1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited ("the Stock Exchange") on 17 January 2002.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 16 to the financial statements.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, a revised Statement of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following revised accounting policies.

Income Taxes

In the current year, the Group has adopted SSAP 12 (Revised) — Income Taxes. The principal effect of the adoption of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method under which a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future.

SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. As a result of this change in policy, the retained profits at 1 January 2002 have been increased by HK$40,000, which is the cumulative effect of the change in policy on the results for the periods prior to 1 January 2002. The effect of the change is a decrease in profit for the year ended 31 December 2003 of HK$582,000 (2002: increase in profit of HK$1,854,000).

The financial effect of the adoption of the revised accounting policies described above is summarized below:

	Retained profits HK$'000
Balance at 1 January 2003	
As originally stated	63,900
Recognition of deferred tax assets	1,894
As restated	65,794

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries up to 31 December each year.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

Revenue recognition

Revenue from sales of goods are recognized when the goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognized when the shareholder's rights to receive payment have been established.

Leases

Annual rentals under operating leases are charged to the income statement on a straight-line basis over the relevant lease term.

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, ie, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized as expenses in the period in which they are incurred.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the income statement.

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars using the net investment method. The income statement of overseas subsidiaries are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the translation reserve.

Impairment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum:

Freehold land	not depreciated
Leasehold land	over the remaining terms of the leases
Buildings	the shorter of their estimated useful lives, being 30 years from the date of acquisition, and the unexpired terms of the lease.
Leasehold improvements	over the shorter of their estimated useful lives, being 5 years and the unexpired terms of the leases.
Plant, equipment and machinery	5 to 10 years
Motor vehicles	5 years

Construction in progress is stated at cost. Cost comprises direct costs of construction capitalised during the period of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare an asset for its intended use are complete. No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

The gain or loss arising from the retirement or disposal of an asset is determined as the difference between the sales proceed and the carrying amount of the asset and is recognised in the income statement.

Investments in subsidiaries

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

Inventories

Inventories are stated at the lower of cost and net realizable value after allowances for obsolete or slow-moving items. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads based on a normal level of operating activities. Net realizable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Defined contribution retirement schemes

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

The Company's subsidiaries established in the People's Republic of China ("PRC") participate in the central pension fund scheme organised by the relevant local government authority in the PRC. These subsidiaries are required to make contributions to the retirement scheme at a certain percentage of the basic salaries of its employees.

Payments to the above defined contribution schemes are charged as expenses as they fall due.

Cash equivalents

Cash and cash equivalents comprises cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

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 other 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. Related parties may be individuals or corporate entities.

4. TURNOVER

Turnover represents amounts received and receivable for goods sold during the year, less returns and discounts.

5. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

(a) Business segment

Throughout the year, the Group has been operating in a single business segment, i.e. the manufacturing and sale of computer peripherals.

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditures are based on the geographical location of the assets.

The Group's business is managed on a worldwide basis, but participates in four major principal economic environments, namely, Europe, Asia Pacific, North America and South Africa.

All segment assets and capital expenditures are in the Greater China area (including PRC, Hong Kong and Taiwan).

Revenue from external customers

	Group	
	2003	2002
	HK$'000	HK$'000
Europe	36,591	34,538
Asia Pacific	47,107	43,928
North America	24,927	46,981
South Africa	815	4,922
	109,440	130,369

There is no major disparity in the ratios between turnover and profit in relation to the above geographical locations, hence no analysis is given of the profit contributions from the above geographical locations.

6. OTHER REVENUE

	Group 2003 HK$'000	Group 2002 HK$'000
Interest income	10	283
Net exchange gain	12	1,326
Gain on disposal of scrap materials	2,023	1,440
Others	404	—
	2,449	3,049

7. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging:

	Group 2003 HK$'000	Group 2002 HK$'000
Staff costs (excluding directors' emoluments):		
— wages, salaries and benefits	12,050	17,067
— Defined contribution retirement schemes contribution	95	507
	12,145	17,574
Auditors' remuneration	400	1,217
Loss on disposal of property, plant and equipment	36	2,841
Depreciation of property, plant and equipment	9,413	9,957
Operating lease rentals in respect of properties	3,896	5,267
Provision for doubtful debts	16,783	30,662
Provision for inventory obsolescence	7,389	7,076
Research and development costs	2,397	2,743

8. DIRECTORS' EMOLUMENTS

The Directors' emoluments for the year are analysed as follows:

	Group	
	2003	2002
	HK$'000	HK$'000
Fees	82	365
Salaries and other benefits	1,140	714
	1,222	1,079

Included in the directors' emoluments were fees of HK$82,000 (2002: HK$365,000) paid to independent non-executive directors during the year.

