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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Omnicorp Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



MAJOR TRANSACTION

Proposed acquisition and subscription of approximately 51.52% interest in Windsor Treasure Group Holdings Limited

A notice convening a special general meeting of Omnicorp Limited to be held at Concord Rooms 2 & 3, 8/F, Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong on Thursday, 7 October 2004 at 10:00 a.m. are set out in pages 84 to 86 of this circular. A form of proxy for use by the Shareholders at the special general meeting is enclosed herein. Whether or not you intend to attend and vote at the special general meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time for holding the special general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjourned meeting should you so wish.

* For identification purposes only

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Ace Victory”	Ace Victory Investments Limited, a company incorporated in BVI with limited liability and wholly and beneficially owned by Mr. Cheung
“Acquisition”	(a) the proposed acquisition by the Purchaser from the Vendors of the Sale Shares; and (b) the proposed subscription by the Purchaser of the Subscription Shares upon the terms and subject to the conditions set out in the Agreement
“Agreement”	the share purchase and subscription agreement dated 19 August 2004 entered into between the Purchaser, the Vendors, Windsor Treasure, the Company and the Warrantors relating to the Acquisition
“Announcement”	the announcement dated 26 August 2004 made by the Company in respect of the Acquisition
“Announcement Date”	26 August 2004, being the date of the Announcement
“associates”	has the meaning ascribed thereto in the Listing Rules
“Business Day”	a day on which banks are open for business in Hong Kong throughout their normal business hours (excluding Saturday and Sunday)
“Bloominvest”	Bloominvest Group Limited, a company incorporated in BVI with limited liability and wholly and beneficially owned by Mr. Sung
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Capitalrise”	Capitalrise Group Limited, a company incorporated in BVI with limited liability and wholly and beneficially owned by Mr. Sung and his family member(s)
“Company”	Omnicorp Limited, an exempted company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange

DEFINITIONS

“Completion”	completion of the Acquisition upon the terms and subject to the conditions set out in the Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration for the Acquisition, being a sum of HK\$34,006,000
“Consideration Shares”	17,003,000 new Shares to be allotted and issued, credited as fully paid, at HK\$1.00 per Share to the Vendors to satisfy 50% of the Consideration
“Directors”	the directors of the Company
“Enlarged Group”	the Group and the Windsor Treasure Group
“Even Skill”	Even Skill Technology Limited, a company incorporated in BVI with limited liability and is wholly and beneficially owned by Mr. Huang and his family member(s)
“Good Profit”	Good Profit Trading Limited, a company incorporated in BVI with limited liability and wholly and beneficially owned by Mr. Chan and his family member(s)
“Group”	the Company and its subsidiaries
“Hero Profit”	Hero Profit International Limited, a company incorporated in BVI with limited liability and wholly and beneficially owned by Mr. Chan
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) not connected with the directors, chief executive and substantial shareholders of the Company and its subsidiaries or any of their respective associates
“Latest Practicable Date”	15 September 2004, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Last Trading Day”	19 August 2004, the last day on which the Shares were traded immediately preceding the publication of the Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Metronet”	Metronet Investments Limited, a company incorporated in BVI with limited liability and wholly and beneficially owned by Mr. Cheung and his family member(s)
“Mr. Chan”	Mr. Chan Kwok Kin, an Independent Third Party
“Mr. Cheung”	Mr. Cheung Kong Cheung, an Independent Third Party
“Mr. Huang”	Mr. Huang Wei Ye, an Independent Third Party
“Mr. Sung”	Mr. Sung Kai Hing, an Independent Third Party
“PRC” or “China”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan, for the purpose of this circular
“Purchaser”	Talent Sino Holdings Limited, a company incorporated in BVI with limited liability and a wholly and beneficially owned subsidiary of the Company
“Reorganization”	the reorganization of the Windsor Treasure Group upon completion of which, Windsor Treasure will become the holding company of the companies, amongst others, 東莞富豪家具有限公司, 深圳大豪興利家具實業有限公司, and 深圳興利家具有限公司, being the limited liability companies established and existing under the laws of PRC, Hing Lee (China) Company Limited, being a limited company incorporated in Hong Kong and Sharp Motion Worldwide Limited, being a limited company incorporated in BVI
“Sale Shares”	3,470 ordinary shares of US\$1.00 each in the issued share capital of Windsor Treasure, being 34.70% of its issued share capital as at the Latest Practicable Date and approximately 25.76% of its then issued share capital immediately after Completion (as enlarged by the issue of the Subscription Shares), of which 772 Sale Shares were owned by Capitalrise, 139 Sale Shares were owned by Bloominvest, 772 Sale Shares were owned by Good Profit, 104 Sale Shares were owned by Hero Profit, 772 Sale Shares were owned by Metronet, 104 Sale Shares were owned by Ace Victory, 447 Sale Shares were owned by Even Skill and 360 Sales Shares were owned by Wellasia as at the Latest Practicable Date, or such number of shares which, upon the Reorganization has become effective and immediately after Completion, represents approximately 25.76% of the then issued share capital of Windsor Treasure (as enlarged by the issue of the Subscription Shares)

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened and held for consideration and approval of, amongst other things, the Agreement, the Acquisition and the allotment and issue of the Consideration Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	3,470 new ordinary shares of US\$1.00 each in the share capital of Windsor Treasure, which represents 34.70% of its issued share capital as at the Latest Practicable Date and approximately 25.76% of its then issued share capital immediately after Completion, or such number of shares which, upon the Reorganization has become effective and immediately after Completion, represents approximately 25.76% of the then issued share capital of Windsor Treasure
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Vendors”	Capitalrise, Bloominvest, Good Profit, Hero Profit, Metronet, Ace Victory, Even Skill and Wellasia, being the registered and beneficial owners of the relevant number of Sale Shares who are Independent Third Parties and are not connected persons of the Company
“Warrantors”	Mr. Chan, Mr. Cheung, Mr. Sung and Mr. Huang, who are respectively the sole beneficial owner of Hero Profit, Ace Victory, Bloominvest and Wellasia and, together with their respective family member(s), the respective beneficial owner of Good Profit, Metronet, Capitalrise and Even Skill
“Wellasia”	Wellasia International Limited, a company incorporated in BVI with limited liability and wholly and beneficially owned by Mr. Huang

DEFINITIONS

“Windsor Treasure”	Windsor Treasure Group Holdings Limited, an investment holding company incorporated in BVI on 20 April 2004 with limited liability, the ultimate beneficial owners of which are all Independent Third Parties. It was owned as to 22.24% by Capitalrise, 4% by Bloominvest, 22.24% by Good Profit, 3% by Hero Profit, 22.24% by Metronet, 3% by Ace Victory, 12.89% by Even Skill and 10.39% by Wellasia as at the Latest Practicable Date
“Windsor Treasure Group”	Windsor Treasure and its subsidiaries upon completion of the Reorganization
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

Amounts denominated in RMB in this circular has been converted into HK\$ at a rate of RMB1.06 =HK\$1.0 for illustration purposes.

