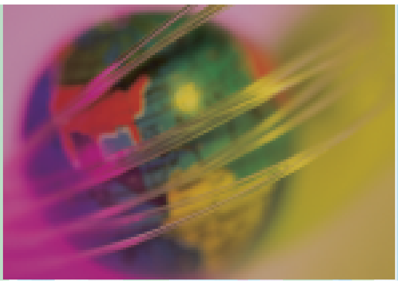
PricewaterhouseCoopers

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Citibank, N.A.
Industrial and Commercial Bank of China (Asia) Limited
Public Bank (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda



BRANCH SHARE REGISTRAR

Standard Registrars Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21st Floor
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
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Telephone: (852) 2138 8000
Facsimile: (852) 2138 8111

WEBSITE ADDRESS

http://www.nwc276.com

Corporate Profile

New World CyberBase Limited ("NWCB") was established in August 1999. Through a series of restructuring, the Group has transformed itself into an investment holding company with a focus in, but not limited to property investment and private jet services. Private jet services include aircraft charter and management business.

NWCB is headquartered in Hong Kong. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited. (Stock code: 276).

	Financial year ended 31 March		
	2006 ***HK$ million***	2005 *HK$ million* (Restated)	Change *(%)*
Turnover	**24.1**	18.8	28.1
(Loss)/profit attributable to shareholders	**(1.4)**	9.1	N/A
Basic (loss)/earnings per share	**HK cents (0.25)**	HK cents 3.11	N/A
Net assets	**427.1**	226.2	88.8
Net assets per share	**HK$0.29**	HK$0.52	(44.2)

Chairman's Message

"We implemented a number of major corporate developments and restructuring in the fiscal year 2006 and ultimately turned New World CyberBase into an investment holding company, which we believe will provide us with substantial flexibility to explore various promising segments."

New World CyberBase has achieved drastic yet well-planned development in the fiscal year 2006. Ever since our inception in 1999, we have always positioned ourselves to be an innovative and energetic company, in the fields we are participating, and more importantly, in the way we always explore new fields that we think will optimise returns for our shareholders.

We implemented a number of major corporate developments and restructuring in the fiscal year 2006 and ultimately turned New World CyberBase into an investment holding company, which we believe will provide us with substantial flexibility to explore various promising segments.

In October 2005, we disposed of the entire technology business of the Group to New World Mobility ("NWM") and in return, we received 16,153,846 shares from NWM at an issue price of HK$1.30 per share. Over the years, we have successfully built and grown the technology business and we decided it was the right time to realise the investment as we continued to seek other investment opportunities.

One of these opportunities presented itself soon in November. In view of the fast growing aviation transportation market in the PRC and the under-explored private jet services industry in the country, we decided to pursue a rights issue and an issuance of convertible notes to raise fund for the purchase of a G200 aircraft and 50 per cent. interest in another G450 aircraft. The charter airline business has begun to contribute revenue in the fiscal year 2006. We were particularly encouraged to see the rights issue oversubscribed as it was a validation of our shareholders' approval of our business strategy.

Looking forward, we will be proactively study the feasibility of investing in businesses with good prospects. We are optimistic about our property investments business, which has been generating stable income for the Group in the fiscal year 2006. Given the positive market sentiment brought about by both regional and global economic recovery, coupled with favourable factors such as the widely anticipated near end of interest rate increments, the high GDP of China which has showed no signs of slowing down and the rapid growth of the PRC's peripheral cities, we will keep our eyes open for property investment opportunities in the PRC, particularly in the secondary cities.

We will also study the possibility of re-entering the technology business when opportunities arise as we have accumulated considerable experience in the field. We will proactively explore other areas, such as natural resources business in the PRC. As the wealth of the people grows, the demand for energy and resources will increase.

We are blessed to be able to do business at this time and in this place when the regional economy is on the upward path and we see a lot of opportunities arising in different sectors in the PRC. However, the business environment also posts a great challenge to the management for their knowledge and insight. We will review and adjust our investment spectrum from time to time, with an ultimate goal to create value for our shareholders.

I would like to take this opportunity to extend my gratitude to my fellow Directors, management and staff members for their contribution to the Group and our shareholders and the investment community for their support.

Lo Lin Shing, Simon
Chairman

Managing Director and CEO's Report

"The Group will continue to develop its property investment and private jet services in the coming year while proactively looking into other businesses with good prospects."

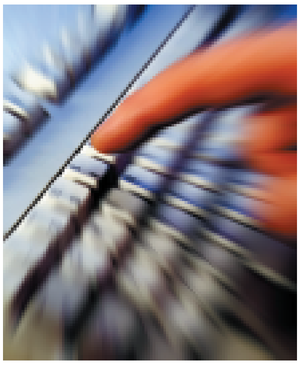
Financial Review

The Group completed its transformation into an investment holding business during the year ended 31 March 2006, recording a turnover from continuing operations of HK$24.1 million, representing an increase of 28.1% from HK$18.8 million in 2005. The Group registered an operating loss of HK$12.6 million while there was an operating profit of HK$39.9 million in 2005.

The loss attributable to shareholders for the fiscal year 2006 amounted to HK$1.4 million as compared to the profit attributable to shareholders of HK$9.1 million in 2005.

The continuing operations are property investment business and the newly commenced aircraft charter and management business. Benefited from the continued recovery of the regional economy, the demand for office and retail space increased and the Group's revenue from its investment properties improved slightly. However, the initial set up costs incurred in the newly established aircraft charter and management business offset the gains and resulted in an overall operating loss.






Technology related services of the Group were disposed of in October 2005. The results of discontinued operations in this report included the operating results of technology related services up to the date of the disposal and the gain on the disposal of this business segment.

Business Review

Through a series of restructuring, the Group has in the past year transformed itself into an investment holding company with a focus in, but not limited to, property investment and private jet services. Private jet services will include aircraft charter and management business. Geographically, the Group has over the years built its reputation and brand in Mainland China. Leveraged on its strong presence, the Group proactively explored investment opportunities in the Mainland market.

In the property sector, as at the end of the fiscal year 2006, the Group continued to own the basement and ground floors of Bank of America Tower in Central, Hong Kong. The property had a rentable area of approximately 43,900 square feet and an average occupancy of 85%. For the period under review, the property generated an income of HK$19.5 million to the Group.

In November 2005, the Group contracted to purchase two aircrafts and started the investment into the private jet services business. The Group held the view that the robust economic growth of the PRC, together with the increasing business travels to the PRC from Hong Kong and other countries as a result of the Closer Economic Partnership Arrangement (CEPA) and the frequent trade and civil exchange between the PRC and the rest of the world, would contribute to the increasing demand for air transportation to destinations in the PRC. Existing mass air transportation services would soon be rendered inadequate to serve the need, especially for more personalised services and to secondary cities in the PRC. Private jet services proved to be a lucrative business in developed countries such as the United States. The Group thus decided to make an early move to tap into the relatively under-penetrated market to provide private jet services in the PRC.

Managing Director and CEO's Report

The Group received the G200 Aircraft in February 2006 and immediately bought it into business. Total revenue generated by the private jet services amounted to HK$4.6 million. Although the business is in the start-up stage, the Group is optimistic about its potential and believes that the operations will broaden the revenue base of the Group in the long run.

Outlook

The Group will continue to develop its property investment and private jet services in the coming year while proactively looking into other businesses with good prospects.

Taking into account the upward property market trend and demand in Hong Kong, the Group foresees a positive growth opportunity in the commercial rental market.

According to the National Bureau of Statistics of the PRC, the GDP of the PRC has been increasing at a compound annual growth rate of over 9%. Together with the flourishing trade and tourist activities, the Group expects the demand for office and retail units to increase. The renewed austerity measures announced by the PRC authorities not long ago are expected to effectively regulate the first-tier property markets and transfer the momentum to the second tier cities. Moreover, it is believed the Federal Reserve of the US is not likely increase the interest rate again in the near future. These factors will all fuel the development of the property market. The Group will seek investment opportunities in secondary cities in the PRC to broaden its property portfolio.

As for the private jet services, the Group expects the demand for private jet services to continue to grow as air passengers, being primarily executives of multinational corporations, wealthy businessmen and high net worth people who have a demand for more flexible flight times, shorter waiting time for flights and air checking, better catering services, as well as better protection of privacy, will not mind paying a slightly higher fare for better flying quality and services. The Group believes that the growth strategy for the business will be to seek strategic partners and investors. Thus, after the balance sheet date, the Group further strengthened the private jet business by disposing of 59.9% interest in BAA Jet Management Limited to a strategic investor. Furthermore, the Group entered into a joint venture agreement with independent third parties to establish a sino-foreign joint venture in PRC. The Group will own 49% beneficial interest in this joint venture and the joint venture will be principally engaged in the provision of aircraft charter and management services. The details of these transactions were announced by the Company on 4 July 2006 and 6 July 2006 respectively.

As an investment holding company, the Group will also look into other areas should opportunities arises, so as to broaden its revenue base. Technology is one area the Group may consider, as it has been exploring the sector since its inception. It not only has the expertise and technology know-how, but also a track record in developing technology business in the PRC market. Leveraging on its network and experience in the PRC market, the Group will also consider exploring other sectors, such as natural resources, as it sees appropriate. The Group will inform the shareholders and the market in due course for its new developments.

In the past year, after careful consideration of the changing market landscape and arising opportunities, the Group has made decisive steps to enter into business areas with promising prospects. In the future, as always, it will be the Group's commitment and top priority to create value for its shareholders.

Yvette Ong
Managing Director and CEO

Lo Lin Shing, Simon

Chairman

Mr. Lo, aged 50, was appointed as an executive director on 12 August 1999 and has acted as the Chairman of the Company since 26 November 2001. Mr. Lo possesses over 20 years of experience in the financial, securities and futures industries. Mr. Lo is the deputy chairman of Tai Fook Securities Group Limited. He is also an executive director of International Entertainment Corporation and a non-executive director of Beijing Beida Jade Bird Universal Sci-Tech Company Limited, Macau Prime Properties Holdings Limited (formerly known as "Cheung Tai Hong Holdings Limited") and New World Mobile Holdings Limited, all of which are companies whose shares are listed on The Stock Exchange of Hong Kong Limited.

Yvette Ong

Managing Director and Chief Executive Officer

Ms. Ong, aged 41, was appointed as an executive director on 27 September 1999 and is the Managing Director and Chief Executive Officer of the Company. She is responsible for providing leadership for the management, implementing strategies and overseeing the operations of the Company. Ms. Ong has over 14 years of experience in the information technology industry in Asia Pacific. Prior to joining the Company, Ms. Ong was the managing director of AT&T EasyLink Services Asia Pacific Limited. She joined AT&T in 1991 initially focusing on the sales and marketing of data communications services. She was instrumental in setting up the Internet and IP Solutions business in Hong Kong and was a key member of the Asia Pacific senior management team responsible for the expansion of AT&T's Internet business in Asia Pacific. Ms. Ong holds a MBA degree in Management Information Systems and Marketing and a Bachelor degree in Finance and Management from the University of San Francisco.

To Hin Tsun, Gerald

Non-executive director

Mr. To, aged 57, was appointed as an independent non-executive director on 12 August 1999 and was re-designated as non-executive director on 17 October 2000. Mr. To has been a practising solicitor in Hong Kong since 1975. He is also qualified as a solicitor in the United Kingdom, as well as an advocate and solicitor in Singapore. He is currently the senior and managing partner of Messrs. T.S. Tong & Co., Solicitors and Notaries. Mr. To is an executive director of New World Mobile Holdings Limited and a non-executive director of NWS Holdings Limited and Tai Fook Securities Group Limited, all of which are companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. To is also an executive director of International Entertainment Corporation, a company whose shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Directors' and Senior Management's Profiles

Peter Pun *OBE, JP*

Independent non-executive director

Mr. Pun, aged 75, was appointed as an independent non-executive director on 3 October 1997. Mr. Pun has over 43 years of international experience in engineering and construction, town and urban planning, as well as infrastructure and property development. He is the chairman and chief executive of the PYPUN group. Mr. Pun is a graduate of St. John's University and Tongji University in Shanghai and a postgraduate of Imperial College, London. He has been an authorised architect under the Hong Kong Buildings Ordinance since 1964 and a practising authorised person and registered structural engineer in Hong Kong since 1974. He is a fellow of both Institution of Civil Engineers, United Kingdom and the Hong Kong Institution of Engineers. He has been a Justice of Peace since 1980 and was awarded an OBE in 1995.

Wei Chi Kuan, Kenny

Independent non-executive director

Mr. Wei, aged 48, was appointed as an independent non-executive director on 17 October 2000. He has over 23 years of experience in the banking industry. Mr. Wei graduated from the University of Western Ontario in Canada with an undergraduate degree majoring in Economics.

Lau Wai Piu

Independent non-executive director

Mr. Lau, aged 42, was appointed as an independent non-executive director on 28 September 2004. He had been the financial controller of the Company from November 1999 to October 2001. Mr. Lau has over 19 years extensive experience in accounting and financial management. Currently, Mr. Lau is the chief financial officer of VOIPWORLD Limited, a private limited company incorporated in Hong Kong. Mr. Lau is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of The Association of Chartered Certified Accountants.

Jay J.H. Shaw

Director of subsidiaries – Aircraft Charter and Management Services

Mr. Shaw, aged 41, was appointed as Chief Executive Officer of Business Aviation Asia Limited on 24 January 2006 and a director of certain subsidiaries of the Group. He is responsible for overseeing the Group's overall portfolio of aviation businesses. Mr. Shaw has been in the general aviation business for over 6 years, notably as Director of Sales and Marketing for Bombardier Aerospace Flexjet Asia-Pacific ("FJAP") programme. He was instrumental in the start-up and business development of FJAP in 2002. Mr. Shaw is also an executive director of the Shaw Group of Companies, a private family business for over 60 years focusing on media, entertainment and properties in South East Asia. Mr. Shaw holds a Bachelors degree in Environmental Design and an Architectural degree from Southern California Institute of Architecture.

1 Results analysis

For the year ended 31 March 2006, the Group recorded a turnover from continuing operations of approximately HK$24.1 million as compared to approximately HK$18.8 million in 2005. The turnover was originated from two business segments namely property investments and aircraft charter. The investment properties business improved slightly. The start-up of aircraft charter business in the second half of the reporting year was the key contributor to the 28.1% overall increase in turnover.