The number of directors whose emoluments fell within the following band is as follows:

	Number of directors	
	2003	2002
HK$Nil–HK$1,000,000	7	7

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2002: two) directors, details of whose remuneration are set out in note 8 to the financial statements. Details of the remuneration of the remaining one (2002: three) non-director highest paid employee are as follows:

	Group	
	2003	2002
	HK$'000	HK$'000
Salaries and other emoluments	192	1,130
Retirement scheme contributions	10	13
	202	1,143

9. FIVE HIGHEST PAID EMPLOYEES (Cont'd)

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

	Number of individuals	
	2003	2002
HK$Nil–HK$1,000,000	1	3

10. FINANCE COSTS

	Group	
	2003	2002
	HK$'000	HK$'000
Interests on bank loans and overdrafts	279	520

11. TAXATION

The amount of income tax charged/(credited) to the consolidated income statement represents:

	Group	
	2003	2002
	HK$'000	HK$'000
Current taxation		
— Hong Kong	—	—
— Outside Hong Kong	690	—
	690	—
Deferred taxation *(Note 15)*		
— charge/(credit) for the year	582	(1,854)
	1,272	(1,854)

No provisions have been made for Hong Kong Profits Tax as the Group did not have profits assessable in Hong Kong for the years ended 31 December 2003 and 2002.

Income taxes outside Hong Kong are calculated at the rates prevailing in the respective jurisdictions.

11. TAXATION (Cont'd)

The charge/(credit) for the year can be reconciled to the loss as per the income statement as follows:

	Group	
	2003	2002
	HK$'000	HK$'000
Loss before taxation	(8,264)	(51,852)
Tax at domestic income tax rate of 17.5% (2002: 16%)	(1,446)	(8,296)
Tax effect of income not taxable for tax purpose	(3)	(1)
Tax effect on tax losses not recognised	3,657	10,541
Tax effect of expenses not deductible for tax purpose	(852)	(2,945)
Utilisation of tax losses	(215)	—
Effect of different taxation rates of subsidiaries operating in other jurisdictions	131	(1,153)
Tax effect for the year	1,272	(1,854)

12. DIVIDEND

No dividend was paid or proposed during 2003, nor has any dividend been declared since the balance sheet date.

13. LOSS PER SHARE

The calculation of basic earnings per share is based on the Group's loss attributable to shareholders for the year of HK$9,536,000 (2002 (restated): loss of HK$49,998,000) and the weighted average of 415,000,000 (2002: 409,136,986) ordinary shares in issue during the year.

There were no potential ordinary shares in issue during both years ended 31 December 2003 and 2002.

14. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Land and buildings HK$'000	Leasehold improvements HK$'000	Plant, equipment and machinery HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 January 2003	7,483	7,070	67,893	1,090	4,873	88,409
Exchange realignments	(1,207)	(1,171)	(572)	(2)	—	(2,952)
Additions	—	138	587	167	570	1,462
Transfer	—	—	5,443	—	(5,443)	—
Disposals	—	—	(485)	—	—	(485)
At 31 December 2003	6,276	6,037	72,866	1,255	—	86,434
DEPRECIATION						
At 1 January 2003	1,616	3,627	32,374	976	—	38,593
Exchange realignments	(1,285)	(229)	(818)	(2)	—	(2,334)
Provided for the year	148	992	8,138	135	—	9,413
Written back on disposals	—	—	(354)	—	—	(354)
At 31 December 2003	479	4,390	39,340	1,109	—	45,318
NET BOOK VALUES						
At 31 December 2003	5,797	1,647	33,526	146	—	41,116
At 31 December 2002	5,867	3,443	35,519	114	4,873	49,816

The Group's land and buildings are held on the following lease terms:

	2003 HK$'000	2002 HK$'000
Medium-term leases in Hong Kong	1,184	1,236
Freehold outside Hong Kong	4,613	4,631
	5,797	5,867

Medium-term leases represent leases with an unexpired lease term of less than 50 years but not less than 10 years.