LETTER FROM THE BOARD



OMNICORP LIMITED 兩儀控股有限公司 *

(Incorporated in Bermuda with limited liability)

Executive Directors:

Lui Chun Bing, Tommy

(Vice Chairman and Managing Director)

Au Hoi Tsun, Peter

Lee Hoong Seun

Sung Yan Wai, Petrus

Chim Chun Kwan, Sandy

Non-Executive Director

Shaw Wen Fei *(Chairman)*

Independent non-executive Directors:

Wong Che Keung, Richard

Tong Yee Yung, Joseph

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

Suites 904 – 905

9th Floor

Dah Sing Financial Centre

108 Gloucester Road

Wanchai

Hong Kong

17 September 2004

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

Proposed acquisition and subscription of approximately 51.52% interest in Windsor Treasure Group Holdings Limited

INTRODUCTION

The Company announced on 26 August 2004 that the Purchaser (a wholly owned subsidiary of the Company), the Vendors, Windsor Treasure, the Company and the Warrantors entered into the Agreement, pursuant to which the Purchaser has conditionally agreed (i) to acquire the Sale Shares and (ii) to subscribe for the Subscription Shares. Assuming Completion takes place, Windsor Treasure will become an indirect non-wholly owned subsidiary of the Company.

* For identification purposes only

LETTER FROM THE BOARD

The Acquisition constitutes a major transaction for the Company pursuant to Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further details of the Agreement, the Acquisition and allotment and issue of the Consideration Shares together with the notice of SGM for considering and, if thought fit, to approve at the SGM the Agreement, the Acquisition and the allotment and issue of the Consideration Shares.

INFORMATION ON THE AGREEMENT

Date

19 August 2004

Parties to the Agreement

Vendors	Capitalrise, Bloominvest, Good Profit, Hero Profit, Metronet, Ace Victory, Even Skill and Wellasia, who are respectively the legal and beneficial owners of the relevant number of the Sale Shares. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners are Independent Third Parties and are not connected persons of the Company
Vendors' warrantors	Mr. Sung, Mr. Chan, Mr. Cheung and Mr. Huang
Purchaser	Talent Sino Holdings Limited, a company incorporated in BVI with limited liability and a wholly owned subsidiary of the Company
Purchaser's warrantor	The Company
The company to be acquired	Windsor Treasure

Assets to be acquired under the Agreement

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire:

- (A) the Sale Shares, being 3,470 ordinary shares of US\$1.00 each in the issued share capital of Windsor Treasure, representing 34.70% of the entire issued share capital of Windsor Treasure as at the Latest Practicable Date and approximately 25.76% of its then entire issued share capital immediately after Completion, or such number of shares which, upon the Reorganization has become effective and immediately after Completion, represents approximately 25.76% of the then issued share capital of Windsor Treasure (as enlarged by the issue of the Subscription Shares); and
- (B) the Subscription Shares, being 3,470 new ordinary shares of US\$1.00 each in the share capital of Windsor Treasure, which represents approximately 25.76% of the then entire issued share capital of Windsor Treasure immediately after Completion, or such number of shares which, upon the Reorganization has become effective and immediately after Completion, represents approximately 25.76% of the then issued share capital of Windsor Treasure (as enlarged by the issue of the Subscription Shares).

LETTER FROM THE BOARD

which collectively represent an effective interest of approximately 51.52% in the enlarged issued share capital of Windsor Treasure.

Aggregate Consideration

The Consideration payable by the Purchaser to the Vendors in respect of the Sale Shares and the Subscription Shares is HK\$34,006,000 and shall be satisfied in the following manner:

- (a) 50% of the Consideration, i.e. a sum of HK\$17,003,000, being the consideration for the Sale Shares, will be satisfied by the allotment and issue of the Consideration Shares of 17,003,000 new Shares at an issue price of HK\$1.00 per Consideration Share by the Company to the Vendors, credited as fully paid, within 5 Business Days after Completion; and
- (b) the remaining 50% of the Consideration, i.e. HK\$17,003,000, being the consideration for the Subscription Shares, shall be paid in cash to Windsor Treasure upon Completion.

The Directors presently intend to finance the cash portion of the Consideration by internal resources of the Group. The acquisition of Sale Shares and the subscription of the Subscription Shares shall be inter-conditional and shall take place simultaneously at Completion.

The Consideration Shares represent approximately 22.89% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 18.62% of the then issued share capital of the Company immediately after Completion (as enlarged by the issue of Consideration Shares).

The issue price of the Consideration Shares of HK\$1.00 per Consideration Share represents:

- (a) a discount of approximately 1.96% to the closing price of HK\$1.020 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 3.29% to the average closing price of HK\$1.034 per Share as quoted on the Stock Exchange during the period of the last 5 trading days before and inclusive of the Last Trading Day;
- (c) a discount of approximately 0.43% to the average closing price of HK\$1.004 per Share as quoted on the Stock Exchange during the period of the last 30 trading days before and inclusive of the Last Trading Day;
- (d) a discount of approximately 2.91% to the closing price of HK\$1.030 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (e) a discount of approximately 2.34% to the average closing price of HK\$1.024 per Share as quoted on the Stock Exchange during the period of the last 5 trading days up to and inclusive of the Latest Practicable Date; and

LETTER FROM THE BOARD

- (f) a discount of approximately 53.27% to the audited consolidated net tangible assets of the Company of HK\$2.14 per Share as at 31 December 2003.

Basis for determining the Consideration

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors by reference to the prospects of the business of the Windsor Treasure Group, the potential and growth of the consumer market in the PRC for medium to high-end furniture, the combined net tangible asset value of the entire Windsor Treasure Group upon and as at the date of Completion guaranteed jointly and severally by the Vendors and the Warrantors of not less than HK\$38,000,000 (including the cash portion of the Consideration of HK\$17,003,000 for the Subscription Shares) and the profit guaranteed jointly and severally by the Vendors and the Warrantors for the year ending 31 December 2004 of the entire Windsor Treasure Group of not less than HK\$7,500,000.

Based on the profit guaranteed by the Vendors and the Warrantors, the Consideration represents a price earnings multiple of approximately 8.80 times on a fully-diluted basis and approximately 7.01 times on a weighted average basis (on the assumption that the Completion will take place on 15 October 2004 and without taking into account any interest factor). The guaranteed net tangible asset value upon and as at the date of Completion of HK\$38,000,000 (including the cash portion of the Consideration of HK\$17,003,000 for the Subscription Shares) also represents an asset backing ratio (being the guaranteed net tangible asset value of the entire Windsor Treasure Group upon and as at the date of Completion of HK\$38,000,000 x 51.52% ÷ the Consideration of HK\$34,006,000 x 100%) of approximately 57.57%. Having considered the factors described in the paragraphs headed "Information on the Windsor Treasure Group" and "Reasons for the Acquisition" below, the Directors are of the view that the terms of the Agreement (including the Consideration) are fair and reasonable as far as the Company and the Shareholders are concerned.

