1. GENERAL

The Company is an exempted company incorporated in the Cayman Islands with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK").

2. BASIS OF PREPARATION

(a) Background and Principal Activities

The Company is an investment holding company. The Group is principally engaged in cold storage warehousing and logistics management services.

(b) Group Financial Statements

The Group financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. 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 inter-company 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 goodwill or negative goodwill (capital reserve) which was not previously charged or recognised in the consolidated income statement.

3. RECENTLY ISSUED HONG KONG FINANCIAL REPORTING

The Hong Kong Institute of Certified Public Accountants has issued a number of new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in preparing the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

4. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements are prepared under the historical cost convention. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the SEHK ("Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

(a) Revenue Recognition

(i) Cold storage service income is recognised pro-rata over the life of the agreement and on an accrual basis.

(ii) Logistics management service income is recognised on the services rendered.

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

(iv) Dividend income is recognised when the shareholders' rights to receive payment is established.

(v) Operating lease rental income is recognised on a straight-line basis over the period of the respective leases.

(b) Goodwill

Goodwill arising on acquisition of subsidiaries, associates and jointly controlled entities represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable assets and liabilities acquired as at the date of acquisition. Negative goodwill arising from the acquisition of subsidiaries, associates and jointly controlled entities, being the capital reserve, represents the excess of the fair value ascribed to the Group's share of the identifiable assets and liabilities at the date of acquisition of a subsidiary, over the cost of acquisition.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Goodwill *(Continued)*

Goodwill arising on acquisition is recognised as an asset and is amortised using the straight-line method over its estimated useful economic life of not exceeding twenty years. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated income statement when the future losses and expenses are recognised. To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated income statement on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

In case of associates and jointly controlled entities, any unamortised goodwill/negative goodwill (not yet recognised in the consolidated income statement) is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

On disposal of subsidiaries, associates or jointly controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill/negative goodwill which remains unamortised/has not been recognised in the consolidated income statement and any relevant capital reserve, as appropriate. Any attributable goodwill/negative goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

(c) Property, Plant and Equipment

Properties held for development, which are those properties being developed for production, rental or administrative purposes or for purposes not yet determined, are stated at valuation less provision for permanent diminution in value, if necessary. Cost comprises acquisition cost and other incidental costs. Depreciation of these assets, on the same basis as other property assets, commences when the assets are put into use.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Property, Plant and Equipment *(Continued)*

Property, plant and equipment, other than investment properties and properties held for development, are stated at cost or valuation less depreciation (or amortisation) and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul cost, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

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

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of the assets, expected future cash flows are not discounted to their present values.

Cold storage warehouses and other land and buildings are stated at their revalued amount, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation and amortisation. Revaluation is performed with sufficient regularity such that the carrying value does not differ materially from that which would be determined using the fair values at the balance sheet date.

Any surplus arising on revaluation of the property, plant and equipment is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case this surplus is credited to the consolidated income statement to the extent of the deficit previously charged. A decrease in the net carrying amount arising on the revaluation of such properties is charged to the consolidated income statement to the extent that it exceeds the surplus, if any, held in the asset revaluation reserve relating to the previous revaluation of that particular asset. On the subsequent disposal of the asset, the attributable revaluation surplus not yet transferred to deficit in prior years is transferred to deficit.

Amortisation is provided to write off the valuation of leasehold land over the terms of the respective leases using the straight line method. Freehold land is not amortised.

The valuation of buildings is depreciated over their estimated useful lives of fifty years or, where shorter, the terms of the respective leases using the straight line method.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Property, Plant and Equipment *(Continued)*

Depreciation and amortisation are provided to write off the costs of other assets over their estimated useful lives, using the straight line method, at the following rates per annum:

Cold Storage Warehouse	Over the unexpired useful life
Furniture, machinery and equipment	10% to 33%
Motor vehicles	20%

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as assets owned by the Group or, where shorter, the terms of the respective leases.

(d) Assets under leases

(i) Finance leases

Leases that substantially transfer to the Group all the rewards and risks of ownership of assets are accounted for as finance leases. At the inception of a finance lease, the fair value of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals.