Certain land and buildings with net book value of HK$4,613,000 (2002: HK$1,236,000) are pledged to secure bank loans granted to the Group.

15. DEFERRED TAX ASSETS

	Group Provision for inventory obsolescence HK$'000
At 1 January 2002	
— as previously reported	—
— adjustment on adoption of SSAP 12 (Revised)	40
— as restated	40
Credit to income statement for the year	1,854
Balance at 31 December 2002	1,894
Charge to income statement for the year	(582)
At 31 December 2003	1,312

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2003 HK$'000	2002 HK$'000
Unlisted shares, at cost	**122,000**	122,000
Less: Impairment loss	**(51,600)**	(51,600)
	70,400	70,400

16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Particulars of the Company's subsidiaries are as follows:

Name of company	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of equity interest held directly %	Proportion of equity interest held indirectly %	Principal activity
Pablo Enterprises Ltd.	British Virgin Islands	10,000 shares of US$1 each	100	—	Investment holding
Sky Hawk Computer	Belgium	EUR61,973.38	—	100	Investment holding
Sky Hawk Computer (Shenzhen) Company Limited	PRC	US$5,650,000	—	100	Manufacturing of computer peripherals
San Hawk Technic Co., Ltd.	Taiwan	NT$10,000,000	—	100	Trading of computer peripherals
Eagle Lord Development Limited ("Eagle Lord")	Hong Kong	10,000 non-voting deferred shares of $1 each and 2 ordinary shares of $1 each#	—	100	Property holding and trading of computer peripherals
Eagle Lord Trading International (Shenzhen) Limited	PRC	HK$2,000,000	—	100	Trading of computer peripherals
Glory Trading Limited	Samoa	10,000 shares of US$1 each	—	100	Trading of computer peripherals
Newton Investment Limited	Samoa	11,000 shares of US$1 each	—	100	Dormant
Sky Hawk Computer Group Limited	British Virgin Islands	1 share of US$1 each	—	100	Investment holding

In accordance with the Articles of Association of Eagle Lord, a shareholder of non-voting deferred share is not entitled to any dividend or any participation in the profits or assets of Eagle Lord and is also not entitled to vote at any general meeting.

17. AMOUNTS DUE FROM SUBSIDIARIES

The amounts were unsecured, interest free and have no fixed repayment terms.

18. INVENTORIES

	Group 2003 HK$'000	2002 HK$'000
Raw materials	**26,813**	23,253
Work in progress	**18,864**	14,304
Finished goods	**6,156**	6,837
	51,833	44,394

Included in the inventories are goods of cost of HK$14,465,000 (2002: HK$7,816,000), stated net of a general provision of HK$14,465,000 (2002: HK$7,076,000), made in order to state these inventories at the lower of their cost and estimated net realisable value.

19. TRADE RECEIVABLES

The Group normally allows credit terms ranging from one to six months to its customers.

An aging analysis of the trade receivables as at the balance sheet date is as follows:

	Group 2003 HK$'000	2002 HK$'000
Within 90 days	**28,700**	30,052
Over 90 days but within 180 days	**5,430**	19,319
Over 180 days but within 1 year	**7,362**	11,045
Over 1 year	**4,214**	—
	45,706	60,416

20. BANK LOANS AND OVERDRAFTS

	Group	
	2003	2002
	HK$'000	HK$'000
Secured bank overdrafts	317	1,000
Bank loans		
— secured	4,865	—
— unsecured	1,874	1,885
Secured trust receipt loans	—	9,439
	7,056	12,324

All bank loans and overdrafts are either repayable within one year or repayable on demand.

The amount of bank loans and overdrafts are secured by the following assets owned by the Group.

