1. GENERAL

The Company was incorporated as an exempted company in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The trading of the Company's shares on the Stock Exchange has been suspended since 6 February 2003.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries of the Company are set out in note 13 to the financial statements.

2. BASIS OF PREPARATION

(a) At the time of preparation of these financial statements, certain key books and records of the subsidiary, namely佛山市順德區正野電器有限公司 (Foshan Municipal Shunde Region Zheng Ye Electrical Appliances Company Limited) ("Zheng Ye") could not be located. Although the directors have used their best endeavours to relocate all the financial and business records of the subsidiary, the directors have been unable to locate sufficient documentary information to satisfy themselves regarding the treatment of various balances and transactions of the subsidiary as at 31 March 2004 and for the year ended.

The board of directors of the Company has instructed the Group's legal advisers on PRC laws to ascertain the whereabouts of the books and records of the subsidiary in the PRC and upon ascertaining their whereabouts, to recover the same from the relevant parties.

(i) The directors were unable to provide supporting documentation for verifying the ownership of interests in the subsidiary. However, they had obtained a legal opinion from a solicitor in the PRC that the acquisition of such interests is legal.

(ii) The financial statements have been prepared based on the available books and records provided by the Company and its subsidiaries. However, in view of the lack of supporting documents available, the directors were unable to represent that all transactions entered into by the Company and its subsidiaries for the year ended 31 March 2004 have been reflected in the books and records and in the financial statements. In this context, the directors were unable to verify all the figures reflected in note 5 to the financial statements regarding discontinued operation. However, since the operation of Zheng Ye had been discontinued and de-consolidated from the Group's balance sheet, any adjustment that might have would not affect the Group's net results and cash flows.

(b) During the year ended 31 March 2004, the Company and its subsidiaries (collectively referred to as the "Group") had accumulated losses of approximately HK$165,734,000 and net liabilities of approximately HK$4,582,000.

The financial statements of the Group and Company have been prepared on a going concern basis, the validity of which is dependent upon the Group maintaining future profitable operations and the continuing financial support from its shareholders. A shareholder has confirmed that it is her present intention not to demand the repayment of amount due to her until the Company has such an ability for repayment and may consider to further provide certain financial resources to the Group so as to enable the Group to carry on business as a going concern.

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP") and interpretations issued by the HKICPA. These financial statements also comply with applicable disclosure provision of the Rules Governing the Listing of Securities of the Stock Exchange. The financial statements are prepared under the historical cost convention. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Group accounting

(i) Consolidation

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

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

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

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill/negative goodwill or goodwill/negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated income statement and any related accumulated foreign currency translation reserve.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Group accounting *(Continued)*

(ii) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the income statement.

The balance sheet of subsidiaries, jointly controlled entities and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

(c) Intangibles

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary company at the date of acquisition.

Goodwill on acquisitions occurring on or after 1 January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life. Goodwill arising on major strategic acquisitions of the Group to expand its product or geographical market coverage is amortised over a maximum period of 15 years. For all other acquisitions goodwill is generally amortised over 5-10 years.

Goodwill on acquisitions that occurred prior to 1 January 2001 was eliminated against reserves. Any impairment arising on such goodwill is accounted for in the income statement.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

For acquisitions after 1 January 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognized in the income statement when the future losses and expenses are recognized. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognized in the income statement over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognized in the income statement immediately.

For acquisitions prior to 1 January 2001, negative goodwill was taken directly to reserves on acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Intangibles *(Continued)*

(ii) Land use right

Expenditure on acquired land use right is capitalised and amortised using straight-line method over its useful life.

(iii) Impairment of intangible assets

Where an indication of impairment exists, the carrying amount of any intangible asset, including goodwill previously written off against reserves, is assessed and written down immediately to its recoverable amount.

(d) Property, plant and equipment

(i) Depreciation and amortisation

Depreciation is provided to write off the cost of property, plant and equipment less accumulated impairment losses over their estimated useful lives, using the straight line balance method, at the following rates per annum:–

Buildings	– 2%
Furniture, fixture and equipment	– 20%
Plant and machinery	– 10-20%
Motor vehicles	– 20%

(ii) Measurement bases

Property, plant and equipment, are measured at their cost less any accumulated impairment losses and depreciation. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount when it is probable that the expenditure increases the economic benefits to the company.