Payments to the lessor are treated as consisting of capital and interest elements. Finance charges are debited to the income statement over the periods of the leases so as to produce an approximately constant periodic rate of charge on the remaining balances of the obligation for each accounting period.

Assets held under finance leases are depreciated over the shorter of the lease terms and their estimated useful lives on the same basis as owned assets. Impairment losses are accounted for in accordance with the accounting policy as set out in note 4(e).

(ii) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental receivables/payables under such operating leases are accounted for in the income statement on a straight-line basis over the periods of the respective lease.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Impairment of Assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that those assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. For goodwill that is amortised over 20 years from initial recognition, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(f) Subsidiaries

A subsidiary is a company in which the Group or the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Subsidiaries are considered to be controlled if the Group or the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Subsidiaries *(Continued)*

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(g) Related Parties

Two 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.

(h) Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated income statement includes the Group's share of the results of the jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net asset jointly controlled entities and goodwill/negative goodwill (net of accumulative amortisation) on acquisition.

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

(i) Cash Equivalents

Cash equivalents are 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. Cash equivalents include investments and advances denominated in foreign currencies provided that they fulfil the above criteria.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(j) Provision and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or 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 estimated 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 one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(k) 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 financial statements. 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 assets are recognized to the extent that it is probable that future taxable profit will be available against the temporary differences can be utilised.

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

(l) Translation of Foreign Currencies

Transactions in foreign currencies during the year 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 expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) Retirement Costs

The Group operates a defined contribution retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the participating 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.

(n) Employee Benefits

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 employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(o) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

No separate analysis for turnover contribution to operating results and asset and liabilities by business segment has been presented as the Group has only one business segment which is cold storage warehousing and logistics management.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(p) Borrowing Costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the assets are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset to its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset to its intended use or sale are interrupted or complete.

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

5. TURNOVER AND OTHER REVENUE

The Company is an investment holding company. The Group is engaged in the provision of cold storage warehousing and logistics management services.

	2005	2004
	HK$'000	*HK$'000*
Turnover:		
Income from cold storage warehousing and logistics management	**8,521**	9,996
Other revenue		
Interest income	**56**	269
	8,577	10,265

6. OTHER INCOME

Other income comprises:

	2005	2004
	HK$'000	*HK$'000*
Exchange gain, net	**1,140**	3,325
Others	**117**	237
	1,257	3,562

7. LOSS FROM OPERATIONS

Loss from operations is stated after charging:

	2005	2004
	HK$'000	*HK$'000*
Charging:		
Provision for bad and doubtful debts	**—**	801
Auditors' remuneration		
— Current year	**250**	225
— Underprovision in previous years	**—**	393
Depreciation		
— Owned fixed assets	**1,702**	1,744
Staff costs including retirement costs of HK$48,300 (2004: HK$58,576)	**5,307**	5,848
Impairment loss on other land and buildings	**—**	1,363
Loss on disposal of fixed assets (other than properties)	**12**	1,216

8. FINANCE COSTS

	2005	2004
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**476**	23,572

9. NET GAIN ARISING FROM DEBTS DISCHARGED UNDER SCHEMES OF ARRANGEMENT

	2005	2004
	HK$'000	*HK$'000*
Waiver of indebtedness	**—**	640,474
Restructuring and Schemes expenses	**—**	(7,756)
	—	632,718

The net gain represented the indebtedness and the accrued interest payable by the Company discharged upon the completion of the Schemes, after netting of the related restructuring and Schemes expenses.

10. GAIN ON DE-CONSOLIDATION OF SUBSIDIARIES UNDER THE SCHEMES

On 5 December 2003, the Company entered into a sale and purchase agreement with an independent third party to dispose of 37 directly and indirectly wholly owned subsidiaries at a consideration of HK$25. Gain of approximately HK$706,083,000 arose on the de-consolidation of these subsidiaries in the financial statements for the year ended 31 March 2004.