	2003	2002
	HK$'000	HK$'000
Inventories released under trust receipts loans	—	9,439
Land and buildings held by the Group	4,613	1,236
	4,613	10,675

21. TRADE PAYABLES

An aging analysis of the trade payables as at the balance sheet date is as follows:

	Group	
	2003	2002
	HK$'000	HK$'000
Due within one month or on demand	4,345	9,074
Due after one month but within three months	5,111	13,070
Due after three months but within six months	3,854	5,771
Due after six months but within one year	1,505	—
	14,815	27,915

22. SHARE CAPITAL

	2003		2002	
	No. of shares million	Amount HK$'000	No. of shares million	Amount HK$'000
Authorised				
Ordinary share of HK$0.10 each	4,000	400,000	4,000	400,000
Issued and fully paid				
At 1 January	415	41,500	2	200
Shares issued under the reorganisation	—	—	298	29,800
Share issued under the Placing and Public Offer	—	—	100	10,000
Share issued under the over-allotment option	—	—	15	1,500
At 31 December	415	41,500	415	41,500

The Company has a share option scheme (the "Scheme"), which became effective on 17 January 2002 under which the directors of the Company may grant options to eligible employees or persons, including directors of any company in the Group, to subscribe for shares of the Company.

Upon payment of a nominal consideration of HK$1 per option, it may be exercised at any time during the exercisable period, which is determinable by the directors of the Company and may commence from the date of acceptance but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination under the Scheme. The exercise price is determined by the directors of the Company, and shall not be less than the highest of:

i. the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day;

ii. the average closing price of shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and

iii. the nominal value of the share.

The maximum number of shares in respect of which options may be granted under the Scheme may not in aggregate exceed 10% of the issued share capital of the Company as at the date of approval of the Scheme.

During the year, no option was granted or agreed to be granted under the Scheme.

23. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2003 and 2002 are presented on the consolidated statement of changes in equity on page 22 of the financial statements.

In accordance with the relevant PRC laws applicable to enterprises with foreign investment, the Company's subsidiaries in the PRC are required to transfer at least 10% of its annual net profit, as determined under PRC accounting rules and regulations, to the statutory reserve fund until the reserve balance reaches 50% of the registered capital of the respective subsidiaries. This reserve can be used to convert into paid-in capital and to offset prior years' losses, if any.

Company

	Share premium HK$'000	Contributed surplus HK$'000 *(Note (a))*	Accumulated losses HK$'000	Total HK$'000
At 1 January 2002	3,189	118,611	(9)	121,791
Loss for the year	—	—	(53,718)	(53,718)
Shares issued upon listing on Stock Exchange	45,737	—	—	45,737
Capitalisation issue	(29,800)	—	—	(29,800)
Share issuance expense	(12,534)	—	—	(12,534)
Dividend	—	—	(2,905)	(2,905)
At 31 December 2002	6,592	118,611	(56,632)	68,571
Loss for the year	—	—	(1,440)	(1,440)
At 31 December 2003	6,592	118,611	(58,072)	67,131

Note:

(a) The excess value of the shares of the subsidiaries acquired pursuant to the Group reorganisation over the nominal value of the new shares of the Company issued in exchange is credited to the contributed surplus account.

(b) Under the Companies Law of the Cayman Islands, the funds in the contributed surplus account and share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(c) At 31 December 2003 in the opinion of the directors of the Company, the reserves of the Company available for distribution to shareholders amounted to HK$67,131,000 (2002: HK$68,571,000) subject to the restriction stated in Note (b) above.

24. OPERATING LEASE COMMITMENT

As at 31 December 2003, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2003	2002
	HK$'000	HK$'000
Within one year	2,905	5,646
In the second to fifth years, inclusive	6,589	20,025
	9,494	25,671

The Company did not have any operating lease arrangements as at 31 December 2003 (2002: Nil).

25. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 December 2003. At 31 December 2002, there were contingent liabilities in respect of banking facilities utilized by certain subsidiaries and guaranteed by the Company amounting to approximately HK$10,439,000.

26. POST BALANCE SHEET EVENT

On 13 February 2004, the Company entered into a subscription agreement, pursuant to which an investor has agreed to subscribe for and the Company has agreed to allot and issue 80 million new shares at a subscription price of approximately HK$0.118 per subscription share. The net proceeds of the subscription of about HK$9.2 million are intended to be used as to approximately HK$6.2 million for expanding sales and marketing capacity of the Group and the remaining amount of approximately HK$3 million as general working capital.

27. COMPARATIVE FIGURES

The following comparative figure has been reclassified to conform with current year's presentation:

Net loss on disposal of property, plant and equipment of HK$2,841,000 which was included in other revenue in previous year is reclassified as an administrative expense.