(iii) Gains or losses on disposal of property, plant and equipment

The gain or loss arising from the retirement or disposal of an item of property, plant and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognized as income or expense in the income statement.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition, is calculated using weighted average method. Net realisable value is calculated as the actual or estimated selling price less all further costs of production and the related costs of marketing, selling and distribution.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Impairment loss

At each balance sheet date, the company assesses whether there is indication that property, plant and equipment, intangible assets and interests in subsidiaries have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the smallest group of assets that generates cash flows independently.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is firstly charged against the related revaluation reserve to the extent of the amount held in the revaluation reserve with any excess recognized as an expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, which is restricted to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Operating leases

Leases where substantially all the rewards and risks of ownership of assets, including legal title, remain with the leasing party are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on a straight line basis over the lease term. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(h) Deferred taxation

Deferred taxation 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 accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

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

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Deferred taxation *(Continued)*

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of SSAP12 represents a change in accounting policy, which has been applied retrospectively. The comparatives presented have not been restated as this change in accounting policy has no material effect in the current or prior periods presented.

(i) Trade receivable

Provision is made against trade receivable to the extent that they are considered to be doubtful. Trade receivable in the balance sheet is stated net of such provision.

(j) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Company and Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimate reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of the one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) Recognition of revenue

Revenue from the sale of goods is recognised, net of discounts and returns, on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(l) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and amounts repayable on demand with banks and financial institutions and short-term highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired, less advances from banks.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(n) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employee of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Payment to the retirement benefit scheme are charged as an expense as they fall due.

4. TURNOVER, REVENUE AND SEGMENTAL INFORMATION

Turnover represents total invoiced value of goods supplied to customers after deduction of any goods returns and trade discounts.

GROUP

	2004	2003
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**15,436**	37,475
Other revenue		
Interest income	**562**	354
Other income	**3**	–
	565	354

4. TURNOVER, REVENUE AND SEGMENTAL INFORMATION *(Continued)*

The Group was principally engaged in assembling and distribution of home appliance products during the year. The analysis of turnover and contribution to profit/(loss) from operations by principal activities and geographical locations as an follows:–

	By principal activities					
	Trading of Audio-visual products		Assembling and distribution of home appliance products		Total	
	2004	2003	**2004**	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
			(Discontinued)			
Turnover	**–**	–	**15,436**	37,475	**15,436**	37,475
Segment results	**–**	(108,974)	**38,649**	(72,955)	**38,649**	(181,929)
Unallocated expenses					**(2,144)**	(7,445)
Profit/(loss) from operations					**36,505**	(189,374)
Finance costs					**(3,549)**	(2,237)
Profit/(loss) from ordinary activities before taxation					**32,956**	(191,611)
Taxation					**–**	(29)
Profit/(loss) from ordinary activities after taxation					**32,956**	(191,640)
Minority interest					**–**	36,126
Profit/(loss) attributable to shareholders					**32,956**	(155,514)

The above turnover and segment results are solely derived from the Group's operation in the People's Republic of China.

5. REVERSAL OF NET LIABILITIES OF DISCONTINUED OPERATION PREVIOUSLY CONSOLIDATED

Subsequent to the balance sheet date, one of the subsidiaries of the Group, 佛山市順德區正野電器有限公司 (Foshan Municipal Shunde Region Zheng Ye Electrical Appliance Company Limited) ("Zheng Ye"), a company established in the People's Republic of China in which the Group has an indirect equity interest of 51% shareholding, ceased its operation. The sales, results, net liabilities and cash flow of Zheng Ye were as follows:-

Sales and net results

	Year ended 31st March	
	2004	2003
	HK$'000	*HK$'000*
Tunover	**15,436**	37,475
Cost of sales	**(14,132)**	(29,348)
Gross profit	**1,304**	8,127
Other revenue	**565**	354
Provision for doubtful debts	**–**	(72,954)
Written-off of intangible assets	**–**	(2,854)
Operating costs	**(2,518)**	(4,045)
Operating loss	**(649)**	(71,372)
Finance costs	**(3,548)**	(2,325)
Loss before taxation	**(4,197)**	(73,697)
Taxation	**–**	(29)
Loss after taxation	**(4,197)**	(73,726)

5. REVERSAL OF NET LIABILITIES OF DISCONTINUED OPERATION PREVIOUSLY CONSOLIDATED *(Continued)*

Net liabilities

	At 31 March 2004	At 31 March 2003
	HK$'000	*HK$'000*
Property, plant and equipment *(Note 12)*	**7,061**	6,952
Current assets	**24,497**	101,445
Total assets	**31,558**	108,397
Total liabilities	**(104,580)**	(177,377)
	(73,022)	(68,980)