11. TAXATION — CREDIT/(CHARGE)

The credit/(charge) comprises:

	2005	2004
	HK$'000	*HK$'000*
Underprovision for Hong Kong Profits Taxin prior years	**—**	(6,577)
Over provision for overseas taxation in prior years	**185**	—
	185	(6,577)
Deferred taxation — overseas	**—**	(1,232)
Taxation in respect of ordinary activities attributable to the Company and its subsidiaries	**185**	(7,809)

11. TAXATION — CREDIT/(CHARGE) *(Continued)*

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

	2005	2004
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(7,997)**	1,306,870
Calculated at a taxation rate of 17.5%	**(1,399)**	(228,702)
Over-provision/(under) in prior years	**185**	(7,909)
Effect of different tax rates at oversea locations	**—**	100
Net effect of non-assessable/deductible items	**172**	(3,046)
Net effect of tax losses and temporary differences utilized/not recognized	**1,227**	38,261
Effect of gain on de-consolidation of subsidiaries under the Schemes	**—**	90,572
Effect on gain on debts discharged under the Schemes	**—**	102,915
	185	(7,809)

No provision for Hong Kong Profits Tax and taxation in overseas countries, in which the Group operates, have been made in the financial statements as the Group did not have any assessable profits derived in the respective jurisdictions for both years.

The Group and the Company did not have any other significant unprovided deferred taxation in respect of timing differences arising during the year or as at the balance sheet date.

12. DIRECTORS' REMUNERATION

Remuneration of the Company's directors disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	2005	2004
	HK$'000	*HK$'000*
Fees		
— Executive directors	**269**	136
— Independent non-executive directors	**237**	139
Other emoluments		
Salaries and other benefits-in-kind		
— Executive directors	**831**	312
— Independent non-executive directors	**—**	—
Retirement benefit costs		
— Executive directors	**14**	7
— Independent non-executive directors	**—**	—
	1,351	594

The emoluments of the directors are within the following bands:

	Number of Directors	
	2005	2004
Nil to HK$1,000,000	**4**	9

During the years ended 31 March 2005 and 2004, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments for both years.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year, the five highest paid individuals included one (2004: one) director, details of whose emoluments are set out above. The emoluments of the four (2004: four) individuals are as follows:

	2005	2004
	HK$'000	*HK$'000*
Salaries and other benefits	**1,557**	1,779
MPF Scheme contributions	**83**	69
	1,640	1,848

The emoluments of the employees are within the following band:

	Number of employees	
	2005	2004
Nil — HK$1,000,000	**4**	4

During the years ended 31 March 2005 and 2004, no emoluments were paid by the Group to the five individuals with the highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office.

14. (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated (loss)/profit attributable to shareholders for the year ended 31 March 2005 includes a loss of approximately HK$7,669,000 (2004: Profit of HK$982,400,000) which has been dealt with in the financial statements of the Company.

15. DIVIDENDS

The Directors of the Company do not recommend the payment of a dividend for the year ended 31 March 2005 (2004: nil).

16. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the net loss for the year of approximately HK$7,812,000 (2004: Profit of HK$1,299,079,000) and on the weighted average number of 5,047,226,422 (2004: 1,594,002,898) shares in issue during the year.

There were no potential dilutive shares in existence for the year ended 31 March 2005 and accordingly, no dilutied earnings per share amount has been presented.

No amount had been presented for the diluted earnings per share amount for the year ended 31 March 2004 as the conversion of the then outstanding warrants would reduce the loss per share from continuing ordinary operations.

17. SEGMENT INFORMATION

(a) Business Segment

No separate analysis of segment information by business is presented as the Group has only one business segment which is cold storage warehousing and logistics management services.

(b) Geographical segments

The following table presents revenue, result and certain assets and expenditure for the Group's geographical segments for the two years ended 31 March 2005 and 2004:

	Hong Kong & PRC		**Australia**		**Consolidated**	
	2005	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE						
External revenue	**—**	—	**8,521**	9,996	**8,521**	9,996
Other revenue	**—**	186	**56**	83	**56**	269
Total revenue	**—**	186	**8,577**	10,079	**8,577**	10,265
SEGMENT RESULTS	**(7,533)**	(6,539)	**12**	(1,820)	**(7,521)**	(8,359)
Other information:						
Segment assets	**7,612**	4,644	**21,110**	23,889	**28,722**	28,533
Capital expenditure	**301**	28	**939**	661	**1,240**	689