Guaranteed net tangible asset value

Pursuant to the Agreement, the Vendors and the Warrantors have jointly and severally undertaken and represented to the Purchaser that upon Completion, the combined net tangible asset value of the entire Windsor Treasure Group as shown in its audited accounts upon and as at the date of Completion will not be less than HK\$38,000,000 (the "Guaranteed NTA"). For the purpose of calculating the Guaranteed NTA, the consideration for the Subscription Shares will be taken into account. In the event that the actual audited combined net tangible asset value of the entire Windsor Treasure Group upon and as at the date of Completion falls short of the Guaranteed NTA, the Vendors will make up the shortfall amount in cash within 15 Business Days from the date of the auditors' report in respect of the audited accounts of Windsor Treasure Group upon Completion. Pursuant to the Agreement, the Vendors and the Warrantors have jointly and severally undertaken to procure the audited accounts of Windsor Treasure Group as at the date of Completion (the "Completion Accounts") to be issued within two months from the date of Completion.

LETTER FROM THE BOARD

Guaranteed Profit

Pursuant to the Agreement, the Vendors and the Warrantors have jointly and severally undertaken and represented to the Purchaser that the consolidated profit after taxation and minority interests of the entire Windsor Treasure Group (before extraordinary items) as shown in its audited accounts for the year ending 31 December 2004 prepared in accordance with the accounting principles generally accepted in Hong Kong will not be less than HK\$7,500,000 (the “Guaranteed Profit”). In the event that the audited results fall short of the Guaranteed Profit, the Purchaser will be compensated in cash an amount representing 51.52% of the profit shortfall multiplied by 8.80 times for the shortfall, which shall be paid by the Vendors to the Purchaser within 15 Business Days from the date of the auditors’ report in respect of the audited accounts of the Windsor Treasure Group for the year ending 31 December 2004. Pursuant to the Agreement, the Vendors and the Warrantors have undertaken to procure the audited accounts of Windsor Treasure Group for the year ending 31 December 2004 to be issued on or before 31 March 2005.

After the Completion, the Company will make announcements with regard to the following:

1. whether the Guaranteed NTA and the Guaranteed Profit have been reached by the Windsor Treasure Group according to the Agreement;
2. details of the shortfall between the Guaranteed NTA and the actual net tangible asset value upon Completion and between the Guaranteed Profit and the actual amount of profits; and
3. whether the Vendors and the Warrantors have fulfilled their obligations pursuant to the Agreement in the event that a shortfall arises on the Guaranteed NTA and/or the Guaranteed Profit.

The announcement on the Guaranteed NTA shall be made within 5 Business Days from the deadline for the Vendors and the Warrantors to perform their obligations in the event of a shortfall or within 20 Business Days after the issue of the Completion Accounts, whichever is earlier. The announcement on the Guaranteed Profit shall be made within 5 Business Days from the deadline for the Vendors and the Warrantors to perform their obligations in the event of a shortfall or within 20 Business Days after the issue of the audited accounts of Windsor Treasure Group for the year ending 31 December 2004, whichever is earlier.

The Company will also disclose in its annual report the above information together with a statement of the independent non-executive Directors confirming the above.

LETTER FROM THE BOARD

Conditions of the Agreement

Completion of the Agreement is conditional upon, amongst other things:

- (A) the passing by the Shareholders at the SGM of an ordinary resolution to approve:
 - (i) the Agreement and the Acquisition; and
 - (ii) the issue and allotment of the Consideration Shares;
- (B) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares and all relevant regulatory requirements (if any) having been complied with and satisfied;
- (C) the Purchaser being satisfied with and having accepted the results of the due diligence review to be conducted on the Windsor Treasure Group;
- (D) the receipt of the PRC legal opinion regarding, amongst other things, the legal status, ownership of shareholding/registered capital in each of the PRC member of the Windsor Treasure Group, business, assets, liabilities of Windsor Treasure and each of the PRC members of the Windsor Treasure Group both before and after completion of the Reorganization and any other matters the Purchaser shall be aware of in respect of the Acquisition (including but not limited to the approval from the relevant PRC authorities, if required) in the form and content satisfactory to the Purchaser;
- (E) there being no material breach of any warranties by the Vendors and Warrantors, unless otherwise disclosed;
- (F) the issue of an unqualified independent opinion by the reporting accountants designated by the Purchaser on the combined financial statements of the Windsor Treasure Group for the three financial years ended 31 December 2003 and the six months ended 30 June 2004;
- (G) there being no material breach of any terms and conditions of the Agreement by each of the Vendors, Windsor Treasure and other members of the Windsor Treasure Group before Completion;
- (H) the receipt by the Purchaser of a valuation report issued by an independent and qualified valuer and being completed to the satisfaction of and is accepted by the Purchaser showing the value of the factory premises in Dongguan of Windsor Treasure Group in the PRC; and
- (I) the completion of the Reorganization.

LETTER FROM THE BOARD

Each of the Vendors has agreed to use its best endeavours to procure the fulfillment of the conditions (save for (A) and (B) above) before Completion. Except for conditions (A), (B), (F) and (I), all conditions can be waived by the Purchaser under the Agreement. It is the position of the Company that it will not waive any condition if the condition is a requisite for the legality of both the Acquisition and the PRC members of Windsor Treasure Group after Reorganization. In this connection, the Company will not waive condition (D) insofar as the approval of the relevant PRC authorities and other matters relating to the legality of the PRC members are concerned.

Completion

Completion will take place within 5 Business Days after the date on which the conditions are satisfied or waived (as the case may be) or such other date as mutually agreed by the Vendors and the Purchaser in writing. If for any reason all the relevant conditions shall not have been fulfilled or waived on or before 30 November 2004 (or such later date as agreed by the Purchaser and the Vendors in writing), the Agreement shall automatically terminate and be null and void and of no further effect and no party to the Agreement shall have any liability to any other party, but without prejudice to any claim by any party in respect of any antecedent breach of the terms of the Agreement.

Board of directors of Windsor Treasure

It is one of the terms of the Agreement that after Completion, the board of directors of Windsor Treasure would consist of 9 directors, of which 5 would be nominated by the Purchaser and 4 by the Vendors. Businesses arising at any meeting of the directors shall be decided by a simple majority of votes.

INFORMATION ON THE WINDSOR TREASURE GROUP

Windsor Treasure is an investment holding company incorporated on 20 April 2004 in BVI with limited liability. It has not carried on any business since its incorporation save for entering into the Agreement. The Windsor Treasure Group is undergoing the Reorganization for the purposes of, amongst other things, enabling Windsor Treasure to become the holding company of Windsor Treasure Group and consolidating the group structure and the operating members of the Windsor Treasure Group. The Reorganization is essential such that the Purchaser will not have to acquire and/or subscribe the equity interest of the operating members of the Windsor Treasure Group separately for the purpose of the Acquisition. The Reorganization will be completed before Completion. Upon completion of the Reorganization, Windsor Treasure will become the holding company of Windsor Treasure Group.