The loss attributable to shareholders for the year ended 31 March 2006 amounted to approximately HK$1.4 million while last year reported a profit attributable to shareholders of HK9.1 million. The overall results in 2006 were adversely affected by the following key factors: (a) the newly adopted HKFRS2 resulting to a charge of employee share option benefits of approximately HK$1.8 million; (b) on 12 September 2005, the Company entered into a sales and purchase agreement to dispose of the entire technology arm of the Group to New World Mobile Holdings Limited ("NWM") (Stock code: 862) for a sales consideration of 16,153,846 NWM shares. At the balance sheet date, these NWM shares were classified as financial assets at fair value through profit or loss for which an unrealised loss arising from changes in the fair value of HK$14.5 million was included in the income statement; (c) start-up costs were incurred to build up the aircraft charter business; and (d) the higher interest rate environment and the issuance of interest bearing convertible notes during the year caused the significant increase in finance costs. The loss in current year was alleviated by profit from discontinued operations of approximately HK$19.4 million arising from the disposal of the technology related services as mentioned in (b) above.

2 Liquidity and financial resources

As at 31 March 2006, the Group's equity holders' fund amounted to HK$427.1 million (2005: HK$226.2 million) and the net asset value per share was HK$0.29 (2005: HK$0.52).

The Group's funding was derived from internal resources and corporate financing activities. Total net borrowings of the Group (total borrowings net of bank and cash balances) as at 31 March 2006 amounted to HK$155.8 million (2005:HK$141.5 million). In respect of the secured bank loan of approximately HK$151.7 million as at 31 March 2006, it was subject to annual review by the bank. Due to this arrangement, the secured bank loan is booked as current liability in the financial statements, however, does not represent the total bank loan amount has to be repaid within one year from 31 March 2006. Besides, the Group has been able to repay principal balances plus interests on time and the carrying value of the Group's investment properties pledged to secure the bank loan amounted to approximately HK$385 million as at 31 March 2006 is well in excess of the balance of the secured loan. Therefore, the Directors consider that the Group does not face any immediate repayment pressure of a large portion of the secured bank loan.

On 19 May 2005, the Company completed a placing of 58,000,000 ordinary shares at a subscription price of HK$0.24 per share to independent investors under which a net proceeds of approximately HK$12.8 million was raised for the Group's working capital. The closing price of the share as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited on 19 May 2005 was HK$0.35.

In February 2006, the Company completed a rights issue of 989,744,174 shares at a subscription price of HK$0.15 per share. Accordingly, a net proceeds of approximately HK$143 million was raised.

The Company also issued 2.5% redeemable convertible notes at a nominal value of HK$200 million in February 2006. The net amount received by the Company was approximately HK$195.5 million.

As at 31 March 2006, the cash and bank balances were HK$171.5 million (2005: 41.7 million). Undrawn banking facilities of the Group as at 31 March 2006 were approximately HK$12.8 million (2005: HK$37.1 million). Liquidity ratio was improved to 1.29 (2005: 0.28) due to fund raising exercises shown above.

3 Gearing

At the balance sheet date, the gearing ratio of the Group was stood at 0.40 (2005: 0.38) which was calculated based on the Group's total borrowings to total assets.

4 Financial risk management

Details of the financial risk management adopted by the Group are set out in note 3 to the financial statements.

5 Pledge of assets

Investment properties with a carrying amount of HK$385 million (2005: 385 million) were pledged to a bank as collaterals for banking facilities granted to the Group.

6 Contingent liabilities

In 2004, a PRC governmental institute has bought a litigation against the Company and certain of its former subsidiaries for the infringement of rights to derive benefits from using the city mapping information contents by the former subsidiaries in the PRC amounting to RMB5 million (equivalent to approximately HK$4.8 million). The litigation is still in progress up to the date of this report. While the outcomes of such contingencies cannot be determined at present, the Directors believe that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

The directors present their report together with the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2006.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in note 37 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group for the year ended 31 March 2006 is set out in note 5 to the financial statements.

Results and appropriations

The results of the Group for the year ended 31 March 2006 are set out in the Consolidated Income Statement on page 36.

No interim dividend was declared (2005: Nil) and the directors do not recommend the payment of a final dividend for the year ended 31 March 2006 (2005: Nil).

Share capital and share options

Details of movements in the share capital and the share options of the Company during the year are set out in notes 30(a) and 30(b) to the financial statements.

Reserves

Movements in reserves of the Group and the Company during the year are set out in note 31 to the financial statements.

Property, plant and equipment

Movements in property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

Principal properties

Details of the principal properties held are set out on page 100.

Group financial information

A summary of results, assets and liabilities of the Group for the five years ended 31 March 2006 is set out on page 99.

Major suppliers and customers

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

Purchases	
– the largest supplier	19%
– five largest suppliers in aggregate	91%
Sales	
– the largest customer	17%
– five largest customers in aggregate	39%

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

Directors

The directors of the Company during the year and up to the date of this report are as follows:

Executive directors
Mr. Lo Lin Shing, Simon *(Chairman)*
Ms. Yvette Ong *(Managing Director and Chief Executive Officer)*

Non-executive director
Mr. To Hin Tsun, Gerald

Independent non-executive directors
Mr. Peter Pun *OBE, JP*
Mr. Wei Chi Kuan, Kenny
Mr. Lau Wai Piu

In accordance with Bye-law 87 of the Bye-laws of the Company, Mr. Lo Lin Shing, Simon, Ms. Yvette Ong and Mr. Peter Pun will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The directors of the Company, including the independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company.

Biographical details of the directors and the senior management of the Group are set out in the "Directors' and Senior Management's Profiles" on pages 11 and 12.

Corporate governance

The Company is committed to maintaining the high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 28 to 33.

Directors' interests and short positions

As at 31 March 2006, the interests or short positions of the directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

1 Long positions in the shares

Name of director	Capacity	Number of shares interested	Percentage of shareholding
Lo Lin Shing, Simon	Interest of a controlled corporation	375,072,301 *(Note)*	25.23%
Lau Wai Piu	Beneficial	1,200	0.00008%

Note: Such shares are held by Golden Infinity Co., Ltd. of which Mr. Lo Lin Shing, Simon is interested in its entire issued share capital. Accordingly, Mr. Lo is deemed to be interested in the 375,072,301 shares held by Golden Infinity Co., Ltd. under the SFO.

2 Long positions in the underlying shares

Name of director	Capacity	Number of underlying shares interested	Percentage of shareholding
Lo Lin Shing, Simon	Personal	4,961,157	0.33%
Yvette Ong	Personal	2,395,041	0.16%
To Hin Tsun, Gerald	Personal	1,710,744	0.12%
Peter Pun	Personal	496,116	0.03%
Wei Chi Kuan, Kenny	Personal	496,116	0.03%
Lau Wai Piu	Personal	496,116	0.03%

Save as disclosed above and the section headed "Share Option Schemes", as at 31 March 2006, none of the directors, chief executives and their respective associates had any interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Discloseable interests and short positions of substantial shareholders/other persons under the SFO

The register of interests in shares and short positions maintained under section 336 of the SFO showed that as at 31 March 2006, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

1 Long position of substantial shareholders in the shares and/or underlying shares

Name of shareholder	Capacity	Number of shares	Number of underlying shares	Aggregate interest	Percentage of shareholding
Golden Infinity Co., Ltd.	Corporate	375,072,301	–	375,072,301	25.23%
Ku Ming Mei, Rouisa	Interest of spouse	375,072,301	4,961,157	380,033,458 *(Note)*	25.56%

Note: Madam Ku Ming Mei, Rouisa is the spouse of Mr. Lo Lin Shing, Simon and accordingly, she is deemed to be interested in 380,033,458 shares and underlying shares under the SFO.

2 Long position of other holders in the shares and/or underlying shares

Name of holder	Capacity	Number of shares	Number of underlying shares (in respect of the unlisted equity derivatives) *(Note 1)*	Aggregate interest	Percentage of shareholding
Visionary Profits Limited	Corporate	–	333,333,333	333,333,333	22.42%
Han Yuanlin	Interest of a controlled corporation	21,604,590	333,333,333 *(Note 2)*	354,937,923	23.87%
Better Year Investments Limited	Corporate	–	361,111,111	361,111,111	24.29%
Ng Chun Ping Brendan	Beneficial owner/ Interest of a controlled corporation	500,000	361,111,111 *(Note 3)*	361,611,111	24.32%

2 Long position of other holders in the shares and/or underlying shares *(Continued)*

Name of holder	Capacity	Number of shares	Number of underlying shares (in respect of the unlisted equity derivatives) *(Note 1)*	Aggregate interest	Percentage of shareholding
Keswick Agents Limited	Corporate	–	166,666,666	166,666,666	11.21%
Law Ka Keung	Interest of a controlled corporation	–	166,666,666 *(Note 4)*	166,666,666	11.21%
China Sky Limited	Corporate	–	166,666,666	166,666,666	11.21%
Kam Ming Yan Patty	Interest of a controlled corporation	–	166,666,666 *(Note 5)*	166,666,666	11.21%

Notes:

(1) The underlying shares represent the new shares to be issued upon conversion of the 2.5% redeemable convertible notes due 16 February 2009 ("Convertible Notes") held by respective holders of the Convertible Notes at a conversion price of HK$0.18 per share (subject to adjustment).

(2) Mr. Han Yuanlin is interested in the entire issued share capital of Visionary Profits Limited. By virtue of the SFO, Mr. Han is deemed to be interested in the 333,333,333 underlying shares which may be issued upon the conversion of HK$60,000,000 Convertible Notes held by Visionary Profits Limited.

(3) Mr. Ng Chun Ping Brendan is interested in the entire issued share capital of Better Year Investments Limited. By virtue of the SFO, Mr. Ng is deemed to be interested in the 361,111,111 underlying shares which may be issued upon the conversion of HK$65,000,000 Convertible Notes held by Better Year Investments Limited.

(4) Mr. Law Ka Keung is interested in the entire issued share capital of Keswick Agents Limited. By virtue of the SFO, Mr. Law is deemed to be interested in the 166,666,666 underlying shares which may be issued upon the conversion of HK$30,000,000 Convertible Notes held by Keswick Agents Limited.

(5) Ms. Kam Ming Yan Patty is interested in the entire issued share capital of China Sky Limited. By virtue of the SFO, Ms. Kam is deemed to be interested in the 166,666,666 underlying shares which may be issued upon the conversion of HK$30,000,000 Convertible Notes held by China Sky Limited.

Save as disclosed above and those disclosed under "Directors' interests and short positions", the Company had not been notified of other interests representing 5% or more of the issued share capital of the Company as at 31 March 2006.

Directors' interests in competing businesses

During the year and up to the date of this report, to the best knowledge of the directors, none of the directors and their respective associates were considered to have any interests in the businesses which compete or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the directors were appointed as directors to represent the interests of the Company and/or the Group.

Directors' interests in contracts of significance

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

Directors' service contracts

None of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company were entered into or existed during the year.

Directors' rights to acquire shares or debentures

Save as disclosed under the section headed "Share option schemes" below, at no time during the year was the Company or any of its subsidiaries a party to any other arrangements to enable the directors or chief executive or any of their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, its subsidiaries or any other body corporate.

Share option schemes

Under the share option schemes adopted by the Company on 22 September 2000 (the "Terminated Option Scheme") and 28 August 2002 (the "Existing Option Scheme"), options were granted to certain directors, employees and other eligible participants of the Company entitling them to subscribe for shares of HK$0.02 each in the capital of the Company. The Terminated Option Scheme was terminated on 28 August 2002 upon the adoption of the Existing Option Scheme by the Company.

The following is a summary of the terms of the Existing Option Scheme:

1 Purpose

The purpose of the Existing Option Scheme is to provide incentives or rewards for the contribution of the participants to the Group and to enable the Group to recruit and/to retain high-calibre employees and attract human resources that are valuable to the Group.

2 Participants

The participants of the Existing Option Scheme include any director, employee, consultant, agent or advisor of the Group or any entity in which the Group holds an interest.

3 Number of shares available for issue

The total number of shares available for issue under the Existing Option Scheme is 49,487,208 which represents approximately 2.94% of the issued share capital of the Company as at the date of this report.

4 Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue unless separately approved by the shareholders in general meeting.

5 Option period

An option may be exercised in accordance with the terms of the Existing Option Scheme at any time during the period to be notified by the directors to the grantee, but in any event such period of time must not be more than 10 years from the date of grant.

6 Vesting period

The directors may, if consider appropriate, determine the minimum period for which an option must be held before it can be exercised.

7 Amount payable on acceptance of option

Upon acceptance of the offer for an option, the grantee shall pay HK$1.00 as consideration for the grant.

8 Exercise price

The subscription price for a share in respect of any option granted shall be a price determined by the directors at their absolute discretion but shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date, (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for 5 trading days immediately preceding the offer date; and (iii) the nominal value of a share.

9 Remaining life of the scheme

The Existing Option Scheme is valid and effective for a term of 10 years commencing from 28 August 2002.

Details of the movement in outstanding share options, which have been granted under the Terminated Option Scheme and Existing Option Scheme, during the year are as follows:

					Number of shares subject to options					
Name or category of participant	Date of grant	Exercise price HK$ *(Note 1)*	Exercise period	Vesting period *(Note 2)*	As at 1 April 2005	Granted during the year *(Note 3)*	Cancelled/ lapsed during the year	Rights issue adjustment *(Note 4)*	Exercised during the year	As at 31 March 2006
Directors										
Lo Lin Shing, Simon	01-03-2005	0.1695	01-03-2005 to 28-02-2012	01-03-2005 to 31-08-2005	4,350,000	–	–	611,157	–	4,961,157
Yvette Ong	17-04-2002	0.6933	17-04-2002 to 16-04-2009	17-04-2002 to 16-04-2004	2,250,000	–	(2,250,000)	–	–	–
	01-03-2005	0.1695	01-03-2005 to 28-02-2012	01-03-2005 to 31-08-2005	2,100,000	–	–	295,041	–	2,395,041
To Hin Tsun, Gerald	01-03-2005	0.1695	01-03-2005 to 28-02-2012	01-03-2005 to 31-08-2005	1,500,000	–	–	210,744	–	1,710,744
Peter Pun	01-03-2005	0.1695	01-03-2005 to 28-02-2012	01-03-2005 to 31-08-2005	435,000	–	–	61,116	–	496,116
Wei Chi Kuan, Kenny	01-03-2005	0.1695	01-03-2005 to 28-02-2012	01-03-2005 to 31-08-2005	435,000	–	–	61,116	–	496,116
Lau Wai Piu	01-03-2005	0.1695	01-03-2005 to 28-02-2012	01-03-2005 to 31-08-2005	435,000	–	–	61,116	–	496,116
Employees and other participants in aggregate (including a director of certain subsidiaries)	17-04-2002	0.6933	17-04-2002 to 16-04-2009	17-04-2002 to 16-04-2004	828,900	–	(828,900)	–	–	–
	01-03-2005	0.1695	01-03-2005 to 28-02-2012	01-03-2005 to 31-08-2005	6,697,500	–	(1,290,000)	759,730	(2,105,000) *(Note 5)*	4,062,230
	15-02-2006	0.1636	15-02-2006 to 16-04-2009	N/A	–	828,900	–	–	(140,000) *(Note 6)*	688,900
					19,031,400	828,900	(4,368,900)	2,060,020	(2,245,000)	15,306,420

Notes:

(1) *The exercise price of the outstanding share options granted under the Existing Option Scheme on 1 March 2005 had been adjusted from HK$0.1933 to HK$0.1695 after the completion of the Rights Issue on 13 February 2006.*

(2) *The vesting period of the outstanding share options granted under the Existing Option Scheme on 1 March 2005 had been changed from "1 March 2005 to 28 February 2007" to "1 March 2005 to 31 August 2005" in accordance with the provisions of the Existing Option Scheme.*

(3) *On 15 February 2006, 828,900 share options granted to the employees under the Existing Option Scheme. The closing price of the Company's shares on 14 February 2006, the day immediately before the grant of the share options was HK$0.1680.*

(4) *Subsequent to the Rights Issue of 989,744,174 shares at a subscription price of HK$0.15 per share completed on 13 February 2006, the exercise price and number of shares to be issued upon full exercise of the outstanding share options granted under the Existing Option Scheme have been adjusted.*

(5) *The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the year was HK$0.3016.*

(6) *The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the year was HK$0.2963.*

The fair value of options granted on 1 March 2005 and 15 February 2006 estimated in accordance with the Binominal valuation model is disclosed in note 30(b) to the financial statements.