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Cold storage warehouse *HK$'000*	Other land and building *HK$'000*	Furniture, machinery and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost or valuation					
At 1 April 2004	18,409	1,620	8,726	686	29,441
Exchange adjustments	272	—	112	11	395
Additions	—	—	1,240	—	1,240
Disposals	—	(1,620)	(532)	—	(2,152)
At 31 March 2005	18,681	—	9,546	697	28,924
Analysis of cost or valuation					
At cost	—	—	9,546	697	10,243
At valuation 2004	18,681	—	—	—	18,681
	18,681	—	9,546	697	28,924
Depreciation and amortisation or impairment					
At 1 April 2004	598	1,620	7,022	460	9,700
Exchange adjustments	41	—	108	9	158
Charge for the year	878	—	746	78	1,702
Eliminated on disposals	—	(1,620)	(517)	—	(2,137)
At 31 March 2005	1,517	—	7,359	547	9,423
Net book value					
At 31 March 2005	17,164	—	2,187	150	19,501
At 31 March 2004	17,811	—	1,704	226	19,741

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Company

	Furniture, machinery and equipment *HK$'000*
Cost	
At 1 April 2004	—
Additions	924
At 31 March 2005	924
Depreciation	
At 1 April 2004	—
Charge for the year	185
At 31 March 2005	185
Net book value	
At 31 March 2005	739
At 31 March 2004	—

The net book value of HK$17,164,000 (2004: HK$17,811,000) cold storage warehouse held by the Group at the balance sheet date is held under freehold outside Hong Kong.

Australian cold storage warehouse was revalued by Chesterton International (NSW) Pty. Limited in July 2003, on an open market existing use basis, at approximately AUD3,100,000.

Certain of the Group's property, plant and equipment were pledged to secure banking facilities granted to the Group. The net book value of the pledged assets included in the total amount of property, plant and equipment at 31 March 2005 amounted to HK$18,351,000 (2004: HK$19,335,000).

19. INTERESTS IN SUBSIDIARIES

	The Company	
	2005	2004
	HK$'000	*HK$'000*
Unlisted shares, at cost	**—**	—
Amounts due from subsidiaries	**387,740**	389,645
	387,740	389,645
Less: Impairment losses recognised	**(385,862)**	(385,862)
	1,878	3,783

Particulars of the Company's principal subsidiaries as at 31 March 2005 are set out in note 32 to the financial statements.

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

None of the subsidiaries had any loan capital outstanding at the end of the year or at any time during the year.

20. TRADE AND OTHER RECEIVABLES

	The Group	
	2005	2004
	HK$'000	*HK$'000*
Trade receivables	**906**	1,273
Other receivables	**190**	165
Deposits paid	**501**	385
Prepayements	**804**	880
	2,401	2,703

The Group allows an average credit period of 60 days to its trade customers.

Details of the aged analysis of trade receivables of the Group are as follows:

	The Group	
	2005	2004
	HK$'000	*HK$'000*
0 — 30 days	**399**	695
31 — 60 days	**343**	258
61 — 180 days	**164**	93
More than 180 days	**—**	227
	906	1,273

21. TRADE AND OTHER PAYABLES

	The Group	
	2005	2004
	HK$'000	*HK$'000*
Trade payables	**554**	1,065
Interest payables	**—**	37
Other payables and accruals	**2,573**	2,700
	3,127	3,802

Details of the aged analysis of trade payables of the Group are as follows:

	The Group	
	2005	2004
	HK$'000	*HK$'000*
0 — 30 days	**166**	375
31 — 60 days	**49**	102
61 — 90 days	**—**	41
More than 90 days	**339**	547
	554	1,065

22. AMOUNTS DUE TO SUBSIDIARIES

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

23. CONVERTIBLE NOTE

On 7 January 2004, the Company entered into a subscription agreement with an independent third party for the issuance of convertible note with an aggregate value of HK$5,000,000. The convertible note was convertible into ordinary shares of the Company of HK$0.01 each at the conversion price of HK$0.01 per share for the period from 10 May 2004 to 31 December 2004.

On 23 December 2004, the holder of the said convertible note exercised its options to convert the whole note into 500,000,000 ordinary shares of HK$0.01 each at the conversion price of HK$0.01 per share (note 25(f)).