The three companies established in PRC, namely 深圳大豪興利家具實業有限公司, 東莞富豪家具有限公司 and 深圳興利家具有限公司 are the main operating members of the Windsor Treasure Group. As at the Latest Practicable Date, 65% of the equity interest in 深圳大豪興利家具實業有限公司 was beneficially owned by Mr. Sung, Mr. Chan and Mr. Cheung while the remaining 35% was held by an Independent Third Party, not connected with any of the Warrantors. An aggregate of 78% of the equity interest in 東莞富豪家具有限公司 was beneficially owned by Mr. Sung, Mr. Chan and Mr. Cheung

LETTER FROM THE BOARD

while the remaining 22% was held by an Independent Third Party, not connected with any of the Warrantors. The whole equity interest in 深圳興利家具有限公司 was beneficially owned by Mr. Sung, Mr. Chan, Mr. Cheung and Mr. Huang's wife. After Completion, the aforesaid independent third parties will remain as respective holder of the minority equity interest in 深圳大豪興利家具實業有限公司 and 東莞富豪家具有限公司.

After Reorganization, Windsor Treasure Group will mainly comprise the aforesaid operating members, a company holding the relevant brand names and the intermediate holding companies for the purpose of Reorganization. Subject to the PRC legal opinion and the result of the Purchaser's due diligence exercise, the Purchaser is currently not aware of any facts which suggest that these PRC companies are not duly established or the business operations of which do not comply with all relevant laws.

Windsor Treasure Group is engaged in the design, manufacture, sale and marketing of medium to high-end home furniture, mainly wood furniture. Windsor Treasure Group's furniture is marketed under various brands including but not limited to "Johnston", "歐瑞" "PZ-King", "Degas", "Sunrays", "QQ-Star" and "Novita". The Group's products comply with the ISO 9001 design and manufacture of home furniture standards. Approximately 80% of the Windsor Treasure Group's products are sold to independent sales agents and trading firms who are primarily furniture wholesalers or retailers and operate, in aggregate, over 400 sales outlets in the PRC. The remaining 20% of the Windsor Treasure Group's products are exported to various countries including the USA, the Middle East and Japan. In this respect, one of the Windsor Treasure Group's PRC operating members has been granted a separate-rate status, under which that member is at present entitled to an import duty of 10.92% in the preliminary determination following the recent anti-dumping investigation conducted by the Department of Commerce of the USA on the import of wooden bedroom furniture to the USA from the PRC. This compares favourably with the punitive anti-dumping PRC-wide rate of 198.08% imposed on most of the PRC wooden furniture companies exporting to the USA.

According to the financial information of the Windsor Treasure Group as set out in Appendix II to this circular, for the 6 months ended 30 June 2004, the Windsor Treasure Group recorded an audited combined net profit before taxation and an audited combined net profit after taxation of approximately HK\$3.21 million and approximately HK\$3.18 million respectively. For the year ended 31 December 2003, Windsor Treasure Group recorded an audited combined net profit before taxation and an audited combined net profit after taxation of approximately HK\$2.90 million and approximately HK\$2.84 million respectively. For the year ended 31 December 2002, Windsor Treasure Group recorded an audited combined net loss before taxation and an audited combined net loss after taxation of approximately HK\$5.85 million and approximately HK\$5.91 million respectively, both of which included a loss on disposal of a property in Hong Kong of approximately HK\$4.83 million.

LETTER FROM THE BOARD

As set out in Appendix II to this circular, the audited combined net asset value/(deficiency) of the Windsor Treasure Group as at 30 June 2004, 31 December 2003 and 31 December 2002 was approximately HK\$23.40 million, HK\$20.43 million and (HK\$4.84 million) respectively.

REASONS FOR THE ACQUISITION

The principal activity of the Company is investment holding. The principal activities of its subsidiaries consist of manufacture and sale of electronic components, manufacture and sale of contactless smart card readers and related products, general trading, property holding and investment holding.

As mentioned in the Company's annual report for the year ended 31 December 2003, the Company was excited by the business opportunities in the PRC and given the Group's satisfactory performance in 2003, the Group was poised for further expansion in 2004 through internal growth and acquisitions, if opportunities arose.

Windsor Treasure Group has been engaged in the design, manufacture, sale and marketing of medium to high-end home furniture since 1993. The furniture market in China has been growing rapidly in recent years owing to the boom in the property market in China driven by the increase in household incomes and the continuous rise in the standard of living in China. The size of the China furniture industry is estimated at RMB 204 billion for 2003. China is one of the top three largest furniture export countries in the world and furniture exports from China have increased by 335% from 1994 to 2001. China has also replaced Canada as the largest exporter of furniture to the US market in 2003. China exported about US\$5.4 billion and US\$7.3 billion of furniture in 2002 and 2003 respectively.

The China economy grew at an average rate of about 10% per year during the period from 1990 to 2001, which is the highest growth rate in the world. China's gross domestic product grew 8% in 2002 and further 9.1% in 2003 despite the setbacks of the severe acute respiratory syndrome outbreak and a sluggish world economy. It is believed that the growth in the China economy and improved living standards in recent years would sustain the growing demand for medium to high-end home furniture in the domestic market. Taking into account the above, the Directors consider that the Acquisition provides a good opportunity for the Company to tap the growing consumer market in the PRC. Further, following the US Department of Commerce's anti-dumping duty investigation, an anti-dumping duty rate of 198.08% is imposed on all PRC-made wooden bedroom furniture with effect from 17 July 2004. The Windsor Treasure Group is one of the few corporations preliminarily found to be eligible for a separate-rate of 10.92% rather than the PRC-wide rate of 198.08% and thus, the management of the Group believes that

LETTER FROM THE BOARD

the Windsor Treasure Group stands on a much advantageous position to further expand its export business of home furniture to the USA. However, the above is a preliminary determination of the US Department of Commerce after the anti-dumping investigation and there is no guarantee that the separate-rate status may not be subject to any change in the future. If the separate-rate status cannot be maintained, it is possible that Windsor Treasure Group will be subject to the PRC wide rate of 198.08%. Nevertheless, if the Windsor Treasure Group can continue to maintain its current trade practice in its export activities, it is unlikely for Windsor Treasure Group to be placed in a less advantageous position in the furniture market in the future.

The management of the Group has substantial experience in business development and investment and in assisting entrepreneurial companies like the Windsor Treasure Group to manage and further expand their business in high growth markets such as China. Furthermore, the relative strength of the Group in strategic planning, financial management, corporate development, and international markets are expected to bring strong synergies and additional depth and strength to the present management team of the Windsor Treasure Group. All in all, the Directors believe that the Acquisition would strengthen the Company's investment portfolio and broaden its income base.

The acquisition of approximately 51.52% interest in the Windsor Treasure Group by the Group at a total consideration of HK\$34,006,000 under the Agreement is a result of arm's length negotiations and on normal commercial terms between the parties to the Agreement and with reference to the basis of the Consideration as set out in the paragraph headed "Basis for determining the Consideration" above. Therefore, the Board considers that the terms of the Agreement are fair and reasonable and the Acquisition is in the interest of the Group and the Shareholders as a whole. The Board does not have any present intention to acquire any further interests in the Windsor Treasure Group.