Connected transaction

During the year, the Company has entered into conditional sales and purchase agreement with New World Mobile Holdings Limited ("NWM") on 12 September 2005 to dispose of the Company's entire interest in New World CyberBase Solutions (BVI) Limited ("NWCBVI") and the interest-free shareholders loan owing from NWCBVI to NWM for an aggregate consideration of HK$21 million. The consideration was satisfied by issue of 16,153,846 ordinary shares of NWM at an issued price of HK$1.3 per share.

As (i) Dr. Cheng Kar Shun, Henry was then a director of certain subsidiaries of the Company; and (ii) Dr. Henry Cheng and his family members, through Chow Tai Fook Enterprises Limited ("CTF"), had a controlling interest in New World Development Company Limited ("NWD") which is in turn was beneficially interested in approximately 72.41% of the issued share capital of NWM as at 29 September 2005 (being the latest practicable date ("LPD") of the related Company's circular), NWM was deemed to be a connected person of the Company as defined under the Listing Rules. As at the LPD, CTF was beneficially interested in approximately 35.52% of the issued share capital of NWD. Thus, the said transaction constitutes a connected transaction for the Company under Chapter 14 of the Listing Rules.

The transaction had been approved by the independent shareholders at the Special General Meeting on 18 October 2005 and completed on 21 October 2005.

Group's borrowings

Details of the Group's borrowings are set out in notes 27 and 28 to the financial statements.

Purchase, sale or redemption of the company's listed securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Pre-emptive rights

No pre-emptive rights exist in Bermuda being the jurisdiction in which the Company was incorporated.

Audit committee

The audit committee of the Company currently comprises Messrs. Peter Pun, Wei Chi Kuan, Kenny and Lau Wai Piu who are independent non-executive directors of the Company and their principal duties include the review and supervision of the Company's financial reporting process, internal control procedures and relationship with the Company's external auditors.

The audited financial statements for the year ended 31 March 2006 have been reviewed by the audit committee.

Employees scheme

As at 31 March 2006, the Group employed 18 full-time employees in Hong Kong. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Structured training programs are also offered for staff training and development.

Disclosure pursuant to Chapter 13 of the Listing Rules

Financial assistance to affiliated companies

(a) In compliance with Rule 13.16 of Chapter 13 of the Listing Rules, details of the financial assistance given to the following affiliated companies of the Group as at 31 March 2006 which in aggregate has exceeded 8% under the assets ratio as defined under Rule 14.07(1) of Chapter 14 of the Listing Rules are set out below:

Name of affiliated companies	Percentage of Group's attributable interests	Financial assistance *HK$'000*
Asia V-Sat Co. Ltd. ("AVSAT") *(Note 1)*	20%	26,431
Cyber China Inc. ("CCI") *(Note 2)*	50%	153,247
Everbest Business Limited ("Everbest") *(Note 3)*	50%	15,107
		194,785

Notes:

(1) The Group has provided shareholder's loan to AVSAT and its certain subsidiaries. The amount is interest free, unsecured and repayable on demand. Such amount was fully provided.

(2) The Group has provided shareholder's loan to CCI. The amount is interest free, unsecured and repayable on demand. Such amount was fully provided.

(3) The Group has provided shareholder's loan to Everbest. The amount is interest free, unsecured and represents the Group's equity contributions, in substance, to the jointly controlled entity.

(b) In compliance with Rule 13.22 of Chapter 13 of the Listing Rules, the unaudited combined balance sheet of these affiliated companies as at 31 March 2006 is disclosed as follows:

	HK$'000
ASSETS	
Non-current assets	
Property, plant and equipment	326
Investment in associated companies	–
	326
Current assets	
Debtors, prepayments and other deposits	23,575
Cash and bank balances	13
	23,588
Current Liabilities	
Creditors, deposits and accruals	(9,022)
Amount due to immediate holding company	(168,369)
	(177,391)
Net current liabilities	(153,803)
Total assets less current liabilities	(153,477)
Non-current liabilities	
Long term loans	(23,029)
Net liabilities	(176,506)
CAPITAL AND RESERVES	
Share capital	9,085
Reserves	(185,591)
	(176,506)

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed public float under the Listing Rules.

Auditors

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

Post balance sheet events

Details of the significant events subsequent to the balance sheet date are set out in note 36 to the financial statements.

On behalf of the Board

Yvette Ong
Managing Director

Hong Kong, 11 July 2006

Corporate Governance Report

Introduction

The Company recognises the value and importance to achieving high standards of corporate governance to enhance corporate performance and accountability.

The Company has applied the principles and has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 to the Listing Rules throughout the accounting period covered by this annual report in all material aspects, except code provision C.2 on internal controls which is effective for accounting periods commencing on or after 1 July 2005.

The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

1 Responsibilities of the Board

The overall management of the Company's business is vested in the Board.

The Board takes responsibility to oversee all major matters of the Company, including the approval and formulation of all policy matters, overall strategies, internal control and risk management systems, and monitoring the performance of the senior management. The directors should take decisions objectively in the interests of the Company.

All directors have full and timely access to all relevant information and the advice and services of the Company Secretary with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each director is entitled to seek independent professional advice in appropriate circumstances in discharging his/her duties, at the Company's expenses.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management of the Company. The delegated functions and work tasks are periodically reviewed.

2 Board composition

The Board of the Company comprises the following directors:

Executive directors

Lo Lin Shing, Simon *(Chairman)*

Yvette Ong *(Managing Director and Chief Executive Officer)*

Non-executive director

To Hin Tsun, Gerald

Independent non-executive directors

Members of Audit Committee and Remuneration Committee

Peter Pun *OBE, JP*

Wei Chi Kuan, Kenny

Lau Wai Piu *(Chairman of Audit Committee and Remuneration Committee)*

None of the members of the Board is related to one another.

During the year ended 31 March 2006, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation of independence from each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. Accordingly, the Company considers all independent non-executive directors to be independent.

3 Appointment and succession planning of directors

The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. The Board has reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company.

The Company has not yet adopted code provision A.4.1 which provides that non-executive directors should be appointed for a specific term, subject to re-election. Non-executive directors (including independent non-executive directors) of the Company were not appointed for specific terms. Since the non-executive directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Prior to the annual general meeting held on 8 September 2005 ("2005 AGM"), directors of the Company were not required to retire by rotation at least once every three years. To comply with code provision A.4.2, amendments to the Company's Bye-laws were approved by the shareholders at the 2005 AGM to provide, inter alia, that every director shall be subject to retirement by rotation at least once every three years.

4 Attendance record at Board, Audit and Remuneration Committees' Meetings and Annual General Meeting

The individual attendance record of each director at the meetings held during the year ended 31 March 2006 is set out below:

		Attendance of meetings			
		Board	**Audit Committee**	**Remuneration Committee**	**2005 AGM**
Number of meetings		4	2	1	1
Executive directors					
Lo Lin Shing, Simon	*Chairman*	2/4	N/A	N/A	0/1
Yvette Ong	*Chief Executive Officer and Managing Director*	4/4	2/2*	1/1*	1/1
Non-executive director					
To Hin Tsun, Gerald		1/4	N/A	N/A	0/1
Independent non-executive directors and Members of Audit and Remuneration Committees					
Peter Pun		4/4	2/2	1/1	1/1
Wei Chi Kuan, Kenny		2/4	1/2	1/1	0/1
Lau Wai Piu	*Chairman of Audit and Remuneration Committees*	4/4	2/2	1/1	1/1

* *Attended by invitation*

Practices and conduct of meetings

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. Although the Chairman of the Board did not attend the 2005 AGM (which deviates from code provision E.1.2) because of an unexpected urgent business engagement, the Chief Executive Officer had chaired the 2005 AGM and answered questions at the 2005 AGM. The Chairman of the Audit and Remuneration Committees was also available to answer questions at the 2005 AGM.

Code provision A.1.3 stipulates that notice of at least 14 days should be given of a regular board meeting and reasonable notice should be given for all other board meetings.

During the year, the Directors consented to a shorter notice on one of the regular Board meetings.

Code provision A.1.6 stipulates that draft and final versions of minutes of board meetings should be sent to all directors for their comment and records respectively within a reasonable time after the board meeting is held.

The Company Secretary takes and keeps minutes of all Board and Committees meetings. Draft minutes are normally circulated to the directors for comments within a reasonable time after each meeting. Each Board member is entitled to have access to the Board papers.

5 Chairman and Chief Executive Officer

The positions of the Chairman and Chief Executive Officer are held by Mr. Lo Lin Shing, Simon and Ms. Yvette Ong respectively. Their respective responsibilities are clearly defined and set out in writing.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

The Chief Executive Officer, who is also the Managing Director focuses on implementing objectives, policies and strategies approved and delegated by the Board. She is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

6 Board Committees

The Board has established two committees, namely the Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board Committees of the Company are established with defined written terms of reference. The term of reference of the Board Committees are posted on the Company's website and are available to shareholders upon request.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Remuneration Committee

The primary objectives of the Remuneration Committee include establishing a formal and transparent procedure for setting policy on the remuneration of the directors and senior management and fixing the remuneration packages of the directors. The Remuneration Committee is also responsible for ensuring the remuneration packages are sufficient to attract and retain the directors needed to run the Company successfully; and ensuring no director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee currently comprises Mr. Peter Pun, Mr. Wei Chi Kuan, Kenny and Mr. Lau Wai Piu (Chairman of the Committee), the three independent non-executive directors.

The Remuneration Committee meets at least annually for review the remuneration policy and structure and determination of annual remuneration packages of the executive directors and the senior executives and other related matters. An external human resources consultancy firm was engaged to review the directors and senior management's remuneration and to make recommendations thereon for the Remuneration Committee's consideration. The Remuneration Committee has consulted the Chairman of the Company and/or the Chief Executive Officer about its recommendations on remuneration policy and structure and remuneration packages.

Audit Committee

The Audit Committee comprises all three independent non-executive directors, namely Mr. Peter Pun, Mr. Wei Chi Kuan, Kenny and Mr. Lau Wai Piu (Chairman of the Committee). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditors before submission to the Board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control and risk management system and associated procedures.

The Audit Committee held 2 meetings during the year to review the financial results and reports, financial reporting, internal control and compliance procedures, and to make recommendation to the Board on the re-appointment of the external auditors.

7 Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by directors. All directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code throughout the year.

The Company has also established written guidelines on no less exacting terms than the Mode Code (the "Employees Written Guidelines") for securities transactions by relevant employees of the Company who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

8 Responsibilities in respect of the Financial Statements

The directors acknowledge their responsibility to prepare the financial statements for each financial period which give a true and fair view of the financial affairs of the Group.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Auditors' Report" on page 34.