24. BANK LOAN

	The Group	
	2005	2004
	HK$'000	*HK$'000*
Bank loan — secured	**5,038**	5,710

The bank loan is repayable as follows:

Within one year or on demand	**603**	742
More than one year, but not exceeding two years	**603**	594
More than two year, but not exceeding five years	**1,808**	1,781
Over five years	**2,024**	2,593
	5,038	5,710
Less: Amount due within one year or on demand and shown under current liabilities	**(603)**	(742)
Amount due after one year	**4,435**	4,968

25. SHARE CAPITAL

	Note	No. of shares	Value HK$'000
Authorised:			
At 31 March 2005 and at 31 March 2004 ordinary shares of HK$0.01 each		10,000,000,000	100,000
Issued and fully paid:			
At 1 April 2003 shares of HK$0.05 each		1,547,042,829	77,352
Capital reduction of par value from HK$0.05 to HK$0.006 each	*(a)*	—	(76,424)
		1,547,042,829	928
Consolidation of every 100 shares to 1 share at HK$0.06 each	*(b)*	(1,531,572,400)	—
		15,470,429	928
Subdivided each share into 6 shares at HK$0.01 each	*(c)*	77,352,141	—
		92,822,570	928
Issue upon settlement of debts	*(d)*	96,000,000	960
Issue of shares	*(e)*	4,600,000,000	46,000
At 31 March 2004 ordinary shares of HK$0.01 each		4,788,822,570	47,888
Issue of new shares	*(f), (g)*	1,457,764,514	14,578
At 31 March 2005 ordinary share of HK$0.01 each		6,246,587,084	62,466

A special resolution was passed on 14 November 2003. It was resolved note (a) to (e):

(a) reduce the par value of the 1,547,042,829 shares in issue up to 5 December 2003 in the Company from HK$0.05 to HK$0.0006 by the cancellation of HK$0.0494 paid up on each issued share. On the basis of 1,547,042,829 ordinary shares in issue at the date of capital reduction, a credit of HK$76,424,000 was raised;

(b) the issued share capital of the Company was consolidated for every 100 shares of HK$0.0006 each into one share of HK$0.06 each following the capital reduction as mentioned in note (a);

25. SHARE CAPITAL *(Continued)*

(c) subdivide each authorised and issued share of the Company into 6 subdivided shares of HK$0.01 each;

(d) 96,000,000 ordinary shares of HK$0.01 were issued at HK$0.01 to the Scheme Creditors for the settlement of the indebtedness owed by the Group to the Scheme Creditors;

(e) 4,600,000,000 ordinary shares of HK$0.01 each, ranking pari passu in all respects with the existing ordinary shares of the Company, were issued to Many Returns Limited for net cash proceeds of HK$46 million. Further details of the transaction were set out in the Company's press announcement dated 5 December 2003;

(f) On 23 December 2004, the holder of the convertible note in the principal amount of HK$5,000,000 exercised the options to convert the whole note into 500,000,000 ordinary shares of HK$0.01 each at par, which rank pari passu in all respects with the existing shares of the Company.

(g) On 6 January 2005, the holder of the Warrants of HK$3,000,000 exercised the attached rights to subscribe 300,000,000 ordinary shares of HK$0.01 each in the capital of the Company which were allotted and issued at par on the same date.

On 7 March 2005, the holder of the remaining Warrants of HK$6,577,645 exercised the attached rights to subscribe 657,764,514 ordinary shares of HK$0.01 each in the capital of the Company which were allotted and issued at par on the same date.

All these new ordinary shares rank pari passu in all respects with the existing shares of the Company.

26. SHARE OPTION SCHEME

The Share Option Scheme adopted on 30 September 1999 was terminated and replaced by a New Share Option Scheme on the 16 July 2004. The new Share Option Scheme shall remain in force for 10 years from the adoption date unless otherwise terminated or amended.

The exercise price of the options shall be determined by the Directors of the Company, but may at least the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the grant of the share options; and (iii) the nominal value of an ordinary share. The maximum number of shares in respect of which options may be granted under the New Share Option Scheme shall not exceed 10% of the issued share capital of the Company from time to time.

