

1. Company Background

Winbox International (Holdings) Limited (the “Company”) was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 30th September, 2005.

Pursuant to a group reorganisation (the “Reorganisation”) in preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the group (the “Group”) formed after the completion of the Reorganisation. Details of the Reorganisation are set out in the prospectus of the Company dated 24th May, 2006 (the “Prospectus”).

The principal steps of the Reorganisation were as follows:

- (a) on 30th September, 2005, the Company was incorporated in the Cayman Islands.
- (b) on 10th May, 2006, every issued and unissued share of HK\$0.10 was divided into two shares of HK\$0.05 each.
- (c) on 16th May, 2006, Choi Hon Hing transferred 2 shares to Boxmore Limited (“Boxmore”) for cash at par.
- (d) On 16th May, 2006, the authorised share capital of the Company increased from HK\$390,000 to HK\$100,000,000 divided into 2,000,000,000 shares of HK\$0.05 each; and Boxmore as vendor and the Company as purchaser entered into a sale and purchase agreement whereby the Company acquired the entire issued capital of Winbox (BVI) Limited at a consideration to be satisfied by the allotment of 399,999,998 shares of the Company, credited as fully paid, to Boxmore.
- (e) On 18th May, 2006, Boxmore declared dividends in specie to be satisfied by distribution of the entire issued share capital of the Company to Boxmore’s shareholders.

The Company’s shares were listed on the Main Board of the Stock Exchange on 6th June, 2006.

The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

Notes to the Financial Statements of the Company

For the period from 30th September, 2005 (Date of Incorporation) to 31st March, 2006

2. Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and under the historical cost basis, except for financial instruments, which are measured at fair values. The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. Results for the Period

The Company did not derive any income during the period.

4. Cash Flow Statement

A cash flow statement is not presented because the Company did not have any significant cash transactions and did not maintain any bank account.

5. Taxation

No provision for taxation has been made in the financial statements as the Company had no income for the period.

6. Share Capital

	Number of shares '000	Authorised HK\$'000	Number of shares	Issued and fully paid HK\$'000
Ordinary shares of HK\$0.10 each	3,900	390	1	—

The Company was incorporated in the Cayman Islands on 30th September, 2005 with an authorised share capital of HK\$390,000 divided into 3,900,000 shares of HK\$0.10 each.

On 30th September, 2005, one share of HK\$0.10 each was allotted and issued for cash at par to the subscriber. On the same date, the said one share was transferred to Choi Hon Hing. At 31st March, 2006, the Company's issued share capital was HK\$0.10 each, which has not been included in the balance sheet as the amount was less than HK\$1.

The changes in share capital of the Company subsequent to 31st March, 2006 are set out in note 7.

7. Post Balance Sheet Events

The following transactions took place subsequent to 31st March, 2006:

- (a) The Group underwent a corporate reorganisation to rationalise the Group's structure in preparation for a listing of the Company's securities on the Main Board of the Stock Exchange, the details of which are set out in the Prospectus.
- (b) On 10th May, 2006, every issued and unissued share of HK\$0.10 was divided into two shares of HK\$0.05 each.
- (c) On 16th May, 2006, Choi Hon Hing transferred 2 shares to Boxmore Limited ("Boxmore") for cash at par.
- (d) On 16th May, 2006, the authorised share capital of the Company increased from HK\$390,000 to HK\$100,000,000 divided into 2,000,000,000 shares of HK\$0.05 each; and Boxmore as vendor and the Company as purchaser entered into a sale and purchase agreement whereby the Company acquired the entire issued capital of Winbox (BVI) Limited at a consideration to be satisfied by the allotment of 399,999,998 shares of the Company, credited as fully paid, to Boxmore.
- (e) On 16th May, 2006, a Pre-Listing Share Option Scheme ("Pre-Listing Scheme") and a Share Option Scheme ("the Scheme") were adopted for the purpose of recognising and motivating the contributions of the eligible persons to the Company. The provisions of the Pre-Listing Scheme and the Scheme shall be valid and effective for a period of five years and ten years respectively from the date of their adoption. On 16th May, 2006, options to subscribe for 19,555,261 shares at HK\$0.225 per Share were granted under the Pre-Listing Scheme to directors of the Company and employees of the Group. The management is still in the process of assessing the financial impact of the share options granted under the Pre-Listing Scheme.
- (f) On 18th May, 2006, Boxmore declared dividends in specie to be satisfied by distribution of the entire issued share capital of the Company to Boxmore's shareholders.
- (g) On 6th June, 2006, the Company completed the listing of 400,000,000 shares and the Company's shares were listed on the Main Board of the Stock Exchange.