9 Auditors' remuneration

During the year under review, the remuneration paid to the Company's external auditors, PricewaterhouseCoopers is set out as follows:

	HK$'000
Audit services	650
Non-audit services	1,019
	1,669

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AUDITORS' REPORT TO THE SHAREHOLDERS OF
NEW WORLD CYBERBASE LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 36 to 98 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

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

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

Opinion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 July 2006

Consolidated Income Statement

For the year ended 31 March 2006

	Note	2006 HK$'000	2005 HK$'000 (Restated)
Continuing operations:			
Turnover	5	**24,052**	18,776
Other income	5	**1,954**	1,462
Staff costs	8	**(7,966)**	(3,938)
Depreciation		**(842)**	(219)
Surplus on revaluation of investment properties		**–**	29,000
Reversal of impairment losses of other investments, net		**–**	2,075
Reversal of impairment losses of long term receivable		**7,545**	–
Fair value loss – financial assets at fair value through profit or loss		**(19,422)**	–
Other operating expenses		**(17,875)**	(7,278)
Operating (loss)/profit	7	**(12,554)**	39,878
Finance costs	10	**(7,430)**	(4,255)
Share of loss of jointly controlled entity		**(3)**	–
(Loss)/profit before income tax		**(19,987)**	35,623
Income tax expense	11	**(811)**	(5,876)
(Loss)/profit from continuing operations		**(20,798)**	29,747
Discontinued operations:			
Profit/(loss) from discontinued operations	6	**19,407**	(20,738)
(Loss)/profit for the year		**(1,391)**	9,009
Attributable to:			
Equity holders of the Company		**(1,383)**	9,100
Minority interests		**(8)**	(91)
		(1,391)	9,009
(Loss)/earnings per share for (loss)/profit from continuing operations attributable to the equity holders of the Company for the year	13		
– basic (HK cents)		**(3.83)**	10.21
– diluted (HK cents)		**(2.84)**	10.20
Earnings/(loss) per share for profit/(loss) from discontinued operations attributable to the equity holders of the Company for the year	13		
– basic (HK cents)		**3.58**	(7.10)
– diluted (HK cents)		**2.86**	(7.09)

Consolidated Balance Sheet

As at 31 March 2006

	Note	2006 HK$'000	2005 HK$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**143,992**	2,415
Investment properties	*15*	**385,000**	388,900
Associated companies	*17*	**–**	–
Jointly controlled entity	*18*	**15,104**	–
Other investments	*19*	**–**	22,314
Financial assets at fair value through profit or loss	*20*	**43,674**	–
Long term receivable	*21*	**12,668**	5,123
		600,438	418,752
Current assets			
Financial assets at fair value through profit or loss	*20*	**27,946**	–
Accounts receivable	*22*	**4,475**	5,186
Other receivables, prepayments and deposits		**4,998**	3,567
Amounts due from related companies	*23*	**8,717**	8,468
Tax prepaid		**55**	73
Pledged bank deposits	*24*	**–**	540
Cash and cash equivalents	*25*	**171,485**	41,208
		217,676	59,042
Current liabilities			
Creditors, deposits and accruals	*26*	**16,520**	25,412
Short-term loans	*27*	**151,724**	183,202
		168,244	208,614
Net current assets/(liabilities)		**49,432**	(149,572)
Total assets less current liabilities		**649,870**	269,180
Non-current liabilities			
Convertible notes	*28*	**175,528**	–
Deferred income tax liabilities	*29*	**47,216**	42,934
		222,744	42,934
Net assets		**427,126**	226,246

Consolidated Balance Sheet

As at 31 March 2006

	Note	2006 *HK$'000*	2005 *HK$'000* (Restated)
Financed by:			
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*30*	**29,737**	8,737
Reserves	*31*	**397,332**	217,444
		427,069	226,181
Minority interests		**57**	65
Total equity		**427,126**	226,246

Lo Lin Shing, Simon
Director

Yvette Ong
Director

Balance Sheet

As at 31 March 2006

	Note	2006 HK$'000	2005 HK$'000 (Restated)
ASSETS			
Non-current assets			
Subsidiaries	16	**166,668**	166,668
Current assets			
Financial assets at fair value through profit or loss	20	**27,946**	–
Amounts due from subsidiaries	16	**215,972**	55,870
Other receivables		**1,482**	1,444
Cash and cash equivalents	25	**162,749**	26,667
		408,149	83,981
Current liabilities			
Amounts due to subsidiaries	16	**48,414**	45,208
Other payables		**3,977**	3,516
		52,391	48,724
Net current assets		**355,758**	35,257
Total assets less current liabilities		**522,426**	201,925
Non-current liabilities			
Convertible notes	28	**175,528**	–
Deferred income tax liabilities	29	**3,495**	–
		179,023	–
Net assets		**343,403**	201,925
Financed by:			
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	30	**29,737**	8,737
Reserves	31	**313,666**	193,188
		343,403	201,925

Lo Lin Shing, Simon
Director

Yvette Ong
Director

Consolidated Statement Of Changes In Equity

For the year ended 31 March 2006

	Attributable to equity holders of the Company				
	Share capital *HK$'000*	**Other reserves** *HK$'000*	**Retained profits/ (Accumulated losses)** *HK$'000*	**Minority interests** *HK$'000*	**Total** *HK$'000*
Balance at 1 April 2004, as previously reported as equity	116,499	2,758,893	(2,647,504)	–	227,888
Balance at 1 April 2004, as previously reported separately as minority interests	–	–	–	156	156
Effect of adoption of HK(SIC)-Int 21	–	–	(37,069)	–	(37,069)
Balance at 1 April 2004, as restated	116,499	2,758,893	(2,684,573)	156	190,975
Distributable reserves arising from capital reduction *(Note 30(a)(i))*	(110,674)	110,674	–	–	–
Transfer to accumulated losses *(Note 30(a)(i))*	–	(2,669,973)	2,669,973	–	–
Rights issue of shares *(Note 30(a)(ii))*	2,912	26,212	–	–	29,124
Share issue expenses	–	(3,053)	–	–	(3,053)
Profit for the year, as previously reported	–	–	15,156	(91)	15,065
Effect of changes in accounting policies *(Note 2.1)*	–	191	(6,056)	–	(5,865)
Profit for the year, as restated			9,100		
Balance at 31 March 2005, as restated	8,737	222,944	(5,500)	65	226,246
Balance at 1 April 2005, as per above	8,737	222,944	(5,500)	65	226,246
Opening adjustments for adoption of HKASs 32 and 39 *(Note 2.1)*	–	–	26,324	–	26,324
Balance at 1 April 2005, as restated	8,737	222,944	20,824	65	252,570
Convertible notes – equity component *(Note 28)*	–	21,468	–	–	21,468
Deferred tax on equity component of convertible notes *(Note 29)*	–	(3,757)	–	–	(3,757)
Share-based compensation expenses	–	1,760	–	–	1,760
Issue of shares *(Note 30)*	21,000	141,761	–	–	162,761
Share issue expenses	–	(6,285)	–	–	(6,285)
Lapse of share options	–	(23)	23	–	–
Loss for the year	–	–	(1,383)	(8)	(1,391)
Balance at 31 March 2006	29,737	377,868	19,464	57	427,126

Consolidated Cash Flow Statement

For the year ended 31 March 2006

	Note	2006 HK$'000	2005 HK$'000
Cash flow from operating activities			
Cash used in operations	34(a)	**(13,979)**	(1,724)
Interest paid		**(5,934)**	(2,676)
Interest received		**1,954**	718
Hong Kong profits tax paid		**(268)**	(11)
Net cash used in operating activities		**(18,227)**	(3,693)
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		**–**	114
Additions of plant and equipment		**(145,640)**	(1,674)
New loans to investee companies		**–**	(468)
Advances to associated companies		**(1,112)**	(1,024)
Advance to jointly controlled entity		**(15,107)**	–
Dividend received		**–**	798
Acquisition of subsidiaries	34(b)	**–**	(2,427)
Disposal of subsidiaries	34(c)	**(10,675)**	–
Net cash used in investing activities		**(172,534)**	(4,681)
Cash flows from financing activities			
Proceeds from issuance of shares		**162,761**	29,124
Share issue expenses		**(6,285)**	(3,053)
Drawdown of short-term loans		**22,285**	150,039
Repayment of short-term loans		**(53,763)**	(139,600)
Release of restricted bank balances and cash deposits		**540**	5,713
Issue of convertible notes		**195,500**	–
Net cash generated from financing activities	34(d)	**321,038**	42,223
Net increase in cash and cash equivalents		**130,277**	33,849
Cash and cash equivalents at beginning of year		**41,208**	7,359
Cash and cash equivalents at end of year	25	**171,485**	41,208

1 General information

New World CyberBase Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in property investments, aircraft charter and the provision of technology related services. The Group has discontinued the provision of technology related services upon disposal of subsidiaries as set out in Note 6.

The Company is a limited liability company incorporated in Bermuda. The address of its principal place of business is 21st Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been approved for issue by the Board of Directors on 11 July 2006.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss, which are carried at fair value.

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) *The adoption of new/revised HKFRS*

With effect from 1 April 2004, the Group had early adopted HKFRS 3 "Business Combinations", HKAS 36 "Impairment of Assets and HKAS 38 "Intangible Assets" in preparing the financial statements for the year ended 31 March 2005. Starting from 1 April 2005, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The comparatives have been amended as required, in accordance with the relevant requirements.

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 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investments in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transitional and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-Depreciated Assets
HKFRS 2	Share-based Payment
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) *The adoption of new/revised HKFRS (Continued)*

The adoption of new/revised HKASs 1, 7, 8, 10, 16, 17, 21, 23, 24, 27, 28, 31 and 33 do not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interests, share of net after-tax results of associated companies and other disclosures.

– HKASs 7, 8, 10, 16, 17, 23, 27, 28, 31 and 33 have no material effect on the Group's accounting policies.

– HKAS 21 had no material effect on the Group's accounting policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.

– HKAS 24 has affected the identification of related parties and some other related party disclosures.

The adoption of HKASs 32 and 39 has resulted in a change in accounting policy relating to the classification of financial assets at fair value through profit or loss. In prior years, other investments were stated at cost less accumulated impairment losses.

The adoption of revised HKAS 40 has resulted in a change in the accounting policy of which the changes in fair values are dealt with in the income statement. In prior years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the income statement.

The adoption of revised HK(SIC)-Int 21 has resulted in a change in accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use. In prior years, the carrying amount of that asset was expected to be recovered through sale.

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) The adoption of new/revised HKFRS (Continued)

The adoption of HKFRS 2 has resulted in a change in accounting policy for share-based payments. Until 31 March 2005, the provision of share options to employees did not result in an expense in the income statement. Effective from 1 April 2005, the Group charged the cost of share options to the income statement. As a transitional provision, the cost of share options granted after 7 November 2002 and had not yet vested on 1 January 2005 was expensed retrospectively in the income statement of the respective periods (Note 2.14(b)).

The adoption of HKFRS 5 has resulted in a change in accounting policy for discontinued operations. An operation is classified as discontinued when the criteria to be classified as "held for sale" have been met or the Group has disposed of the operation. The application of HKFRS 5 does not impact on the prior-year financial statements other than a change in the presentation of the results and cash flows of the discontinued operations.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All the standards adopted by the Group require retrospective application other than:

– HKAS 39 – does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 "Accounting for investments in securities" to investments in securities for the comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1 April 2005;

– HKFRS 2 – only retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 January 2005; and

– HKFRS 5 – prospective application after the adoption date.

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) *The adoption of new/revised HKFRS (Continued)*

The effect of the changes in accounting policies on the results for the current and prior year is as follows:

	Year ended 31 March 2005			**Year ended 31 March 2006**			
	HK(SIC)-Int 21	HKFRS 2	HKFRS 5	**HKAS 32 and 39**	**HK(SIC)-Int 21**	**HKFRS 2**	**HKFRS 5**
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Reclassified turnover to discontinued operations	–	–	(19,294)	**–**	**–**	**–**	**(14,548)**
Reclassified other income to discontinued operations	–	–	(54)	**–**	**–**	**–**	**(26)**
Reclassified staff cost, depreciation and other operating expenses to discontinued operations	–	–	40,086	**–**	**–**	**–**	**22,096**
Reclassified gain on disposal of subsidiaries to discontinued operations	–	–	–	**–**	**–**	**–**	**(26,929)**
Net results reclassified as (loss)/profit from discontinued operations	–	–	(20,738)	**–**	**–**	**–**	**19,407**
Increase in staff costs	–	(191)	–	**–**	**–**	**(1,760)**	**–**
Fair value loss – financial assets at fair value through profit or loss	–	–	–	**(19,422)**	**–**	**–**	**–**
Reversal of impairment losses of long term receivable	–	–	–	**7,545**	**–**	**–**	**–**
Increase in income tax expense	(5,865)	–	–	**–**	**(787)**	**–**	**–**
Decrease in profit/increase in loss for the year	(5,865)	(191)	–	**(11,877)**	**(787)**	**(1,760)**	**–**
Decrease in basic earnings per share (HK cents)	(2.01)	(0.07)	–	**(2.19)**	**(0.15)**	**(0.32)**	**–**

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) *The adoption of new/revised HKFRS (Continued)*

The cumulative effects of the changes in accounting policies on the consolidated balance sheet at 31 March 2005 and 1 April 2005 are as follows:

	At 31 March 2005 (Originally stated)	Effect of adoption of HKAS 1 and 40	Effect of adoption of HK(SIC)-Int 21	Effect of adoption of HKFRS 2	At 31 March 2005 (Restated)	Effect of adoption of HKAS 32 and 39	At 1 April 2005 (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	391,315	(388,900)	–	–	2,415	–	2,415
Investment properties	–	388,900	–	–	388,900	–	388,900
Other investments	22,314	–	–	–	22,314	(22,314)	–
Financial assets at fair value through profit or loss	–	–	–	–	–	48,638	48,638
Long term receivable	5,123	–	–	–	5,123	–	5,123
Deferred income tax liabilities	–	–	(42,934)	–	(42,934)	–	(42,934)
Other liabilities, net	(149,572)	–	–	–	(149,572)	–	(149,572)
Minority interests	(65)	65	–	–	–	–	–
Net assets	269,115	65	(42,934)	–	226,246	26,324	252,570
Share capital	8,737	–	–	–	8,737	–	8,737
Retained earnings/ (accumulated losses)	37,625	–	(42,934)	(191)	(5,500)	26,324	20,824
Other reserves	222,753	–	–	191	222,944	–	222,944
Minority interests	–	65	–	–	65	–	65
Total equity	269,115	65	(42,934)	–	226,246	26,324	252,570

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(b) *Standards, amendments and interpretations to published standards that are not yet effective*

No early adoption of the following new Standards, Amendments and Interpretations, which are relevant to its operations, that have been issued and are mandatory for accounting periods beginning on or after 1 January 2006 or later periods.

HKAS 1 (Amendment)	Capital Disclosures
HKAS 21 (Amendment)	The Effect of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intra-group Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 7	Financial Instruments: Disclosures
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HK(IFRIC)-Int 8	Scope of HKFRS 2

The Group has already commenced an assessment of the impact of these new Standards, Amendments and Interpretations but is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

2.2 Consolidation

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

(a) *Subsidiaries*

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

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

2 Summary of significant accounting policies *(Continued)*

2.2 Consolidation *(Continued)*

(a) Subsidiaries (Continued)

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

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

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

(b) Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2 Summary of significant accounting policies *(Continued)*

2.2 Consolidation *(Continued)*

(c) *Joint ventures*

A jointly controlled entity is a joint venture in which the Group and other parties undertake an economic activity which is subject to jointly control and none of the participating parties has unilateral control over the economic activity. The Group's investments in jointly controlled entity are accounted for by the equity method of accounting and are initially recognised at cost.

The Group's share of its jointly controlled entity's post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) *Functional and presentation currency*

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

2 Summary of significant accounting policies *(Continued)*

2.4 Foreign currency translation *(Continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group companies

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

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

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.5 Property, plant and equipment

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

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

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

Leasehold improvements	over unexpired lease terms
Computer equipment	3 years
Furniture, fixtures and office equipment	5-10 years
Motor vehicles	5 years
Aircraft and engines	12-20 years

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

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

2.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

2 Summary of significant accounting policies *(Continued)*

2.6 Investment properties *(Continued)*

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out annually by external valuers. Changes in fair values are recognised in the income statement.

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

2.7 Intangible assets

(a) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associated company or jointly controlled entity at the date of acquisition. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold, if any.