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EFFECTS OF THE AGREEMENT

Shareholding Structure

The table below sets out the shareholding structure of the Company immediately before and after Completion (assuming no other changes in shareholding before then):

	Immediately before Completion		Immediately after Completion	
	Number of Shares	%	Number of Shares	%
The Grande (Nominees) Limited (<i>Note 1</i>)	6,573,795	8.85	6,573,795	7.20
Planet Adventure Limited (<i>Note 2</i>)	6,200,000	8.35	6,200,000	6.79
Patova International Limited (<i>Note 2</i>)	100,000	0.13	100,000	0.11
Lui Chun Bing, Tommy (<i>Note 3</i>)	4,266,800	5.74	4,266,800	4.67
Shaw Wen Fei (<i>Note 4</i>)	1,064,900	1.43	1,064,900	1.17
Au Hoi Tsun, Peter (<i>Note 5</i>)	345,000	0.46	345,000	0.38
Capitalrise (<i>Note 6</i>)	–	–	3,782,800	4.14
Bloominvest (<i>Note 7</i>)	–	–	681,100	0.75
Good Profit (<i>Note 8</i>)	–	–	3,782,800	4.14
Hero Profit (<i>Note 9</i>)	–	–	509,600	0.56
Metronet (<i>Note 10</i>)	–	–	3,782,800	4.14
Ace Victory (<i>Note 11</i>)	–	–	509,600	0.56
Even Skill (<i>Note 12</i>)	–	–	2,190,300	2.40
Wellasia (<i>Note 13</i>)	–	–	1,764,000	1.93
Public	55,739,273	75.04	55,739,273	61.06
	<u>74,289,768</u>	<u>100</u>	<u>91,292,768</u>	<u>100</u>

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Notes:

1. A wholly-owned subsidiary of The Grande Holdings Limited whose shares are listed on the main board of the Stock Exchange. Mr. Ho Wing On, Christopher is deemed under the SFO to be interested in these Shares because of his indirect interest in The Grande Holdings Limited through Barrican Investments Corporation and The Grande International Holdings Limited.
2. Beneficially owned by Mr. Huen Wing Ming, Patrick.
3. These Shares include 226,800 Shares held by Mr. Lui Chun Bing, Tommy in person and 4,000,000 Shares held by Expert View Group Limited, which is beneficially owned as to approximately 66.67% and 33.33% by Ms. Sum Kin Man and Mr. Lui Tin Shun respectively, the wife and son of Mr. Lui Chun Bing, Tommy, who is the Vice-Chairman and Managing Director of the Group and a Director.
4. These Shares are held by Sharp States Investments Inc., the entire issued share of which is wholly-owned by Mr. Shaw Wen Fei, the Chairman of the Group and a Director.
5. A Director.
6. A company wholly and beneficially owned by Mr. Sung and his family member(s).
7. A company wholly and beneficially owned by Mr. Sung.
8. A company wholly and beneficially owned by Mr. Chan and his family member(s).
9. A company wholly and beneficially owned by Mr. Chan.
10. A company wholly and beneficially owned by Mr. Cheung and his family member(s).
11. A company wholly and beneficially owned by Mr. Cheung.
12. A company wholly and beneficially owned by Mr. Huang and his family member(s).
13. A company wholly and beneficially owned by Mr. Huang.

As shown in the shareholding structure above, none of the Vendors together with their respective associates will hold more than 5% of the then issued capital of the Company immediately upon Completion. Mr. Sung, Mr. Chan, Mr. Cheung and Mr. Huang have respectively confirmed with the Stock Exchange that they and their respective associates are Independent Third Parties and are not connected persons of the Company and that they and their respective associates do not have any relationship with one another save for the business relationship arising from the ordinary and usual course of business of the Windsor Treasure Group. Mr. Sung, Mr. Chan, Mr. Cheung and Mr. Huang have also confirmed that they have no arrangement whatsoever with one another in respect of the trading, dealing or disposal of the Consideration Shares and they have no intention to enter into any such arrangement in the future.

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$150,000,000 divided into 15,000,000,000 Shares of HK\$0.01 each, of which 74,289,768 Shares had been issued and fully paid. Immediately after Completion and the issue and allotment of the Consideration Shares, the number of issued Shares of the Company will increase to 91,292,768. The Consideration Shares will rank pari passu in all respects including all rights as to dividends, voting and interests in capital among themselves and with other Shares in issue on the date of such allotment and issue except for any dividends or other distributions that may be declared, paid or made before the date of Completion.

The Agreement does not contain any provision which would restrict the subsequent sale of the Consideration Shares.

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As at the Latest Practicable Date, the Company did not have any controlling shareholder (as defined in the Listing Rules) and the issue of the Consideration Shares pursuant to the Agreement will not introduce any controlling shareholder to the Company.

Financial effects of the Acquisition on the Group

Subject to Completion, the Company will indirectly hold approximately 51.52% of the then issued share capital of Windsor Treasure. Accordingly, Windsor Treasure will become a non-wholly owned subsidiary of the Company and the post-acquisition financial results of the Windsor Treasure Group will be consolidated to the results of the Group.

Net asset value

As at 31 December 2003, the audited consolidated net asset value of the Group amounted to approximately HK\$169.19 million, representing approximately HK\$2.28 per Share (based on 74,289,768 Shares in issue as at that date). Based on the unaudited pro forma statement of adjusted combined net asset value of the Enlarged Group as set out in Appendix III to this circular, the unaudited pro forma adjusted combined net asset value of the Enlarged Group will increase by approximately 10.05% to approximately HK\$186.19 million, representing approximately HK\$2.04 per Share (based on 91,292,768 Shares to be issued immediately after Completion). The decrease in the net asset value per Share is primarily due to the dilution effect arising from the Consideration Shares to be issued immediately after Completion.

Earnings

Upon Completion, the financial results of the Enlarged Group shall include 51.52% of the net earnings/loss of Windsor Treasure Group. In addition, the Group will record a goodwill of an amount equivalent to the amount of premium paid by the Purchaser over the net tangible asset value of the Windsor Treasure Group attributable to the Group. In accordance with the Group's current accounting policies, such goodwill will be amortized on a straight-line basis over a period of 20 years which shall be charged to the consolidated profit and loss account of the Group.

Given the profit guarantee provided by the Vendors and the Warrantors jointly and severally under the Agreement, the earnings potential and prospects of the Windsor Treasure Group, the Directors consider that the Acquisition could benefit the results of the Enlarged Group in future.

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BUSINESS REVIEW AND PROSPECTS OF THE GROUP

The principal activity of the Company is investment holding. The principal activities of its subsidiaries consist of manufacture and sale of electronic components, manufacture and sale of contactless smart card readers and related products, general trading, property holding and investment holding.

The audited consolidated turnover of the Group for each of the two years ended 31 December 2003 and 31 December 2002 amounted to approximately HK\$248.37 million and HK\$136.43 million respectively. The Group recorded an audited loss after taxation and minority interest of approximately HK\$192.94 million for the year ended 31 December 2002 and an audited profit after taxation and minority interest of approximately HK\$10.86 million for the year ended 31 December 2003. The loss per Share for the year ended 31 December 2002 is HK\$3.83 and the earnings per Share for the year ended 31 December 2003 is HK\$0.18.

As mentioned in the Company's annual report for the year ended 31 December 2003, the Company was excited by the business opportunities in the PRC and given the Group's satisfactory performance in 2003, the Group is poised for further expansion in 2004 through internal growth and, if opportunities arose, acquisition.

