

SUPPLEMENTARY INFORMATION TO SHAREHOLDERS

The accompanying supplementary information has been extracted from the Company's unaudited pro forma financial information (the "Pro Forma Financial Information"), which has been prepared by the Company solely for illustrative purpose to provide information on how the financial report of the Group that would have been attained had the change of financial year end from 31 March to 31 December taken effect from 1 January 2003. The Pro Forma Financial Information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board. The significant accounting policies and basis of presentation used in the preparation of Pro Forma Financial Information are the same as those used in the audited financial statements of the Company for the nine-month period ended 31 December 2004.

The Pro Forma Financial Information has been reviewed by Ernst & Young, certified public accountants, in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants.

PRO FORMA CONDENSED COMBINED INCOME STATEMENT

For the year ended 31 December 2004

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Revenue	11,931,299	8,826,692
Cost of sales	(10,782,829)	(8,180,875)
GROSS PROFIT	1,148,470	645,817
Other operating income	458,197	270,834
Selling and distribution expenses	(653,021)	(461,260)
Administrative expenses	(162,747)	(103,119)
Other operating expenses	(48,927)	(35,279)
PROFIT FROM OPERATING ACTIVITIES	741,972	316,993
Interest expense	(2,321)	(1,344)
Interest income	28,389	13,329
Share of losses of associate	-	(1)
PROFIT BEFORE TAX	768,040	328,977
Income tax	(71,965)	(72,710)
PROFIT BEFORE MINORITY INTERESTS	696,075	256,267
Minority interests	(237,919)	(90,622)
NET PROFIT	458,156	165,645
DIVIDENDS		
Proposed final	41,061	-
EARNINGS PER SHARE		
Basic	28 cents	11 cents
Diluted	28 cents	11 cents

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PRO FORMA CONDENSED COMBINED BALANCE SHEET

As at 31 December 2004

	31 December 2004 HK\$'000	31 December 2003 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	127,830	95,597
Intangible assets	2,240	1,421
Interests in associates	–	203,246
Investment properties	5,000	4,438
Other investments	–	124
Deferred income tax assets	–	2,244
	135,070	307,070
CURRENT ASSETS		
Property project held for sale	750,441	–
Hong Kong listed investments, at fair value	803	–
Margin deposits with brokers and financial institutions	–	39,863
Inventories	1,046,334	919,698
Bills receivable	302	2,814
Trade receivables	67,475	23,677
Prepayments and other receivables	177,084	105,535
Due from related parties	219,384	1,980,456
Client trust bank balances	11,933	12,416
Pledged deposits	850,301	998,112
Cash and cash equivalents	1,565,183	378,607
	4,689,240	4,461,178
CURRENT LIABILITIES		
Interest-bearing bank loan, unsecured	–	9,434
Convertible notes	–	24,000
Trade payables and bills payable	3,012,485	3,254,776
Customers' deposits, other payables and accruals	311,093	294,073
Due to related parties	80	121
Current portion of long term payables	157,547	–
Tax payable	49,750	17,952
Deferred income tax liabilities	–	1,999
	3,530,955	3,602,355
NET CURRENT ASSETS	1,158,285	858,823
TOTAL ASSETS LESS CURRENT LIABILITIES	1,293,355	1,165,893
MINORITY INTERESTS	219,983	314,473
NET ASSETS	1,073,372	851,420
	1,073,372	851,420
CAPITAL AND RESERVES		
Share capital	164,245	283,930
Reserves	868,066	267,490
Mandatory convertible notes	–	300,000
Proposal final dividends	41,061	–
	1,073,372	851,420

PRO FORMA CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2004

	Issued share capital HK\$'000	Share premium Contributed premium HK\$'000	Contributed surplus HK\$'000	Statutory reserves HK\$'000	Mandatory convertible notes HK\$'000	Retained earnings HK\$'000	Proposed final dividends HK\$'000	Total HK\$'000
At 1 January 2003	161,830	40,734	620	14,609	–	176,830	–	394,623
Placing of shares	32,300	5,680	–	–	–	–	–	37,980
Shares issued upon conversion of convertible notes	42,500	8,500	–	–	–	–	–	51,000
Contribution from the owner	–	–	–	–	–	202,172	–	202,172
Distribution to owner	–	–	–	–	–	–	–	–
Net profit for the year	–	–	–	–	–	165,645	–	165,645
Transfer to statutory reserves	–	–	–	25,255	–	(25,255)	–	–
At 31 December 2003	236,630	54,914	620	39,864	–	519,392	–	851,420
Effect of adopting IFRS 3	–	–	–	–	–	15,718	–	15,718
Issue of new shares for Acquisition	4,412	–	–	–	–	(4,412)	–	–
Share issue costs	–	(15,426)	–	–	–	–	–	(15,426)
Placing of shares	47,300	9,328	–	–	–	–	–	56,628
Issue of mandatory convertible notes	–	–	–	–	522,944	(222,944)	–	300,000
Shares issued upon conversion of:								
- Mandatory convertible notes	250,000	50,000	–	–	(300,000)	–	–	–
- Convertible notes	20,000	4,000	–	–	–	–	–	24,000
- Mandatory convertible notes	145,985	76,959	–	–	(222,944)	–	–	–
Share consolidation	(540,082)	540,082	–	–	–	–	–	–
Net profit for the year	–	–	–	–	–	458,156	–	458,156
Proposed final dividends	–	–	–	–	–	(41,061)	41,061	–
Transfer to statutory reserves	–	–	–	110,794	–	(110,794)	–	–
Distribution to the owner	–	–	–	(25,347)	–	(591,777)	–	(617,124)
At 31 December 2004	164,245	719,857	620	125,311	–	22,278	41,061	1,073,372

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PRO FORMA CONDENSED COMBINED STATEMENT OF CASH FLOWS

For the year ended 31 December 2004

	2004 HK\$'000	2003 <i>HK\$'000</i>
Net cash inflow from operating activities	413,428	1,544,170
Net cash inflow/(outflow) from investing activities	95,760	(696,832)
Net cash inflow/(outflow) from financing activities	677,388	(714,827)
Net increase in cash and cash equivalents	1,186,576	132,511
Cash and cash equivalents as at 1 January	378,607	246,096
Cash and cash equivalents as at 31 December	1,565,183	378,607