

For the year ended 31 March 2005

| <b>The Group</b>  |                                  |                                  |  |  |  |  |                          |
|---|----------------------------------|----------------------------------|--|--|--|--|--------------------------|
|   | <b>Share capital</b><br>HK\$'000 | <b>Share premium</b><br>HK\$'000 | <b>Special reserve</b><br>HK\$'000<br>(note (a)) | <b>Translation reserve</b><br>HK\$'000 | <b>Contributed surplus</b><br>HK\$'000               | <b>Accumulated profits</b><br>HK\$'000 | <b>Total</b><br>HK\$'000 |
| At 1 April 2003   | 12,655                           | 106,007                          | (22,470)   | (117)                                  | –  | 18,424                                 | 114,499                  |
| Shares issued for conversion of convertible notes                         | 5,125                            | 15,375                           | –  | –                                      | –  | –                                      | 20,500                   |
| Capital reduction   | (19,787)                         | –                                | –  | –                                      | –  | 19,787                                 | –                        |
| Issue of new shares   | 2,078                            | 10,437                           | –  | –                                      | –  | –                                      | 12,515                   |
| Share issue expenses  | –                                | (249)                            | –  | –                                      | –  | –                                      | (249)                    |
| Loss for the year   | –                                | –                                | –  | –                                      | –  | (10,631)                               | (10,631)                 |
| At 31 March 2004 and 1 April 2004   | 71                               | 131,570                          | (22,470)   | (117)                                  | –  | 27,580                                 | 136,634                  |
| Shares issued for conversion of convertible notes (notes 21(b) and 22(a)) | 2,493                            | 1,287,907                        | –  | –                                      | –  | –                                      | 1,290,400                |
| Share issue expenses  | –                                | (197)                            | –  | –                                      | –  | –                                      | (197)                    |
| Issue of bonus shares (note 22(b))  | 101                              | (101)                            | –  | –                                      | –  | –                                      | –                        |
| Loss for the year   | –                                | –                                | –  | –                                      | –  | (18,326)                               | (18,326)                 |
| <b>At 31 March 2005</b>   | <b>2,665</b>                     | <b>1,419,179</b>                 | <b>(22,470)</b>                                  | <b>(117)</b>                           | <b>–</b>   | <b>9,254</b>                           | <b>1,408,511</b>         |
| <b>The Company</b>  |                                  |                                  |  |  |  |  |                          |
|   | <b>Share capital</b><br>HK\$'000 | <b>Share premium</b><br>HK\$'000 | <b>Special reserve</b><br>HK\$'000               | <b>Translation reserve</b><br>HK\$'000 | <b>Contributed surplus</b><br>HK\$'000<br>(note (b)) | <b>Accumulated losses</b><br>HK\$'000  | <b>Total</b><br>HK\$'000 |
| At 1 April 2003   | 12,655                           | 106,007                          | –  | –                                      | 105,026  | (217,119)                              | 6,569                    |
| Share issued for conversion of convertible notes                          | 5,125                            | 15,375                           | –  | –                                      | –  | –                                      | 20,500                   |
| Capital reduction   | (19,787)                         | –                                | –  | –                                      | –  | 19,787                                 | –                        |
| Issue of new shares   | 2,078                            | 10,437                           | –  | –                                      | –  | –                                      | 12,515                   |
| Share issue expenses  | –                                | (249)                            | –  | –                                      | –  | –                                      | (249)                    |
| Loss for the year   | –                                | –                                | –  | –                                      | –  | (4,061)                                | (4,061)                  |
| At 31 March 2004 and 1 April 2004   | 71                               | 131,570                          | –  | –                                      | 105,026  | (201,393)                              | 35,274                   |
| Shares issued for conversion of convertible notes (notes 21(b) and 22(a)) | 2,493                            | 1,287,907                        | –  | –                                      | –  | –                                      | 1,290,400                |
| Share issue expenses  | –                                | (197)                            | –  | –                                      | –  | –                                      | (197)                    |
| Issue of bonus shares (note 22(b))  | 101                              | (101)                            | –  | –                                      | –  | –                                      | –                        |
| Loss for the year   | –                                | –                                | –  | –                                      | –  | (53,159)                               | (53,159)                 |
| <b>At 31 March 2005</b>   | <b>2,665</b>                     | <b>1,419,179</b>                 | <b>–</b>   | <b>–</b>                               | <b>105,026</b>                                       | <b>(254,552)</b>                       | <b>1,272,318</b>         |

Notes:

- (a) The special reserve of the Group represents the difference between the nominal amount of the share capital of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition pursuant to the corporate reorganisation and capitalisation in paying up 1,000,000 nil paid shares prior to the listing of the Company's shares.
- (b) The contributed surplus of the Company represents the differences between the consolidated shareholders' funds of subsidiaries at the date on which they were acquired by the Company and the nominal amount of the share capital of the Company issued under the corporate reorganisation and capitalisation in paying up 1,000,000 nil paid shares. Under The Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders.

The notes on pages 22 to 43 form an integral part of these financial statements.