Goodwill is allocated to cash-generating units for the purpose of impairment testing (Note 2.8). The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) *Licenses*

Licenses arising from business combinations were initially recognised and measured at fair value upon acquisition and amortised using the straight-line method over their estimated useful lives of three to five years.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies *(Continued)*

2.9 Financial assets

From 1 April 2004 to 31 March 2005:

The Group classified its investments, other than subsidiaries, associated companies and jointly controlled entities, as other investments.

(a) *Other investments*

Investments which were held for long term strategic purposes were stated at cost less accumulated impairment losses at the balance sheet date.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investment should be reduced to its fair value. The impairment loss is recognised as an expense in the income statement. The impairment loss is written back to the income statement when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

From 1 April 2005 onwards:

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in accounts and other receivables in the balance sheet.

2 Summary of significant accounting policies *(Continued)*

2.9 Financial assets *(Continued)*

(c) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

(d) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. During the year, the Group did not hold any investments in this category.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category (including interest and dividend income) are included in the income statement in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in the income statement, and other changes in carrying amount are recognised in equity. Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

2 Summary of significant accounting policies *(Continued)*

2.9 Financial assets *(Continued)*

The fair values of quoted investments are based on current quoted bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss –measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.10 Accounts and other receivables

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

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.12 Borrowings

Bank and other loans are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effect.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2 Summary of significant accounting policies *(Continued)*

2.13 Deferred income tax

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

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

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

2.14 Employee benefits

(a) *Retirement benefits*

For employees in Hong Kong, a mandatory provident fund scheme ("MPF Scheme") has been established pursuant to the Hong Kong Mandatory Provident Fund Scheme Ordinance under which the Group's Hong Kong employees are compulsorily required to join the MPF Scheme. Employer's mandatory contributions are 100% vested in the employees as soon as they are paid to the MPF Scheme.

Contributions made by the Group under the MPF Scheme are charged to the income statement as they become payable in accordance with the rules of the scheme. The assets of the MPF Scheme are held separately from those of the Group and managed by independent professional fund managers.

For employees in the Mainland China, the Group contributes to retirement schemes managed by local municipal authorities in the Mainland China based on a percentage of the relevant employee's monthly salaries. The Group's contributions under such schemes are charged to the income statement as incurred while the relevant local municipal authorities undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the Mainland China.

2 Summary of significant accounting policies *(Continued)*

2.14 Employee benefits *(Continued)*

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.15 Provisions

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made or received under operating leases are charged or credited to the income statement on a straight-line basis over the period of the lease.

2.17 Borrowings costs

All borrowing costs are charged to the income statement in the year in which they are incurred.

2 Summary of significant accounting policies *(Continued)*

2.18 Revenue recognition

(i) *Rental and management fee income*

Operating lease rental income and management fee income are recognised on a straight-line basis over the lease periods.

(ii) *Charter flight income*

Charter flight income is recognised when transportation services are rendered.

(iii) *Technology related services*

The Group derives revenues from the provision of wireless value-added telecommunications services (the "VAS") and outsourcing services including software development and call centre services. The Group recognises its revenue net of applicable business taxes and related taxes.

Revenue from the provision of outsourcing services is recognised when services are rendered.

VAS revenues are derived principally from providing mobile phone users with short messaging services, multimedia messaging services and wireless application protocol. These services are substantially billed on a monthly subscription basis or on a per message basis (the "Service Fees"). These services are predominantly delivered through platforms of various subsidiaries of China Mobile Communications Corporation and they also collect the Service Fees on behalf of the Group.

(iv) *Interest income*

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

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to variety of financial risks: foreign exchange risk, price risk, credit risk, liquidity risk and interest-rate risk. The use of financial derivatives to hedge certain risk exposures is governed by the Group's financial management policies. The Group does not use derivative financial instruments for speculative purposes.

(a) *Foreign exchange risk*

The Group mainly operates in Hong Kong with most of the transactions settled in HK$ and United States dollar ("US$"). The Group also had certain operations in the PRC which had been disposed of during the year. The Group's assets and liabilities, and transactions arising from its operations that are exposed to foreign exchange risk are primarily with respect to Renminbi ("RMB") and US$. The Group has not used any forward contracts or currency borrowings to hedge its exposure as foreign exchange risk is considered minimal.

(b) *Price risk*

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

(c) *Credit risk*

The Group has no significant concentrations of credit risk. The Group regularly reviews the credit terms and credit limits granted to individual customer, and it has policies in place to ensure that sales are made to customers with an appropriate credit history.

(d) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through its operations and an adequate amount of committed credit facilities. The management aims to maintain flexibility in funding by keeping committed credit lines available.

(e) *Interest rate risk*

The Group's income and operating cash flow are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for the cash and cash equivalents, details of which have been disclosed in Note 25. The Group's exposure to changes in interest rates is mainly attributable to its short-term loans and convertible notes, details of which have been disclosed in Notes 27 and 28, respectively. Short-term loans carry interest at floating rates expose the Group to cash flow interest rate risk. Convertible notes issued at fixed rate expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

3 Financial risk management *(Continued)*

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying amounts of the Group's current financial assets (other than financial instruments), including cash and cash equivalents, accounts receivable, other receivables, prepayments and deposits, and current financial liabilities, including creditors, deposits and accruals and short-term loans, approximate their fair values due to their short maturities.

The face value less any estimated impairment provision (as appropriate) for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

(a) Investment properties

The fair values of investment properties are determined annually by independent qualified valuers on an open market in existing use basis. In making the judgement, consideration has been given to assumptions that are mainly on market conditions existing at the balance sheet date and appropriate capitalisation rates of rental income.

4 Critical accounting estimates and judgements *(Continued)*

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations.

The estimated useful life of the engines for the aircraft is determined by independent qualified valuers assuming the engines have normal utilisation of the same or similar type of engines and good maintenance program. Different judgements or estimates could significantly affect the estimated useful life and impact the result of operations.

Management will revise the depreciation charge where useful lives are different to previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Convertible notes

The fair value of convertible notes is estimated by independent professional valuer based on actual transactions of the financial instruments in the market or transactions of similar financial instruments generally represent the best estimate of the market value.

(d) Share-based payment

The fair values of options granted are estimated by independent professional valuer based on the various assumptions on volatility, life of options, dividend yield and annual risk-free interest rate, excluding the impact of non-market vesting conditions, which generally represent the best estimate of the fair values of the options at the date of granting the options.

(e) Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision of income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Long term receivable

The fair value of long term receivable is estimated by the Directors based on the discounted present value of the expected future cash flows derived from the long term receivable. To determine the discounted present value, the Directors are required to estimate the future cash flows expected to arise from the settlement of the amount, after taking into account the risks specific to the asset and a suitable discount rate, which are based on management's assumptions and estimates. Detailed sensitivity analyses have been prepared and management is of the view that the carrying amount of the long term receivable is not materially different from its fair value.

5 Turnover, other income and segment information

The Group is principally engaged in property investments, aircraft charter and the provision of technology related services. The Group has ceased the provision of technology related services following the disposal of subsidiaries as set out in Note 6.

Revenues recognised during the year are as follows:

	2006 HK$'000	2005 HK$'000 (Restated)
Turnover		
Gross rental income and management fee	**19,493**	18,776
Charter flight income	**4,559**	–
	24,052	18,776
Other income		
Interest income	**1,954**	664
Dividend income	**–**	798
	1,954	1,462
Total	**26,006**	20,238

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

Primary reporting format – business segments

The Group is organised into three (2005: two) main business segments:

Property investments
Aircraft charter *(note a)*
Technology related services *(note b)*

Notes:

(a) *The aircraft charter segment is newly operated by the Group during the year.*

(b) *The Group disposed of its entire interest in the technology related services segment during the year, details of which have been disclosed in Note 6.*

There are no sales or other transactions between business segments.

5 Turnover, other income and segment information *(Continued)*

Primary reporting format – business segments *(Continued)*

The segment results for the year ended 31 March 2006 are as follows:

	Continuing		Discontinued		Total	
	Property investments *HK$'000*	Aircraft charter *HK$'000*	Property investments *HK$'000*	Technology related services *HK$'000*	Continuing *HK$'000*	Discontinued *HK$'000*
Turnover	19,493	4,559	197	14,351	24,052	14,548
Segment results	14,165	(2,739)	164	(7,849)	11,426	(7,685)
Unallocated corporate (expenses)/income					(14,057)	1,249
Unallocated operating income/(expenses)						
– Other income					1,954	26
– Fair value loss – financial assets at fair value through profit or loss					(19,422)	–
– Reversal of impairment losses of long term receivable					7,545	–
– Provision for amounts due from associated companies					–	(1,112)
– Gain on disposal of subsidiaries					–	26,929
Operating (loss)/profit					(12,554)	19,407
Finance costs					(7,430)	–
Share of loss of jointly controlled entity					(3)	–
(Loss)/profit before income tax					(19,987)	19,407
Income tax expense					(811)	–
(Loss)/profit for the year					(20,798)	19,407
Depreciation	–	667	–	611	667	611
Unallocated depreciation					175	–
					842	611
Capital expenditure	–	144,399	–	1,188	144,399	1,188
Unallocated capital expenditure					53	–
					144,452	1,188

5 Turnover, other income and segment information *(Continued)*

Primary reporting format – business segments *(Continued)*

The segment results for the year ended 31 March 2005 are as follows:

	Continuing		Discontinued		Total	
	Property investments *HK$'000*	Technology related services *HK$'000*	Property investments *HK$'000*	Technology related services *HK$'000*	Continuing *HK$'000*	Discontinued *HK$'000*
Turnover	18,776	–	327	18,967	18,776	19,294
Segment results	42,765	–	762	(16,273)	42,765	(15,511)
Unallocated corporate (expenses)/income					(6,424)	531
Unallocated operating income/(expenses)						
– Other income					1,462	54
– Provision for amounts due from associated companies					–	(5,812)
– Reversal of impairment losses of other investments, net					2,075	–
Operating profit/(loss)					39,878	(20,738)
Finance costs					(4,255)	–
Profit/(loss) before income tax					35,623	(20,738)
Income tax expense					(5,876)	–
Profit/(loss) for the year					29,747	(20,738)
Depreciation	–	–	–	890	–	890
Unallocated depreciation					219	–
					219	890
Amortisation of intangible assets	–	–	–	202	–	202
Impairment loss of intangible assets	–	–	–	2,928	–	2,928
Capital expenditure	–	–	–	4,786	–	4,786
Unallocated capital expenditure					18	–
					18	4,786

Segment assets consist primarily of property, plant and equipment, investment properties, operating cash and other current assets. Segment liabilities comprise operating liabilities and exclude items such as short term loans, convertible notes and deferred income tax liabilities.

Capital expenditure represents additions to plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

5 Turnover, other income and segment information *(Continued)*

Primary reporting format – business segments *(Continued)*

The segment assets and liabilities at 31 March 2006 are as follows:

	Property investments *HK$'000*	Aircraft charter *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets	**389,235**	**168,049**	**260,830**	**818,114**
Liabilities	**4,389**	**4,097**	**382,502**	**390,988**

The segment assets and liabilities at 31 March 2005 are as follows:

	Property investments *HK$'000*	Technology related services *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets	399,743	17,554	60,497	477,794
Liabilities	3,701	10,818	237,029	251,548

Secondary reporting format – geographical segments

The Group's business segments are operating in two main geographical areas:

Hong Kong: Property investments and aircraft charter
The Mainland China: Technology related services and property investments

There are no sales between geographical segments.

	For the year ended 31 March			
	Turnover		Capital expenditure	
	2006 *HK$'000*	2005 *HK$'000*	**2006** *HK$'000*	2005 *HK$'000*
Hong Kong – Continuing	**24,052**	18,776	**144,452**	18
Mainland China – Discontinued	**14,548**	19,294	**1,188**	4,786
	38,600	38,070	**145,640**	4,804

5 Turnover, other income and segment information *(Continued)*

Secondary reporting format – geographical segments *(Continued)*

	31 March 2006 *HK$'000*	31 March 2005 *HK$'000*
Total assets		
Hong Kong	**818,061**	456,483
Mainland China	**53**	21,311
	818,114	477,794

Turnover is allocated based on the countries or locations in which the customers are located. Total assets and capital expenditure are allocated based on where the assets are located.

6 Discontinued operations

During the year, the Group disposed of its entire interest in New World CyberBase Solutions (BVI) Limited and its subsidiaries (collectively the "NWCBVI Group") to New World Mobile Holdings Limited ("NWM"), a company incorporated in Cayman Islands and listed on the Stock Exchange of Hong Kong Limited. The disposal was approved by the independent shareholders of the Company at the Special General Meeting on 18 October 2005 and completed on 21 October 2005.

6 Discontinued operations *(Continued)*

An analysis of the results and cash flows of the discontinued operations is as follows:

	2006 **HK$'000**	2005 HK$'000
Turnover	**14,548**	19,294
Other income	**26**	54
Staff costs	**(6,178)**	(8,128)
Depreciation	**(611)**	(890)
Amortisation of intangible assets	**–**	(202)
Impairment loss of intangible assets	**–**	(2,928)
Provision for amounts due from associated companies	**(1,112)**	(5,812)
Surplus on revaluation of investment properties	**–**	554
Recovery of doubtful debts, net	**–**	657
Other operating expenses	**(14,195)**	(23,337)
Loss before income tax	**(7,522)**	(20,738)
Income tax expense	**–**	–
	(7,522)	(20,738)
Gain on disposal of subsidiaries *(Note 34(c))*	**26,929**	–
Profit/(loss) from discontinued operations	**19,407**	(20,738)
Net cash used in operating activities	**(10,156)**	(14,881)
Net cash (used in)/generated from investing activities	**(1,221)**	1,745
Net cash generated from financing activities	**11,371**	22,910
Total net cash (outflow)/inflow	**(6)**	9,774

No tax charge or credit arose from the disposal of NWCBVI Group. The carrying amounts of the assets and liabilities of NWCBVI Group at the date of disposal are disclosed in Note 34(c).

7 Operating (loss)/profit

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

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Crediting		
Gross rental income and management fee	**19,493**	18,776
Charging		
Auditors' remuneration	**650**	512
Operating lease rental in respect of land and buildings	**499**	225
Direct operating expenses arising from investment properties that generate rental income	**3,177**	3,336
Direct operating expenses arising from investment properties that did not generate rental income	**127**	161

8 Staff costs (including directors' remuneration)

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Wages and salaries	**6,085**	4,209
Retirement benefit costs – defined contribution plan	**121**	(462)
Share options granted to directors and employees	**1,760**	191
	7,966	3,938

The retirement benefit costs under MPF Scheme charged to the income statement represent gross contributions payable by the Group to the MPF Scheme of HK$121,000 (2005: gross contributions of HK$96,000 less forfeited employer's contributions utilised of HK$558,000). No contribution was payable to the funds at the year end. At 31 March 2006, there was no unutilised forfeited contributions (2005: Nil).