Deemed gain on discontinued operation

	At 31 March 2004
	HK$'000
Reversal of net liabilities	**(37,241)**
Current year loss shared by minority interests absorbed	**(2,056)**
	(39,297)
Taxation thereon	**–**
Deemed gain after taxation	**(39,297)**
The net cash inflow on disposal is determined as follows:–	
Proceeds	**–**
Less: Cash and cash equivalents in a subsidiary discontinued	**(55,953)**
Effect on discontinued operation of a subsidiary, net of cash and cash equivalents	**55,953**

The directors considered that Zheng Ye has been continuously operating at a loss and the ability of Zheng Ye to attain future profitable operation and generate positive cash flows would highly rely on future funding to be injected by the holding company. In view of the significant financial resources required by the Group to continue the operations of Zheng Ye, uncertain sustainability of Zheng Ye in the future operations, the losses of Zheng Ye in the previous financial years, the ability of Zheng Ye to turnaround in the near future and the various legal proceedings against Zheng Ye, the Group discontinued the operations of Zheng Ye.

6. FINANCE COSTS

	2004	2003
	HK$'000	*HK$'000*
Interest charges on:		
Bank loans and overdrafts	**3,549**	2,237

7. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging the following:–

	2004	2003
	HK$'000	*HK$'000*
Auditors' remuneration	**200**	400
Depreciation	**569**	345
Exchange losses, net	**4**	3
Operating charges	**50**	144
* Staff costs (including directors' emoluments – *note 9*)	**2,525**	2,340

* *Staff costs included direct labour, salaries and allowances, wages, staff welfare and retirement benefit scheme contributions*

8. TAXATION

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

Overseas tax is provided in accordance with the legislation and tax rates prevailing in the respective overseas countries.

	2004	2003
	HK$'000	*HK$'000*
The charge comprises:–		
Current tax		
Hong Kong profits tax	**–**	–
Overseas tax		
– Company and subsidiaries	**–**	29

8. TAXATION *(Continued)*

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

	2004	2003
	HK$'000	*HK$'000*
Profit/(Loss) before taxation	**32,956**	(191,611)
Calculated at a taxation rate of 17.5% (2003: 16%)	**5,767**	(30,657)
Income not subject to tax	**(6,877)**	–
Expenses not deductible for tax purposes	**1,127**	30,350
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(17)**	336
Taxation charge	**–**	29

9. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance for the year is HK$25,000 (2003: HK$nil)

Of the five individuals with the highest emoluments, one (2003: none) is a director. The aggregate of the emoluments in respect of the five (2003: five) individuals are as follows:–

GROUP

	2004	2003
	HK$'000	*HK$'000*
Salaries and other emoluments	**315**	900
Bonuses	**–**	–
Retirement scheme contributions	**–**	–
	315	900

The emoluments of the five (2003: five) individuals with the highest emoluments are with the following bands:–

GROUP

	2004	2003
	Number of Individuals	Number of Individuals
HK$Nil – HK$1,000,000	**5**	5
HK$1,000,001– HK$2,500,000	**–**	–
	5	5

10. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a loss of HK$6,137,000 (2003: HK$148,954,000) which has been dealt with in the financial statements of the Company.

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to shareholders of approximately HK$32,956,000 (2003: loss of HK$155,514,000) and the weighted average of 364,600,000 ordinary shares (2003: 321,203,000) in issue during the year.

12. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Buildings	Furniture, fixtures and equipment	Plant and machinery	Motor vehicles	TOTAL
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 01/04/2003	2,817	93	4,761	79	7,750
Exchange adjustment	(6)	–	(10)	–	(16)
Additions	–	–	692	–	692
Disposal of subsidiary	(2,811)	(93)	(5,443)	(79)	(8,426)
At 31/03/2004	–	–	–	–	–
ACCUMULATED DEPRECIATION					
At 01/04/2003	13	30	727	28	798
Exchange adjustment	–	–	(2)	–	(2)
Charge for the year	51	17	487	14	569
Disposal of subsidiary	(64)	(47)	(1,212)	(42)	(1,365)
At 31/03/2004	–	–	–	–	–
NET BOOK VALUE					
At 31/03/2004	–	–	–	–	–
At 31/03/2003	2,804	63	4,034	51	6,952

13. INTERESTS IN SUBSIDIARIES

COMPANY

	2004	2003
	HK$'000	*HK$'000*
Investments at cost		
Unlisted shares	**10**	86,069
Amount due from a subsidiary	**4,004**	59,539
Amount due to a subsidiary	**(1,002)**	–
	3,012	145,608
Less: Impairment loss in value	**(4,004)**	(82,069)
Written-off of amounts due from subsidiaries	**–**	(59,539)
	(992)	4,000