The Directors are positive about the prospects of the consumer market in the PRC and in particular the furniture industry which is expected to grow at a steady and satisfactory level although competition in this market will remain keen. The Board also believes that the Acquisition will diversify and strengthen the earning base of the Group.

LISTING AND DEALING

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidation Shares.

PROCEDURE FOR DEMANDING A POLL

Pursuant to the bye-law 67 of the bye-laws of the Company, every resolution submitted to a general meeting shall be determined on a show of hands in the first instance by the Shareholders present in person, but a poll may be demanded (before or on the declaration of the result of the show of hands) by the Chairman or by:

- (a) at least 3 Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or

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- (b) any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or
- (c) any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

SGM

The Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to approval by the Shareholders at a general meeting of the Company. Set out in this circular is a notice convening the SGM which will be held at 10:00 a.m. on Thursday, 7 October 2004 at Concord Rooms 2 & 3, 8th Floor, Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong at which an ordinary resolution will be proposed to approve the Agreement, the Acquisition and the allotment and issue of Consideration Shares as set out in pages 84 to 86 of this circular. As at the Latest Practicable Date, the Directors, having made all reasonable enquiries, are not aware that there is any Shareholder who is required to abstain from voting at the SGM under the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to the circular.

RECOMMENDATION

Based on the reasons for the Acquisition and the benefits expected to accrue to the Group as described in the paragraphs headed “Reasons for the Acquisition” and “Business review and prospects of the Group” above, the Directors are of the opinion that the proposed Acquisition and the allotment and issue of Consideration Shares are fair and reasonable and that the resolution to be proposed at the SGM is in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the resolution to be proposed at the SGM.

By Order of the Board
Omnicorp Limited
Lui Chun Bing, Tommy
Managing Director

A. FINANCIAL SUMMARY

- (1) The following financial information has been extracted from the audited financial statements of the Group for each of the three years ended 31 December 2003:

CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended 31 December 2003

	<i>Note</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
TURNOVER	3	248,373	136,427	78,697
Cost of sales and services		(219,920)	(111,955)	(73,746)
Gross profit		28,453	24,472	4,951
Other revenue		38,500	6,780	5,080
Distribution costs		(2,449)	(4,238)	(1,444)
Administrative expenses		(30,398)	(57,623)	(22,603)
Other operating expenses		(17,486)	(170,311)	(51,578)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	6	16,620	(200,920)	(65,594)
Finance costs	7	(2,299)	(2,313)	(65,204)
Share of results of associates		(1,374)	(4,147)	(1,747)
PROFIT/(LOSS) BEFORE TAXATION		12,947	(207,380)	(132,545)
Taxation	9	2,341	1,039	(718)
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		15,288	(206,341)	(133,263)
Minority interests		(4,429)	13,397	(24)
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	10, 25	10,859	(192,944)	(133,287)
EARNINGS/(LOSS) PER SHARE	11			
Basic		0.18 dollars	(3.83 dollars)	(3.55 dollars)
Diluted		0.18 dollars	N/A	N/A
ASSETS AND LIABILITIES				
Total assets		270,520	231,250	862,316
Total liabilities and minority interests		(101,330)	(99,200)	(634,732)
NET ASSETS		169,190	132,050	227,584

- (2) Set out below the audited financial statements of the Group for the year ended 31 December 2003 is a reproduction of pages 22 to 61 of the 2003 annual report of the Company. References to page numbers are the page numbers of such annual report of the Company.

CONSOLIDATED BALANCE SHEET*31 December 2003*

	<i>Note</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Properties, plant and equipment	12	9,859	5,475
Investment properties	13	18,000	31,200
Long term investments	14	56,712	50,394
Interests in associates	17	48,400	33,058
Goodwill	16	10,197	–
		<u>143,168</u>	<u>120,127</u>
CURRENT ASSETS			
Inventories	18	30,645	30,701
Trade and other receivables	19	63,808	44,032
Prepayments and deposits		1,696	4,680
Cash and bank balances	20	31,203	31,710
		<u>127,352</u>	<u>111,123</u>
CURRENT LIABILITIES			
Trade and other payables	21	23,761	29,918
Interest bearing bank borrowings	22	39,390	33,148
Deposits received		263	285
Taxation payable		23	4,779
		<u>63,437</u>	<u>68,130</u>
NET CURRENT ASSETS		<u>63,915</u>	<u>42,993</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		207,083	163,120
NON-CURRENT LIABILITIES			
Deferred tax	23	85	–
MINORITY INTERESTS		<u>37,808</u>	<u>31,070</u>
		<u>169,190</u>	<u>132,050</u>
CAPITAL AND RESERVES			
Share capital	24	743	533
Reserves	25	<u>168,447</u>	<u>131,517</u>
		<u>169,190</u>	<u>132,050</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the year ended 31 December 2003*

	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Retained profits/ (accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
1 January 2002	37,937	745,032	460,074	12,173	(1,027,632)	227,584
Issue of new shares	15,800	86,050	–	–	–	101,850
Share issue expenses	–	(2,764)	–	–	–	(2,764)
Transfer on re-organisation	–	(781,232)	(430,000)	–	1,211,232	–
Capital reduction	(53,200)	–	53,200	–	–	–
Share repurchase	(4)	(769)	–	–	–	(773)
Release on disposal of subsidiaries	–	–	–	(537)	–	(537)
Currency translation differences	–	–	–	(366)	–	(366)
Loss for the year	–	–	–	–	(192,944)	(192,944)
31 December 2002 and 1 January 2003	533	46,317	83,274	11,270	(9,344)	132,050
Issue of new shares	210	27,970	–	–	–	28,180
Share issue expenses	–	(901)	–	–	–	(901)
Currency translation differences	–	–	–	(998)	–	(998)
Profit for the year	–	–	–	–	10,859	10,859
31 December 2003	<u>743</u>	<u>73,386</u>	<u>83,274</u>	<u>10,272</u>	<u>1,515</u>	<u>169,190</u>

CONSOLIDATED CASH FLOW STATEMENT*For the year ended 31 December 2003*

	<i>Note</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
NET CASH USED IN OPERATIONS	26(a)	(27,570)	(45,750)
Hong Kong profits tax refunded		–	403
Hong Kong profits tax paid		–	(186)
Taxes paid outside Hong Kong		(262)	(56)
Interest paid		(2,299)	(2,313)
NET CASH USED IN OPERATING ACTIVITIES		<u>(30,131)</u>	<u>(47,902)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received		433	526
Purchases of long term investments		(1,000)	(4,843)
Purchases of properties, plant and equipment		(8,349)	(3,558)
Purchases of associates		(725)	(5,775)
Loans to associates		(31,095)	–
Repayment of loan from an associate		6,250	2,000
Proceeds from disposal of:			
Properties, plant and equipment		–	10
Investment properties		11,677	–
Long term investments		22,000	–
Subsidiaries	26(b)	(13,010)	(111)
Acquisition of subsidiaries, net of cash acquired	26(c)	(11,837)	(2,754)
Decrease/(increase) in pledged time deposits and guarantee funds		9,569	(2,264)
Net cash used in investing activities		<u>(16,087)</u>	<u>(16,769)</u>
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES		(46,218)	(64,671)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares		28,180	71,650
Proceeds from subscription of share options by minority shareholders of a subsidiary		2,902	–
Cost of share repurchase		–	(773)
Share issue expenses		(901)	(2,764)
Proceeds from interest bearing bank borrowings		15,755	3,695
Net cash generated from financing activities		<u>45,936</u>	<u>71,808</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(282)	7,137
Effect of exchange rate changes		(2,558)	(730)
Cash and cash equivalents at beginning of year		11,670	5,263
Cash and cash equivalents at end of year		<u>8,830</u>	<u>11,670</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		31,203	31,710
Pledged time deposits and guarantee funds	20	(16,278)	(15,847)
Bank overdrafts	22	(6,095)	(4,193)
		<u>8,830</u>	<u>11,670</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****BALANCE SHEET***31 December 2003*