26. SHARE OPTION SCHEME *(Continued)*

No share option has been granted, exercised, cancelled or lapsed under the new Share Option Scheme during the year ended 31 March 2005 or outstanding as at 31 March 2005.

27. RETIREMENT BENEFIT SCHEMES

With effect from 1 December 2000, the Group has also joined a MPF Scheme for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme.

The MPF Scheme is available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions are made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK$20,000 per month. Staff members are entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefits are required by law to be preserved until the retirement age of 65.

28. OPERATING LEASE COMMITMENTS

The Group leases its office and staff quarter under non-cancelled operating lease arrangements with remaining lease terms ranging from one to two years.

At 31 March 2005, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows:

	2005	2004
	HK$'000	*HK$'000*
Within one year	**1,570**	—
In the second to fifth years, inclusive	**882**	—
	2,452	—

29. CONTINGENT LIABILITIES

At the balance sheet date, the Company has given a guarantee to a financial institution in respect of credit facilities utilised by one of its subsidiaries to the extent of approximately HK$5 million (2004: HK$5.7 million).

30. CHARGES ON ASSETS

At the balance sheet date, the Group's property, plant and equipment amounted to HK$18,351,000 (2004: HK$19,335,000) have been pledged to secure credit facilities granted to and utilised by the Group.

31. RELATED PARTY TRANSACTIONS

	The Group		The Company	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Management fee to Integrated Project Solutions Limited	**120**	80	**—**	—
Interest income from I-China Holdings Limited	**—**	184	**—**	—

Management fee paid to Integrated Project Solutions Limited, a company in which Mr. Chan Chun Hing, Kenneth is a director, was determined with reference to on floor space occupied by the Groups and costs incurred.

Save as disclosed above and elsewhere in the financial statements, there were no other significant transactions with related parties during the year or significant balances with them at the end of the year.

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2005 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share	Percentage of issued share capital held by the Company*/ subsidiaries %	Percentage of issued share capital attributable to the Group %	Principal activities
Allied National Ltd.	British Virgin Islands/ Hong Kong	US$1 share	100*	100	Investment holding
Australian Service Cold Storage (N.S.W.) Pty Ltd.	Australia	A$2,500,002 shares	100	100	Dormant
iPowerB2B.com Limited	Hong Kong	HK$2 shares	100	100	Investment holding
iPower Holdings Limited	British Virgin Islands/ Hong Kong	US$45,000 shares	100*	100	Investment holding
iPower Warehousing Management System Limited	British Virgin Islands/ Hong Kong	US$1 shares	100	100	Warehousing management system holding
Pentagon Profits Limited	British Virgin Islands/PRC	US$1 share	100*	100	Dormant
Seapower China Investments Limited	Hong Kong/ PRC	HK$2 shares	100	100	Logistics management services
Seapower Developments (Indonesia) Limited	British Virgin Islands/Indonesia	US$1 share	100*	100	Dormant
Seapower Resources Australia Pty Ltd	Australia	A$7,000,002 shares	100	100	Investment holding

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share	Percentage of issued share capital held by the Company*/ subsidiaries %	Percentage of issued share capital attributable to the Group %	Principal activities
Seapower Resources Investments Pty Ltd.	Australia	A$2,000,002 shares	100	100	Investment holding
Seapower Resources Gosford Pty Ltd.	Australia	A$4,200,002 shares	100	100	Cold storage warehousing
Seapower Secretaries Limited	Hong Kong	HK$100 shares	100*	100	Provision secretarial services
Topcrown Investments Limited	Hong Kong	HK$10,000 shares	100*	100	Management services

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

33. SUBSEQUENT EVENTS

On 6 June 2005, the Company entered into two subscription agreements with two independent subscribers ("Subscribers"), pursuant to which the Company conditionally agreed to issue and allot and the Subscribers conditionally agreed to subscribe for aggregate 106,400,000 new shares of the Company at the price of HK$0.125 per share. The estimated aggregate net proceeds of approximately HK$13,200,000 from the subscription will be applied for the Company's working capital and future potential investments in clean energy projects. Further details are set out in the Company's announcement dated 7 June 2005.