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

Particulars of the subsidiaries at 31 March 2004 are as follows:–

Name	**Place of incorporation/ registration**	**Nominal value of issued capital**	**Percentage of issued capital/ equity interest held by the company**		**Principal activities**
			Direct	**Indirect**	
Chong Sun Securities Limited ("Chong Sun")	British Virgin Islands	US$1	100%	–	Investment holding
佛山市順德區正野電器有限公司 (Foshan Municipal Shunde Region Zheng Ye Electrical Appliances Company Limited) ("Zheng Ye")	The People's Republic of China	RMB3,839,960	–	51%	Assembly and distribution of air-conditioners
Moral Access Limited	Hong Kong	HK$10,000	100%	–	Trading

The approval document and business licence issued by the appropriate authorities in the Peoples' Republic of China, of the Group's subsidiary, namely Zheng Ye was not available for inspection in respect of the proof of the legality of ownership although an agreement was entered on 15 July 2002 by the Company's subsidiary, namely Chong Sun for acquisition of 51% interests in Zheng Ye and Chong Sun applied to 佛山市順德區經濟貿易局 on 1 March 2004 for approval of acquisition of such interests.

14. INVENTORIES

GROUP

	2004	2003
	HK$'000	*HK$'000*
Raw materials	–	1,805
Work in progress	–	97
Finished goods	–	1,332
	–	3,234

At 31 March 2004, no inventories are carried at net realizable value (2003: $nil).

15. TRADE RECEIVABLE

GROUP

	2004	2003
	HK$'000	*HK$'000*
Trade receivables	–	55,940
Less: Provision for doubtful debts	–	(44,409)
	–	11,531

GROUP

Included in trade receivables are trade debtors (net of specific allowances for bad and doubtful debts) with the following ageing analysis:-

	2004	2003
	HK$'000	*HK$'000*
0 – 30 days	–	4,144
31 – 60 days	–	1,996
61 – 90 days	–	7,026
Over 90 days	–	42,774
Less: Provision for doubtful debts	–	(44,409)
	–	11,531

16. TRADE PAYABLES

GROUP

Included in trade payables are trade creditors with the following ageing analysis:-

	2004	2003
	HK$'000	*HK$'000*
0 – 30 days	–	2,948
31 – 60 days	–	1,049
61 – 90 days	–	2,073
Over 90 days	–	65,394
	–	71,464

17. LOAN (UNSECURED)

The amount is unsecured, interest bearing at 7% per annum and repayable within one year.

18. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest free and has agreed not to demand repayment within next twelve months from the balance sheet date.

19. SHARE CAPITAL

COMPANY

	2004	2003
	HK$'000	*HK$'000*
Authorized:–		
600,000,000 ordinary shares of HK$0.1 each	**60,000**	60,000
Issued and fully paid:–		
364,600,000 ordinary shares of HK$0.1 each	**36,460**	36,460

Under a share option scheme approved by the shareholders, the directors of the Company may, at their discretion, invite full-time employees including executive directors to take up options to subscribe for shares in the Company representing up to a maximum of 10% of the shares in issue from time to time (excluding shares issued on exercise of option under the share option scheme). No share option was granted by the Company during the year.

20. RESERVES

GROUP

	Share premium HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1/4/2002	42,908	69,903	(629)	(42,625)	69,557
Share issue expenses	(85)	–	–	–	(85)
Written off of translation reserve	–	–	629	(629)	–
Written off of capital reserve in subsidiaries	–	11,966	–	–	11,966
Net loss for the year	–	–	–	(155,514)	(155,514)
At 31/3/2003 and 1/4/2003	42,823	81,869	–	(198,768)	(74,076)
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	78	–	78
Written off of translation reserve	–	–	(78)	78	–
Net profit for the year	–	–	–	32,956	32,956
At 31/3/2004	42,823	81,869	–	(165,734)	(41,042)

COMPANY

	Share premium HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1/4/2002	42,908	81,869	–	(10,621)	114,156
Share issue expenses	(85)	–	–	–	(85)
Net loss for the year	–	–	–	(148,954)	(148,954)
At 31/3/2003 and 1/4/2003	42,823	81,869	–	(159,575)	(34,883)
Net loss for the year	–	–	–	(6,137)	(6,137)
At 31/3/2004	42,823	81,869	–	(165,712)	(41,020)

21. DEFERRED TAXATION

No deferred taxation has been provided in the financial statements as there are no material temporary differences. There are no significant potential deferred tax liabilities of the Group for which provision has not been made.

22. RETIREMENT BENEFITS SCHEME

The employees of the company's subsidiary in the PRC are members of the a state-managed retirement benefit scheme operated by the government. The subsidiary is required to contribute a fixed percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligations of the subsidiary with respect to the retirement scheme is to make the specified contributions.