	<i>Note</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Interests in subsidiaries	15	180,746	142,386
CURRENT ASSETS			
Prepayments and deposits		23	225
Cash and bank balances		<u>7</u>	<u>8</u>
		<u>30</u>	<u>233</u>
CURRENT LIABILITIES			
Trade and other payables		<u>1,082</u>	<u>1,439</u>
NET CURRENT LIABILITIES		<u>(1,052)</u>	<u>(1,206)</u>
		<u>179,694</u>	<u>141,180</u>
CAPITAL AND RESERVES			
Share capital	24	743	533
Reserves	25	<u>178,951</u>	<u>140,647</u>
		<u>179,694</u>	<u>141,180</u>

NOTES TO THE FINANCIAL STATEMENTS**1. CORPORATE INFORMATION**

During the year, the Group was engaged in the following activities:

- Manufacture and sale of electronic components
- Manufacture and sale of contact and contactless smart card readers and related products
- General trading
- Property holding
- Investment holding

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES**Basis of accounting**

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”), and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

They have been prepared under the historical cost convention, modified with respect to the measurement of investment properties, certain properties, plant and equipment and other investments, as explained in the respective accounting policies below.

Adoption of Statement of Standard Accounting Practice

During the current year, the Group has adopted SSAP 12 (Revised) “Income Taxes” issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1 January 2003. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In prior years, deferred tax was provided using the income statement liability method on all significant differences to the extent it was probable that the liability would crystallise in the foreseeable future. A deferred tax asset was not recognised until its realisation was assured beyond reasonable doubt. SSAP 12 (Revised) requires the adoption of the 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. The adoption of SSAP 12 (Revised) has had no material effect on the results for the current or prior periods.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Goodwill on consolidation

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group’s share of the fair value of the identifiable assets and liabilities acquired. In respect of acquisitions of subsidiaries:

- (i) before 1 January 2001, positive goodwill is eliminated against reserves; and
- (ii) since 1 January 2001, positive goodwill is amortised to the consolidated profit and loss account on a straight-line basis over its estimated useful life. Positive goodwill is stated in consolidated balance sheet at cost less accumulated amortisation and impairment losses, if any.

On disposal of a subsidiary, any attributable amount of purchased goodwill not previously amortised through the consolidated profit and loss account or which has previously been dealt with as a movement on group reserves is included in the calculation of the profit or loss on disposal.

Subsidiaries

A subsidiary is a company in which 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. Interests in subsidiaries are stated in the Company’s balance sheet at cost less provisions, for any impairment, as determined by the Directors. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**Associates**

An associate is a company, not being a subsidiary, in which the Group holds a substantial long-term interest in the equity share capital and over which the Group is in a position to exercise significant management influence.

The consolidated profit and loss account includes the Group's share of results of associates for the year, and amortisation and impairment losses of goodwill, if any. The consolidated balance sheet includes the Group's share of net assets, after attributing fair values to the net assets at the date of acquisition.

Properties, plant and equipment

Properties, plant and equipment, other than investment properties, are stated at cost or valuation less accumulated depreciation and any impairment.

The cost of an item of property, plant and equipment (an "Item") comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the Item has been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account 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 Item, the expenditure is capitalised as an additional cost of the Item.

When, in the opinion of the Directors, the recoverable amounts of properties, plant and equipment have declined below their carrying amounts, provisions are made to write down the carrying amounts of such assets to their recoverable amounts. Reductions of the carrying value are charged to the profit and loss account, except to the extent that they reverse previous revaluation surpluses in respect of the same items, when they are charged to the revaluation reserve.

The gain or loss on disposal or retirement of an Item recognised in the profit and loss account is the difference between the sale proceeds and the carrying amount of the relevant Item, and is recognised in the profit and loss account. On disposal of a revalued Item, the relevant portion of the revaluation reserve realised in respect of the previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	Over unexpired lease terms
Buildings	2% – 5%
Leasehold improvements	18% – 20% or over the lease terms whichever is shorter
Plant and machinery	10% – 25%
Furniture and equipment	12.5% – 30%
Motor vehicles	20% – 33%

Investment properties

Investment properties are those properties which are held for their investment potential, are income producing and are intended to be held on a long term basis. They are stated at their open market values on the basis of annual valuations. Any surplus or deficit on revaluation is taken to the investment properties revaluation reserve unless the total of this reserve is insufficient to cover a deficit, in which case the amount by which the deficit exceeds the amount in the reserve is charged to the profit and loss account. Where a deficit has previously been charged to the profit and loss account and a revaluation surplus subsequently arises, the surplus is credited to the profit and loss account to the extent of the deficit previously charged.

The gain or loss on disposal of an investment property, representing the difference between the net sales proceeds and the carrying amount of the relevant asset, is recognised in the profit and loss account. Any revaluation reserve balance attributable to the relevant asset being sold is transferred to retained profits upon disposal of the asset.

Long term investments

Long term investments are stated in the balance sheet at cost less any provision for impairment, as determined by the Directors.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**Impairment of assets**

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognized for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Inventories

Inventories are valued at the lower of cost, on the weighted average basis, and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost includes direct materials, direct labour, sub-contracting charges and, where applicable, production overheads. Net realisable value is determined by reference to estimated selling prices less all further costs to be incurred in selling and distribution.

Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company 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.

Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement associated with ownership, nor effective control over the goods sold;
- (b) proceeds on disposals of investments, including interests in subsidiaries, associates, investments in listed and unlisted shares and disposals of investment properties and fixed assets, when all conditions for disposal have been met and the risks and rewards of ownership have been transferred to the buyer;
- (c) rental income, on the straight-line basis over the lease terms;
- (d) interest, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (e) dividends, when the shareholders' right to receive payment is established.

Segment reporting

For reporting purposes, segment assets include those operating assets that are employed by a segment and segment liabilities include those operating liabilities that result from the operating activities by a segment, excluding tax assets and liabilities. Capital expenditure comprises additions to properties, plant and equipment. Business segments have been used as the primary reporting format.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**Borrowing costs**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. All borrowing costs are charged to the profit and loss account in the year in which they are incurred.

Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight-line basis over the relevant lease term.