9 Directors' and senior management's emoluments

(a) Directors' emoluments

The remuneration of each of the Directors for the year ended 31 March 2006 is as follows:

Name of Director	Fees *HK$'000*	Salary *HK$'000*	Other benefits *HK$'000*	Share option benefits *HK$'000*	Employer's contribution to MPF Scheme *HK$'000*	Total *HK$'000*
Executive directors						
Lo Lin Shing, Simon	–	–	530	553	–	1,083
Yvette Ong	–	1,834	181	267	12	2,294
Non-executive director						
To Hin Tsun, Gerald	10	–	–	191	–	201
Independent non-executive directors						
Peter Pun	100	–	–	55	–	155
Wei Chi Kuan, Kenny	100	–	–	55	–	155
Lau Wai Piu	100	–	–	55	–	155
	310	1,834	711	1,176	12	4,043

The remuneration of each of the Directors for the year ended 31 March 2005 is as follows:

Name of Director	Fees *HK$'000*	Salary *HK$'000*	Other benefits *HK$'000*	Share option benefits *HK$'000* (Restated)	Employer's contribution to MPF Scheme *HK$'000*	Total *HK$'000*
Executive directors						
Lo Lin Shing, Simon	–	–	–	56	–	56
Yvette Ong	–	2,160	64	27	12	2,263
Non-executive director						
To Hin Tsun, Gerald	10	–	–	19	–	29
Independent non-executive directors						
Peter Pun	100	–	–	6	–	106
Wei Chi Kuan, Kenny	100	–	–	6	–	106
Lau Wai Piu	51	–	–	6	–	57
	261	2,160	64	120	12	2,617

During the years, no Director waived any directors' emoluments.

9 Directors' and senior management's emoluments *(Continued)*

(b) Senior executives' emoluments

The five individuals whose emoluments were the highest in the Group for the year include one director (2005: one) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2005: four) highest paid individuals during the year are as follows:

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Basic salaries, other allowances and benefits in kind	**2,814**	2,952
Discretionary bonus	**457**	340
Contributions to pension schemes	**48**	46
Share option benefits	**266**	25
	3,585	3,363

The emoluments fell within the following bands:

	Number of individuals	
Emolument bands	**2006**	2005
Nil – HK$1,000,000	**3**	3
HK$1,000,001 – HK$1,500,000	**1**	1
	4	4

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

10 Finance costs

	2006	2005
	HK$'000	*HK$'000*
Interest expense:		
– short-term bank loan	**6,542**	2,799
– short-term other loan	**–**	1,456
– convertible notes wholly repayable within five years *(Note 28)*	**1,496**	–
	8,038	4,255
Less: Write-back of interest payable for other loan, net	**(608)**	–
	7,430	4,255

11 Income tax expense

Hong Kong profits tax has been provided for at the rate of 17.5% on the estimated assessable profit for the year (2005: Nil). Taxation on overseas profits has not been provided for as the Group has no estimated assessable profit for the year (2005: Nil).

The amount of tax charged to the consolidated income statement represents:

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Current income tax:		
– Hong Kong profits tax	**286**	–
– Under provision for Hong Kong profits tax in prior year	**–**	11
Deferred income tax *(Note 29)*	**525**	5,865
	811	5,876

The taxation on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
(Loss)/profit before income tax from continuing operations	**(19,987)**	35,623
Loss before income tax from discontinued operations *(Note 6)*	**(7,522)**	(20,738)
	(27,509)	14,885
Calculated at a taxation rate of 17.5% (2005: 17.5%)	**(4,814)**	2,605
Tax effect on income not subject to tax	**(1,545)**	(1,093)
Tax effect on expenses not deductible for tax purposes	**3,693**	1,601
Tax effect on tax loss not recognised	**3,477**	2,752
Under provision in prior year	**–**	11
Income tax expense	**811**	5,876

12 Loss attributable to equity holders of the Company

Loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$34,469,000 (2005: HK$29,756,000 as restated) (Note 31(b)).

13 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to the equity holders of the Company (net of minority interests) and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted (loss)/earnings per share is based on the weighted average number of ordinary shares in issue during the year, as used in the calculation of basic (loss)/earnings per share and the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted (loss)/earnings per share is based on the following data:

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Earnings		
(Loss)/profit from continuing operations attributable to the equity holders of the Company (net of minority interests), as used in the calculation of basic (loss)/earnings per share	**(20,790)**	29,838
Interest expense on convertible notes	**1,496**	–
(Loss)/profit from continuing operations attributable to the equity holders of the Company, as used in the calculation of diluted (loss)/earnings per share	**(19,294)**	29,838
Profit/(loss) from discontinued operations attributable to equity holders of the Company	**19,407**	(20,738)

	Number of shares	
	2006	2005
	(thousand)	*(thousand)*
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue for basic (loss)/earnings per share	**542,316**	292,193
Effect of dilutive potential ordinary shares:		
Convertible notes	**130,898**	–
Share options	**6,098**	311
Weighted average number of ordinary shares in issue for diluted (loss)/earnings per share	**679,312**	292,504

The weighted average number of ordinary shares for the year ended 31 March 2005 is adjusted to reflect the change in the number of ordinary shares as a result of the rights issue of the Company during the year as set out in Note 30 (a)(iv).

14 Property, plant and equipment – Group

	Other properties HK$'000	Leasehold improve-ments HK$'000	Computer equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Aircraft HK$'000	Total HK$'000
Cost							
At 1 April 2004	5,518	654	6,986	2,065	1,058	–	16,281
Additions	–	5	1,666	3	–	–	1,674
Disposals	–	–	(246)	–	–	–	(246)
Transfer from other properties to investment properties *(Note 15)*	(5,518)	–	–	–	–	–	(5,518)
At 31 March 2005 and 1 April 2005	–	659	8,406	2,068	1,058	–	12,191
Additions	–	668	1,027	377	–	143,568	145,640
Exchange difference	–	9	84	21	13	–	127
Disposal of subsidiaries *(Note 34(c))*	–	(716)	(6,174)	(1,327)	(674)	–	(8,891)
At 31 March 2006	**–**	**620**	**3,343**	**1,139**	**397**	**143,568**	**149,067**
Accumulated depreciation							
At 1 April 2004	2,172	201	6,421	1,722	455	–	10,971
Charge for the year	–	395	426	156	132	–	1,109
Disposals	–	–	(132)	–	–	–	(132)
Transfer from other properties to investment properties *(Note 15)*	(2,172)	–	–	–	–	–	(2,172)
At 31 March 2005 and 1 April 2005	–	596	6,715	1,878	587	–	9,776
Charge for the year	–	174	429	100	109	641	1,453
Exchange difference	–	11	56	19	9	–	95
Disposal of subsidiaries *(Note 34(c))*	–	(603)	(4,055)	(1,098)	(493)	–	(6,249)
At 31 March 2006	**–**	**178**	**3,145**	**899**	**212**	**641**	**5,075**
Net book value							
At 31 March 2006	**–**	**442**	**198**	**240**	**185**	**142,927**	**143,992**
At 31 March 2005	–	63	1,691	190	471	–	2,415

15 Investment properties

	Group	
	2006	2005
	HK$'000	*HK$'000*
Beginning of the year	**388,900**	356,000
Transfer from other properties *(Note 14)*	**–**	3,346
Disposal of subsidiaries *(Note 34(c))*	**(3,900)**	–
Increase in fair value	**–**	29,554
End of the year	**385,000**	388,900

The Group's investment properties were revalued on an open market value basis at 31 March 2006 by RHL Appraisal Ltd., an independent professional qualified valuer.

Investment properties with a carrying amount totalling HK$385,000,000 (2005: HK$385,000,000) have been pledged to secure banking facilities to the extent of HK$151,724,000 (2005: HK$134,439,000) granted to the Group (Note 27).

The Group's interests in investment properties are analysed as follows:

	2006	2005
	HK$'000	*HK$'000*
In Hong Kong, held on lease of between 10 to 50 years	**385,000**	385,000
Outside Hong Kong, held on lease of between 10 to 50 years	**–**	3,900
	385,000	388,900

16 Subsidiaries

	Company	
	2006	2005
	HK$'000	*HK$'000*
Unlisted shares, at cost	**477,068**	477,068
Less: Provision	**(310,400)**	(310,400)
	166,668	166,668
Amounts due from subsidiaries *(note (a))*	**1,531,622**	1,425,763
Less: Provision	**(1,315,650)**	(1,369,893)
	215,972	55,870
Amounts due to subsidiaries *(note (b))*	**(48,414)**	(45,208)

Notes:

(a) *Except for an aggregate amount of HK$10,167,540 (2005: HK$34,904,000) due from certain subsidiaries which carries interest at 9% (2005: 9%) per annum, the balances with subsidiaries are unsecured, interest free and repayable on demand.*

(b) *A list of the principal subsidiaries is set out in Note 37 to the financial statements.*

17 Associated companies

	Group	
	2006	2005
	HK$'000	*HK$'000*
Share of net assets *(note a)*	–	–
Amounts due from associated companies *(note b)*	**26,431**	39,031
Less: Provision	**(26,431)**	(39,031)
	–	–
	–	–

Notes:

(a) *The Group's share of net assets of the associated companies represents the Group's cost of investment plus its share of post-acquisition results and reserves in the associated companies. Under the equity method of accounting, the Group's share of losses of the associated companies is restricted to the cost of investment. As at 31 March 2006, the Group's share of the associated companies' losses exceeded its cost of investment. Accordingly, share of net assets of associated companies is reported at nil value.*

(b) *The amounts due from associated companies are unsecured, interest free and repayable on demand.*

17 Associated companies *(Continued)*

The following is the details of the associated companies at 31 March 2006:

Name	Place of incorporation	Particulars of issued share capital	Interest held	Principal activities
Asia V-Sat Co. Ltd.	British Virgin Islands	5,850,000 shares of US$1.00 each	20%	Internet and e-commerce services
eGuanxi (Cayman) Limited	Cayman Islands	6,667,000 shares of US$1.00 each	25%	Dormant

18 Jointly controlled entity – Group

	2006 **HK$'000**	2005 HK$'000
Share of net liabilities	**(3)**	–
Amount due from jointly controlled entity	**15,107**	–
	15,104	–

The amount due from the jointly controlled entity, which is unsecured and interest free, represents the Group's equity contribution to the jointly controlled entity.

The following is the details of the jointly controlled entity at 31 March 2006:

Name	Place of incorporation	Particulars of issued share capital	Interest held	Principal activities
Everbest Business Limited	British Virgin Islands	2 shares of US$1.00 each	50%	Aircraft charter (not yet started its operations during the period)

18 Jointly controlled entity – Group *(Continued)*

The following is an extract of the operating results and financial position of Everbest Business Limited (incorporated on 18 October 2005) based on a set of unaudited management accounts for the period ended 31 March 2006 prepared by management of the Group in accordance with those relevant accounting policies as set out in Note 2.

	Everbest Business Limited *HK$'000*	**Group's attributable interests** *HK$'000*
Assets:		
Non-current assets – prepayment for purchase of aircraft	30,215	15,107
Liabilities:		
Non-current liabilities – shareholders' loans	(30,215)	(15,107)
Current liabilities	(6)	(3)
	(30,221)	(15,110)
Net liabilities	(6)	(3)
Operating results:		
Income	–	–
Expenses	(6)	(3)
Loss for the period	(6)	(3)
Capital commitments:		
Contracted but not provided for in respect of property, plant and equipment – aircraft	212,598	106,299

There are no contingent liabilities relating to the Group's interest in the jointly controlled entity, and no contingent liabilities of the jointly controlled entity itself.

19 Other investments – Group

Other investments are analysed as follows:

	2005 HK$'000
Listed investments in Hong Kong, at cost	49,264
Less: Provision	(27,765)
	21,499
Unlisted investments, at cost	255,268
Less: Provision	(254,453)
	815
Loans to investee companies	1,749
Less: Provision	(1,749)
	–
Total	22,314

20 Financial assets at fair value through profit or loss

	Group 2006 HK$'000	Company 2006 HK$'000
Non-current assets		
Equity securities of companies listed in Hong Kong	**42,524**	**–**
Unlisted equity securities	**1,150**	**–**
	43,674	**–**
Current assets		
Equity securities of a company listed in Hong Kong	**27,946**	**27,946**

21 Long term receivable

	2006 HK$'000	2005 HK$'000
Balance at 31 March	**12,668**	5,123

In prior years, the Group acquired approximately a 3% interest in Draper Fisher Jurvetson ePlanet Ventures L.P. ("DFJ"), an unlisted limited partnership incorporated in the United States of America principally engaged in the investments in securities.

In October 2002, the Group disposed of its entire interest in DFJ to the General Partner of DFJ, which is not a related party, at a consideration of approximately HK$23,663,000, or the market value of the portfolio upon the dissolution of the fund, which is the lower. The proceeds shall be settled not later than six months after the dissolution of DFJ, which was determined, subject to other terms in the partnership agreement of DFJ, to be in December 2009.

At 31 March 2005, the long term receivable was carried at cost less impairment losses. During the year, the Directors reassessed the fair value of the long term receivable based on the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the asset, and are of the opinion that at 31 March 2006, the carrying amount of the long term receivable approximates its fair value.

22 Accounts receivable

The Group's credit terms on the provision of services mainly range from 30 to 90 days. The ageing analysis of accounts receivable of the Group is as follows:

	2006 HK$'000	2005 HK$'000
Current to 30 days	**3,609**	2,095
31 to 60 days	**205**	1,315
61 to 90 days	**228**	1,245
Over 90 days	**433**	531
	4,475	5,186
Denominated in:		
HK$	**1,226**	1,207
US$	**3,249**	–
RMB	**–**	3,979
	4,475	5,186

The carrying value of accounts receivable approximates their fair values due to the short term maturity.

23 Amounts due from related companies

The amounts primarily represent loans granted to Anbo Global Company Limited, Cyber On-Air (Asia) Limited and Cyber On-Air Limited, which are wholly owned subsidiaries of International Entertainment Corporation ("IEC"), a company of which Mr. Lo Lin Shing, Simon ("Mr. Lo"), the chairman and an executive director of the Group, is also an executive director.

The loans are secured by a corporate guarantee from IEC, repayable on demand and bear interest at commercial rates. The carrying value of the amounts due from related companies approximates their fair values due to the short term maturity.

24 Pledged bank deposits

As at 31 March 2005, bank balances of certain subsidiaries of the Group in the amount of approximately HK$540,000 was frozen under PRC court order in relation to a claim filed by a PRC government institute for the infringement of rights to derive benefits from using the city mapping information contents in the PRC. The relevant subsidiaries were disposed of by the Group during the year.

25 Cash and cash equivalents

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank balances and cash	**7,932**	13,508	**2,737**	1,667
Time deposits with initial term of less than three months	**163,553**	27,700	**160,012**	25,000
	171,485	41,208	**162,749**	26,667
Denominated in:				
HK$	**171,339**	31,289	**162,749**	26,667
RMB	**–**	9,919	**–**	–
US$	**146**	–	**–**	–
	171,485	41,208	**162,749**	26,667

The weighted average effective interest rate on short-term bank deposits, with maturity ranging from one week to one month, was 4.0% (2005: 1.9%) per annum. Cash at bank earns interest at floating rates based on daily bank deposit rates.

26 Creditors, deposits and accruals

Included in the Group's creditors, deposits and accruals were accounts payable and their ageing analysis is as follows:

	2006 HK$'000	2005 HK$'000
Current to 30 days	**2,520**	2,142
31 to 60 days	**645**	6
61 to 90 days	**890**	–
Over 90 days	**152**	384
	4,207	2,532
Denominated in:		
HK$	**4,207**	755
RMB	**–**	1,777
	4,207	2,532

The carrying value of the accounts payable approximates their fair values due to the short term maturity.

27 Short-term loans

The Group's short-term loans are denominated in HK$ and the carrying amounts of these loans approximate their fair values. The short-term loans are analysed as follows:

	Note	2006 HK$'000	2005 HK$'000
Bank loan, secured	(a)	**151,724**	134,439
Other loan, unsecured	(b)	**–**	48,763
		151,724	183,202

Notes:

(a) *Secured bank loan, which carries interest at 1% (2005: 1.25%) over the Hong Kong Interbank Offer Rate ("HIBOR"), was secured by the Group's investment properties with carrying value amounted to HK$385 million and a corporate guarantee provided by the Company. A director of the Company also provides a personal guarantee to the bank to the extent of all outstanding interests in connection with the loan.*

(b) *Other loan at 31 March 2005 represented a loan obtained from a wholly-owned subsidiary of a former substantial shareholder of the Company. The loan carried interest at 2% over the HIBOR. The loan was fully settled during the year.*

28 Convertible notes

On 17 February 2006, the Company issued 2.5% redeemable convertible notes at a nominal value of HK$200 million. These convertible notes have maturity period of three years from the issue date at their nominal value of HK$200 million or can be converted into 1 ordinary share of the Company of HK$0.02 each for every HK$0.18 convertible note at the holder's option.

The fair values of the liability component and the equity conversion component were determined by an independent professional qualified valuer at issuance of the convertible notes.

The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible note. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves net of deferred income taxes.

The convertible notes recognised in the balance sheet are calculated as follows:

	2006 ***HK$'000***
Face value of convertible notes issued (net of commission)	**195,500**
Equity component transferred to other reserves *(Note 31)*	**(21,468)**
Liability component on initial recognition	**174,032**
Interest expense *(Note 10)*	**1,496**
Liability component at 31 March 2006	**175,528**

The fair value of the liability component of the convertible notes at 31 March 2006 amounted to HK$174,349,000. The fair value is calculated using cash flows discounted at a rate based on the borrowing rate of 7.5%.

Interest expense on the convertible note is calculated using the effective interest method by applying the effective interest rate of 7.3% to the liability component.

29 Deferred income tax liabilities

Deferred income tax is calculated in full on temporary differences under the liability method using the taxation rate which is expected to apply at the time of reversal of the temporary differences.

The components of the deferred income tax account recognised in the balance sheet (prior to offsetting of balances within the same tax jurisdiction) and the movements during the year are as follows:

	Group			Company
	Investment properties	**Convertible notes**	**Total**	**Convertible notes**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2004, as previously reported	–	–	–	–
Effect of adoption of HK(SIC)-Int 21	37,069	–	37,069	–
At 1 April 2004, as restated	37,069	–	37,069	–
Charged to the income statement *(Note 11)*	5,865	–	5,865	–
At 31 March 2005	42,934	–	42,934	–
Charged/(credited) to the income statement *(Note 11)*	787	(262)	525	(262)
Charged to equity *(Note 31)*	–	3,757	3,757	3,757
At 31 March 2006	43,721	3,495	47,216	3,495

The deferred income tax liabilities are to be recovered after more than 12 months.

Deferred income tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. At 31 March 2006, unrecognised tax losses of the Group amounted to HK$35,891,000 (2005: HK$196,088,000). No deferred tax asset has been recognised for these tax losses as it is uncertain whether the Group will have sufficient future taxable profits to utilise these tax losses. These tax losses do not have an expiry date except for HK$105,710,000 in prior year which will expire within five years.

30 Share capital

(a) Authorised and issued share capital

	31 March 2006 HK$'000	31 March 2005 *HK$'000*
Authorised:		
15,000,000,000 ordinary shares of HK$0.02 each	**300,000**	300,000

	Note	**Number of ordinary shares at HK$0.02 each**	*HK$'000*
Issued and fully paid:			
Balance at 1 April 2004		5,824,961,161	116,499
Capital reorganisation	*(i)*	(5,533,713,103)	(110,674)
Issue of shares – rights issue	*(ii)*	145,624,029	2,912
Balance at 31 March 2005		436,872,087	8,737
Issue of shares			
– Placing of shares	*(iii)*	58,000,000	1,160
– Rights issue	*(iv)*	989,744,174	19,795
– Exercise of share options		2,245,000	45
Balance at 31 March 2006		1,486,861,261	29,737

Notes:

(i) On 23 August 2004, the following resolutions approving the capital reorganisation were duly passed at a special general meeting of the Company:

- *the nominal value of each of the 5,824,961,161 then issued ordinary shares of the Company was reduced by HK$0.019, from HK$0.02 to HK$0.001, whereby the Company's then issued share capital of HK$116,499,223 was reduced by HK$110,674,262 to HK$5,824,961 (the "Capital Reduction");*

- *the credit in the amount of HK$110,674,262 arising from the Capital Reduction was credited to the contributed surplus account of the Company;*

- *every 20 then issued shares of HK$0.001 each were consolidated into one new share of HK$0.02 each (the "Share Consolidation"). On such basis, there were 291,248,058 shares of HK$0.02 each in issue;*

30 Share capital *(Continued)*

(a) Authorised and issued share capital *(Continued)*

Notes: (Continued)

- *a total amount of HK$1,718,243,805 standing to the credit of the share premium account of the Company was cancelled and transferred to the contributed surplus account of the Company; and*

- *a total amount of HK$2,669,972,843 in the contributed surplus account was applied to set off against the accumulated losses of the Company.*

(ii) *On 9 March 2005, the Company completed a rights issue of 145,624,029 shares at a subscription price of HK$0.2 per share. Accordingly, 145,624,029 shares of HK$0.02 each were issued at a premium of HK$0.18 each. The premium on issue of shares of HK$26,212,000 was credited to the share premium account. These new shares rank pari passu in all respect with the existing shares.*

(iii) *On 19 May 2005, the Company completed a placing of 58,000,000 shares at a subscription price of HK$0.24 per share. Accordingly, 58,000,000 shares of HK$0.02 each were issued at a premium of HK$0.22 each. The premium on issue of shares of HK$12,760,000 was credited to the share premium account. These new shares rank pari passu in all respect with the existing shares.*

(iv) *On 13 February 2006, the Company completed a rights issue of 989,744,174 shares at a subscription price of HK$0.15 per share. Accordingly, 989,744,174 shares of HK$0.02 each were issued at a premium of HK$0.13 each. The premium on issue of shares of approximately HK$128,667,000 was credited to the share premium account. These new shares rank pari passu in all respect with the existing shares.*

(b) Share options

Under the share option schemes adopted by the Company on 22 September 2000 (the "Terminated Option Scheme") and 28 August 2002 (the "Existing Option Scheme"), options were granted to certain directors and employees of the Company entitling them to subscribe for shares of the Company. The Terminated Option Scheme was terminated on 28 August 2002 upon the adoption of the Existing Option Scheme.

30 Share capital *(Continued)*

(b) Share options *(Continued)*

Movements of share options outstanding and their weighted average exercise prices are as follows:

	2006		2005	
	Weighted average exercise price per share *HK$*	Number of share options	Weighted average exercise price per share *HK$*	Number of share options
At beginning of the year	**0.2742**	**19,031,400**	0.0594	60,258,000
Granted	**0.1636**	**828,900**	0.2900	10,635,000
Capital reorganisation adjustment	**N/A**	**–**	N/A	(42,221,800)
Rights issue adjustment	**N/A**	**2,060,020**	N/A	6,343,800
Exercised	**0.1691**	**(2,245,000)**	N/A	–
Lapsed/cancelled	**0.5457**	**(4,368,900)**	0.0801	(15,983,600)
At end of the year	**0.1692**	**15,306,420**	0.2742	19,031,400

Options exercised during the year ended 31 March 2006 resulted in 2,245,000 ordinary shares (2005: Nil) being issued at the weighted average exercise price of HK$0.1691 (2005: Nil) each. The related weighted average share price at the time of exercise was HK$0.3121 (2005: Nil) per share.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Share options outstanding at the end of the year have the following exercise period and exercise price:

			Number of shares subject to options	
Date of grant	**Exercise price** *HK$*	**Exercise period**	**2006**	2005
17-04-2002	0.6933	17-04-2002 to 16-04-2009	**–**	3,078,900
01-03-2005	0.1695 *(note)*	01-03-2005 to 28-02-2012	**14,617,520**	15,952,500
15-02-2006	0.1636	15-02-2006 to 16-04-2009	**688,900**	–
			15,306,420	19,031,400

30 Share capital *(Continued)*

(b) Share options *(Continued)*

Note:

The exercise price was adjusted from HK$0.1933 to HK$0.1695 pursuant to the rights issue of the Company during the year as set out in Note 30 (a)(iv).

The fair values of options granted determined using the Binomial Valuation Model were as follow:

	Date of grant of share option	
	1 March 2005	**15 February 2006**
Option value (at grant date)	HK$1,215,000	**HK$32,000**
Option value (upon completion of the rights issue on 9 March 2005)	HK$1,919,000	**N/A**
Significant inputs into the valuation model:		
Exercise price (at grant date)	HK$0.29	**HK$0.1636**
Exercise price (upon completion of the rights issue on 9 March 2005)	HK$0.1695	**N/A**
Share price at grant date and on 9 March 2005	HK$0.29	**N/A**
Share price at grant date	N/A	**HK$0.162**
Expected volatility *(note)*	70%	**66%**
Risk-free interest rate	3.9%	**4.2%**
Expected life of options	7 years	**3.17 years**
Expected dividend yield	N/A	**N/A**

Note:

The volatility measured at the standard derivation of expected share price return is based on statistical analysis of daily share prices over the last 6 months before the respective dates of grant.

(c) Subscription options

Pursuant to a sale and purchase agreement dated 23 January 2002 relating to the acquisition of the entire issued share capital of a subsidiary, the Company has granted options to the then shareholders of that subsidiary to subscribe for such number of new shares of the Company as shall have the value of up to HK$15,600,000 in aggregate. Such options are exercisable during a period from 4 February 2002 up to and including 31 December 2005 at the subscription price of (i) HK$3.0 per share from 4 February 2002 up to and including 31 December 2004; and (ii) HK$4.0 per share from 1 January 2005 up to and including 31 December 2005. These options have been lapsed during the year.

31 Reserves

(a) Group

	Convertible notes HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Employee share-based compensation reserves HK$'000	Exchange translation HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
Balance at 1 April 2004, as previously reported	–	1,718,244	1,040,649	–	–	(2,647,504)	111,389
Effect of adoption of HK(SIC)-Int 21	–	–	–	–	–	(37,069)	(37,069)
Balance at 1 April 2004, as restated	–	1,718,244	1,040,649	–	–	(2,684,573)	74,320
Distributable reserves arising from capital reduction *(Note 30(a)(i))*	–	–	110,674	–	–	–	110,674
Transfer to distributable reserves *(Note 30(a)(i))*	–	(1,718,244)	1,718,244	–	–	–	–
Transfer to accumulated losses *(Note 30(a)(i))*	–	–	(2,669,973)	–	–	2,669,973	–
Rights issue of shares *(Note 30(a)(ii))*	–	26,212	–	–	–	–	26,212
Share issue expenses	–	(3,053)	–	–	–	–	(3,053)
Profit for the year, as previously reported	–	–	–	–	–	15,156	15,156
Effect of changes in accounting policies – Share-based compensation expenses *(Note 2.1)*	–	–	–	191	–	(6,056)	(5,865)
Profit for the year, as restated						9,100	
Balance at 31 March 2005, as restated	–	23,159	199,594	191	–	(5,500)	217,444
Balance at 1 April 2005, as per above	–	23,159	199,594	191	–	(5,500)	217,444
Opening adjustment for adoption of HKASs 32 and 39 *(Note 2.1)*	–	–	–	–	–	26,324	26,324
Balance at 1 April 2005, as restated	–	23,159	199,594	191	–	20,824	243,768
Convertible notes – equity component *(Note 28)*	21,468	–	–	–	–	–	21,468
Deferred tax on equity component of convertible notes *(Note 29)*	(3,757)	–	–	–	–	–	(3,757)
Share-based compensation expenses	–	–	–	1,760	–	–	1,760
Issue of shares							
– placing of shares *(Note 30(a)(iii))*	–	12,760	–	–	–	–	12,760
– rights issue *(Note 30(a)(iv))*	–	128,667	–	–	–	–	128,667
– exercise of share options *(Note 30(b))*	–	555	–	(221)	–	–	334
Share issue expenses	–	(6,285)	–	–	–	–	(6,285)
Lapse of share options	–	–	–	(23)	–	23	–
Currency translation difference	–	–	–	–	32	–	32
Disposal of subsidiaries	–	–	–	–	(32)	–	(32)
Loss for the year	–	–	–	–	–	(1,383)	(1,383)
Balance at 31 March 2006	**17,711**	**158,856**	**199,594**	**1,707**	**–**	**19,464**	**397,332**

31 Reserves *(Continued)*

(b) Company

	Convertible notes	Share premium	Contributed surplus	Employee share-based compensation reserves	Retained earnings/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2004	–	1,718,244	1,040,649	–	(2,669,973)	88,920
Distributable reserves arising from capital reduction *(Note 30(a)(i))*	–	–	110,674	–	–	110,674
Transfer to distributable reserves *(Note 30(a)(i))*	–	(1,718,244)	1,718,244	–	–	–
Transfer to accumulated losses *(Note 30(a)(i))*	–	–	(2,669,973)	–	2,669,973	–
Rights issue of shares *(Note 30(a)(ii))*	–	26,212	–	–	–	26,212
Share issue expenses	–	(3,053)	–	–	–	(3,053)
Loss for the year, as previously reported	–	–	–	–	(29,565)	(29,565)
Effect of change in accounting policy – share-based compensation expenses *(Note 2.1)*	–	–	–	191	(191)	–
Loss for the year, as restated					(29,756)	
Balance at 31 March 2005, as restated	–	23,159	199,594	191	(29,756)	193,188
Balance at 1 April 2005, as per above	–	23,159	199,594	191	(29,756)	193,188
Convertible notes – equity component *(Note 28)*	21,468	–	–	–	–	21,468
Deferred tax on equity component of convertible notes *(Note 29)*	(3,757)	–	–	–	–	(3,757)
Share-based compensation expenses	–	–	–	1,760	–	1,760
Issue of shares						
– placing of shares *(Note 30(a)(iii))*	–	12,760	–	–	–	12,760
– rights issue *(Note 30(a)(iv))*	–	128,667	–	–	–	128,667
– exercise of share options *(Note 30(b))*	–	555	–	(221)	–	334
Share issue expenses	–	(6,285)	–	–	–	(6,285)
Lapse of share options	–	–	–	(23)	23	–
Loss for the year	–	–	–	–	(34,469)	(34,469)
Balance at 31 March 2006	**17,711**	**158,856**	**199,594**	**1,707**	**(64,202)**	**313,666**

At 31 March 2006, the Company has distributable reserves of HK$135,392,000 (2005: HK$169,838,000 as restated), including contributed surplus of HK$199,594,000 which is distributable subject to conditions set out below:

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company shall not be distributed to the shareholders if there are reasonable grounds for believing that:

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

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

32 Contingent liabilities

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
(a) Guarantees in respect of credit facilities granted to subsidiaries	**–**	–	**151,724**	183,202

(b) In March 2004, a PRC government institute filed a claim to the PRC court against the Company and certain of the former subsidiaries for the infringement of rights to derive benefits from using the city mapping information contents in the PRC and has claimed against the Group for an aggregate amount of RMB5 million (equivalent to approximately HK$4.8 million) and an injunction for further usage of such information. By an order issued by the respective PRC court, the Company and certain of the former subsidiaries were required to freeze their asset value to the extent of the same amount in connection with the above claim. The litigation is still in progress as at 31 March 2006. The Directors consider that such court order will not materially and adversely affect the financial position or operating results of the Group. Accordingly, no provision has been made in the financial statements for the year ended 31 March 2006.

33 Commitments

(a) Commitments under operating leases

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

	2006	2005
	HK$'000	*HK$'000*
Not later than one year	**977**	1,445
Later than one year and not later than five years	**312**	860
	1,289	2,305

(b) Future minimum rental payments receivable

The Group's operating leases are for terms of 1 to 5 years. The future minimum rental payments receivable under non-cancellable operating leases are as follows:

	2006	2005
	HK$'000	*HK$'000*
Not later than one year	**12,733**	14,129
Later than one year and not later than five years	**6,778**	17,587
	19,511	31,716

34 Notes to consolidated cash flow statement

(a) Reconciliation of (loss)/profit for the year to cash used in operations

	2006 *HK$'000*	2005 *HK$'000* (Restated)
(Loss)/profit for the year	(1,391)	9,009
Income tax expense	811	5,876
Share of loss of a jointly controlled entity	3	–
Dividend income	–	(798)
Interest income	(1,954)	(718)
Interest expense	7,430	4,255
Depreciation	1,453	1,109
Exchange loss on translation of property, plant and equipment	(32)	–
Amortisation of intangible assets	–	202
Fair value loss – financial assets at fair value through profit or loss	19,422	–
Gain on disposal of subsidiaries	(26,929)	–
Impairment loss of intangible assets	–	2,928
Provision for amounts due from associated companies	1,112	5,812
Recovery of doubtful debts, net	–	(657)
Reversal of impairment losses of long term receivable	(7,545)	–
Reversal of impairment losses of other investments, net	–	(2,075)
Share-based compensation expenses	1,760	191
Surplus on revaluation of investment properties	–	(29,554)
Operating loss before working capital changes	(5,860)	(4,420)
Increase in accounts receivable, other receivables, prepayments and deposits, and amounts due from related companies	(7,113)	(4,367)
(Decrease)/increase in creditors, deposits and accruals	(1,006)	7,063
Cash used in operations	(13,979)	(1,724)

34 Notes to consolidated cash flow statement *(Continued)*

(b) Acquisition of subsidiaries

	2005
	HK$'000
Net assets acquired:	
Debtors, deposits and prepayments	246
Bank balances and cash *(Note (i))*	120
Creditors, deposits and accruals	(666)
	(300)
Intangible assets *(Note (ii))*	3,130
	2,830
Satisfied by:	
Cash consideration	2,830
Consideration payable	(283)
	2,547
Bank balance and cash acquired	(120)
Cash outflow on acquisition of subsidiaries	2,427

There were no acquisitions of subsidiaries in the year ended 31 March 2006.

Notes:

(i) The net inflow of cash and cash equivalents in respect of the acquisition of the subsidiary, representing bank balances and cash acquired, amounted to HK$120,000.

(ii) The intangible assets represent operating licenses on VAS services in the PRC. An impairment charge of HK$2,928,000 was recognised in the income statement for the year ended 31 March 2005 pursuant to the impairment review carried out by the Directors.

34 Notes to consolidated cash flow statement *(Continued)*

(c) Disposal of subsidiaries

	2006
	HK$'000
Net assets disposed of:	
Property, plant and equipment *(Note 14)*	2,642
Investment properties *(Note 15)*	3,900
Accounts receivable	3,014
Other receivables, prepayments and deposits	3,130
Bank balances and cash	10,675
Creditors, deposits and accruals	(7,886)
	15,475
Gain on disposal of subsidiaries *(Note 6)*	26,929
	42,404
Satisfied by:	
Sales consideration settled in shares	42,404
Cash outflow on disposal of subsidiaries	10,675

There were no disposals of subsidiaries in the year ended 31 March 2005.

(d) Analysis of changes in financing during the year

	Share capital (including share premium)	Short term loans	Convertible notes	Minority interests	Restricted bank balances	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 31 March 2004	1,834,743	172,763	–	156	(6,253)	2,001,409
Net cash inflow from financing	26,071	10,439	–	–	5,713	42,223
Capital reorganisation	(1,828,918)	–	–	–	–	(1,828,918)
Minority interests' share of losses	–	–	–	(91)	–	(91)
Balance at 31 March 2005	31,896	183,202	–	65	(540)	214,623
Net cash inflow/(outflow) from financing	156,476	(31,478)	195,500	–	540	321,038
Exercise of share options	221	–	–	–	–	221
Minority interests' share of losses	–	–	–	(8)	–	(8)
Balance at 31 March 2006	**188,593**	**151,724**	**195,500**	**57**	**–**	**535,874**

35 Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

(a) Transactions with associated companies

	Note	2006 HK$'000	2005 HK$'000
Technical service fee charged to a subsidiary of Asia V-Sat Co. Ltd. ("AVSAT"), an associated company	*(i)*	**603**	1,510
Advances to certain subsidiaries of AVSAT	*(ii)*	**509**	–

Notes:

(i) Technical service fee was charged to a subsidiary of AVSAT for the provision of project management services and technical consultancy services in connection of the call centre operations, which is based on 50% of the contract amounts entered into between the associated company and the external customers at mutually agreed terms. The amounts have been included in the results of discontinued operations under HKFRS 5.

(ii) Advances to certain subsidiaries of AVSAT were made for working capital purposes. The amounts are unsecured, interest free and repayable on demand.

(b) Transactions with related companies with common director

	Note	2006 HK$'000	2005 HK$'000
Reimbursement of rental and office administrative expenses from a subsidiary of IEC	*(i)*	**487**	495
Interest income from certain subsidiaries of IEC	*(ii)*	**482**	446
Professional fee paid to Tai Fook Capital Limited ("TFCL")	*(iii)*	**703**	355
Commission paid to Tai Fook Securities Company Limited ("TFSCL")	*(iv)*	**4,500**	–
Underwriting commission paid to Golden Infinity Co., Ltd. ("Golden Infinity")	*(v)*	**2,057**	668

35 Related party transactions *(Continued)*

(b) Transactions with related companies with common director *(Continued)*

Notes:

(i) *The reimbursement of rental expenses from the subsidiary of IEC for sharing the Group's office premises and utilities were calculated in proportion to the office space occupied. Administrative expenses were charged on actual incurred basis taking into account the headcount and/or office space occupied.*

(ii) *The interest income was charged on loans granted on certain subsidiaries of IEC at mutually agreed terms.*

(iii) *Professional fee was paid to TFCL, a subsidiary of Tai Fook Securities Group Limited ("TFSGL"), a company of which Mr. Lo is also the deputy chairman and a substantial shareholder. The professional fee was charged at mutually agreed terms.*

(iv) *Placing agent commission on convertible notes was paid to TFSCL, a subsidiary of TFSGL. The commission was charged at mutually agreed terms.*

(v) *Underwriting commissions were paid to Golden Infinity, a company wholly owned by Mr. Lo, in connection with the Company's rights issues based on mutually agreed terms.*

(c) Key management personnel compensation

	2006	2005
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	**4,376**	5,516
Discretionary bonus	**394**	340
Share option benefits	**568**	59
Contributions to pension schemes	**91**	134
	5,429	6,049

(d) Balances with related parties

	2006	2005
	HK$'000	*HK$'000*
Amount due from Cyber On-Air (Asia) Limited	**7,000**	7,000
Amount due from Anbo Global Company Limited	**1,000**	1,000
Amount due from Cyber On-Air Limited	**500**	500
Others	**217**	(32)
	8,717	8,468

Details of the balances with related parties were disclosed in Note 23.

36 Subsequent events

(a) On 4 July 2006, the Directors made a public announcement disclosing the following transactions:–

(i) Business Aviation Asia Limited ("BAA"), an indirect wholly-owned subsidiary of the Group, disposed of its 59.9% interest in the issued share capital of BAA Jet Management Limited ("BAA Jet Management"), a wholly-owned subsidiary of BAA to The Offshore Group Holdings Limited ("Offshore Group"), an independent third party; and

(ii) BAA, Offshore Group and BAA Jet Management entered into a shareholders' loan agreement for which the shareholders of BAA Jet Management agree to provide an aggregate amount of shareholders loan to BAA Jet Management to the extent of HK$10 million in proportion to their shareholdings in BAA Jet Management for its additional working capital.

(b) On 6 July 2006, the Directors made a public announcement disclosing that BAA entered into a joint venture agreement with two independent third parties for the establishment of a joint venture company (the "Joint Venture Company"). The Joint Venture Company is a sino-foreign joint venture proposed to be incorporated in the PRC and owned as to 49% by BAA. The registered capital of the Joint Venture Company will be RMB100 million which shall be contributed by the joint venture partners in cash in proportion to their respective shareholdings in the Joint Venture Company. The Joint Venture Company will be principally engaged in the provision of aircraft charter and management services.

37 Particulars of principal subsidiaries

Details of the Group's principal subsidiaries at 31 March 2006 are as follows:

Name	Place of incorporation	Particulars of issued/registered share capital	Effective interest held	Principal activities
BAA Jet Management Limited (formerly known as "Executive Jet Management Asia Limited")	Hong Kong	1 share of HK$1.00	100%	Provision of aircraft charter services
Beaubourg Holdings Inc.	British Virgin Islands	1 share of US$1.00	100%	Investment holding
[1] Blue Velvet Venture Limited	British Virgin Islands	1 share of US$1.00	100%	Investment holding
Business Aviation Asia Limited	Hong Kong	1 share of HK$1.00	100%	Investment holding
[1] Cyber Network Technology Limited	British Virgin Islands	1 share of US$1.00	100%	Investment holding
[1] Gamerian Limited	British Virgin Islands	1 share of US$1.00	100%	Investment holding
Glory Key Investments Ltd.	British Virgin Islands	1 share of US$1.00	100%	Investment holding
Jadesails Investments Limited	Hong Kong	10,000 shares of HK$1.00 each	100%	Property investment
[1] New World CyberBase (Greater China) Limited	Hong Kong	2 shares of HK$1.00 each	100%	Management services
[1] New World CyberBase Services Limited	Hong Kong	2 shares of HK$1.00 each	100%	Provision of secretarial and nominee services
Quinway Company Limited	Hong Kong	10,000 shares of HK$1.00 each	100%	Property investment

[1] *Subsidiaries directly held by the Company.*

Summary of Results, Assets and Liabilities

Results of the Group for the year ended 31 March

	2002 *HK$'000*	2003 *HK$'000*	2004 *HK$'000*	2005 *HK$'000* (Restated)	**2006** ***HK$'000***
Turnover	66,677	36,183	29,650	18,776	**24,052**
Profit/(loss) attributable to Shareholders	(189,203)	(44,666)	(26,207)	9,100	**(1,383)**
Earnings/(loss) per share *(HK$)* *(Note 1)*					
– Basic	(1.02)	(0.15)	(0.09)	3.11	**(0.25)**
– Diluted	N/A	N/A	N/A	3.11	**(0.02)**

Assets and liabilities of the Group at 31 March

	2002 *HK$'000*	2003 *HK$'000*	2004 *HK$'000*	2005 *HK$'000* (Restated)	**2006** ***HK$'000***
Total assets	462,154	423,623	416,628	477,794	**818,114**
Less: Total liabilities	(257,949)	(169,528)	(188,740)	(251,548)	**(390,988)**
Total net assets	204,205	254,095	227,888	226,246	**427,126**

Notes:

(1) As a result of the rights issue in the year 2006, figures for the years from 2002 to 2005 have been adjusted for comparison purpose.

(2) The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs is provided in note 2 to the financial statements. Figures for the year 2005 have been adjusted for these new and revised policies in accordance with the transitional provisions and as disclosed in note 2 to the financial statements. However, it is not practicable to restate earlier years for comparison purpose.

Schedule of Principal Properties

Investment properties

Location	Purpose	Term of lease	Group Interest
			%
Basement and Ground Floor Bank of America Tower No. 12 Harcourt Road Central Hong Kong	Commercial	Medium term	100