Retirement costs

The Group operates two approved defined contribution retirement benefits schemes for employees: a Mandatory Provident Fund ("MPF") Exempted Occupational Retirement ("ORSO") Scheme and a MPF Scheme under the Mandatory Provident Fund Schemes Ordinance within the Group. The ORSO Scheme requires the Group to contribute 5% to 10% of the employees' monthly basic salaries and requires the employees to contribute 5% of their monthly basic salaries, whilst the MPF Scheme requires both the Group and the employees to contribute 5% of the employees' monthly gross earnings with a ceiling of HK\$1,000 per month. Under the ORSO Scheme, the unvested portion of the benefits in respect of employees on termination of employment can be utilised by the Group to reduce its future levels of contributions. The assets of both the ORSO Scheme and the MPF Scheme are held separately from those of the Group in independently administered funds. The contributions payable to these schemes are charged to the profit and loss account as incurred.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. All foreign currency transactions during the year are converted at the exchange rates existing on the respective transaction dates. All exchange differences are credited or charged, respectively, to the consolidated profit and loss account.

The exchange differences arising from the translation of the balance sheets of foreign subsidiaries using the closing rates of exchange prevailing on the balance sheet date are taken directly to reserve. Profit and loss accounts of foreign subsidiaries accounted for under the net investment method are translated into Hong Kong dollars using average rate for the year. The differences between the profit and loss accounts translated at average rate and at closing rate are taken directly to exchange fluctuation reserve.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount 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 recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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 profit will be available to allow all or part of the assets 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 profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (*Continued*)**Cash equivalents**

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification cash equivalents represent assets similar in nature to cash and also include time deposits and guarantee funds pledged.

3. TURNOVER

Turnover represents the aggregate of the net invoiced value of goods sold and rental income, but excludes intra-group transactions.

	2003 HK\$'000	Group 2002 HK\$'000
Sale of electronic and related products	120,242	120,664
Sale of smart card readers and related products	9,295	14,510
Trading	117,741	–
Rental income	1,095	1,253
	<u>248,373</u>	<u>136,427</u>

4. SEGMENT INFORMATION

An analysis of the Group's revenue, results, assets, liabilities and capital expenditure for the year by business and geographical segments, as compared to the previous year, is as follows:

(a) Business segments

	Electronic Components		Smart Card Technology		Property Investments		Trading		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE	120,242	120,664	9,295	14,510	1,095	1,253	117,741	–	248,373	136,427
SEGMENT PROFIT/(LOSS)	7,421	6,868	38	(17,480)	552	753	2,687	–	10,698	(9,859)
Interest and other income									5,262	2,585
Profit on disposal of subsidiaries									2,157	4,195
Gain on deemed disposal of associates									3,404	–
Gain on long term investments									20,200	–
Profit on disposal of investment properties									2,477	–
Write back of impairment of long term investments									5,000	–
Amortisation on goodwill of subsidiaries									(695)	–
Amortisation and impairment on goodwill of associates									(10,984)	(127,049)
Impairment of investment properties									(4,000)	(14,658)
Impairment of long term investments									–	(24,480)
Unallocated administrative and other operating expenses									(16,899)	(31,654)
Finance costs									(2,299)	(2,313)
Share of results of associates									(1,374)	(4,147)

4. SEGMENT INFORMATION (Continued)

(a) Business segments (Continued)

	Electronic Components		Smart Card Technology		Property Investments		Trading		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PROFIT/(LOSS)										
BEFORE TAXATION									12,947	(207,380)
TAXATION									2,341	1,039
PROFIT/(LOSS) BEFORE										
MINORITY INTERESTS									15,288	(206,341)
ASSETS										
Segment assets	99,732	89,786	4,138	6,863	18,000	31,249	16,196	–	138,066	127,898
Unallocated assets									132,454	103,352
									270,520	231,250
LIABILITIES										
Segment liabilities	54,435	49,744	3,099	7,968	263	168	1,669	–	59,466	57,880
Unallocated liabilities									3,971	10,250
									63,437	68,130
CAPITAL EXPENDITURE										
Segment	7,914	6,472	54	2,813	–	–	9	–	7,977	9,285
Other									476	1,178
									8,453	10,463
DEPRECIATION AND AMORTISATION										
Segment	2,571	2,747	189	771	–	110	474	–	3,234	3,628
Other									2,575	10,925
									5,809	14,553
IMPAIRMENT LOSS										
Segment	–	–	–	–	4,000	14,658	–	–	4,000	14,658
Other									8,945	140,897
									12,945	155,555

4. SEGMENT INFORMATION (Continued)

(b) Geographical area

	Asia		Europe		United States of America		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE	246,031	130,148	983	4,619	1,359	1,660	248,373	136,427
SEGMENT PROFIT/(LOSS)	10,558	(6,065)	56	(3,910)	84	116	10,698	(9,859)
Interest and other income							5,262	2,585
Profit on disposal of subsidiaries							2,157	4,195
Gain on deemed disposal of associates							3,404	–
Gain on long term investments							20,200	–
Profit on disposal of investment properties							2,477	–
Write back of impairment of long term investments							5,000	–
Amortisation on goodwill of subsidiaries							(695)	–
Amortisation and impairment on goodwill of associates							(10,984)	(127,049)
Impairment of investment properties							(4,000)	(14,658)
Impairment of long term investments							–	(24,480)
Unallocated administrative and other operating expenses							(16,899)	(31,654)
Finance costs							(2,299)	(2,313)
Share of results of associates							(1,374)	(4,147)
PROFIT/(LOSS) BEFORE TAXATION							12,947	(207,380)
TAXATION							2,341	1,039
PROFIT/(LOSS) BEFORE MINORITY INTERESTS							15,288	(206,341)

The Group's assets and liabilities are principally located in Asia. Accordingly, segment assets, segment liabilities and other information by geographical area are not separately shown.

5. RELATED PARTY TRANSACTIONS

In addition to the related party transactions detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

		2003 HK\$'000	Group 2002 HK\$'000
	<i>Notes</i>		
Consultancy fee paid by the Company to Princeton Venture Partners Limited	(a)	750	2,300
Interest income charged to Princeton Venture Partners Limited	(b)	302	599
Disposal of long term investments to Princeton Venture Partners Limited	(a)	22,000	–
Consultancy fee paid to the Company by Bizipoint Company Limited	(a)	90	–
Interest income charged to Bizipoint Company Limited	(c)	18	–
Rental income charged to Bizipoint Company Limited	(a)	200	–

Notes:

(a) The considerations were determined through negotiations between the respective parties.

(b) Interest income was calculated at 3% per annum.

(c) Interest income was calculated at 7% per annum.

6. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

This is arrived at after crediting:

	2003 HK\$'000	Group 2002 HK\$'000
Gross rental income	1,095	1,253
Less: outgoings	(543)	(500)
Net rental income	552	753
Interest income	816	1,125
Profit on disposal of subsidiaries	2,157	4,195
Gain on deemed disposal of associates	3,404	–
Gain on long term investments	20,200	–
Profit on disposal of investment properties	2,477	–
Write back of impairment of long term investments	5,000	–
and after charging:		
Amortisation on goodwill of subsidiaries	695	–
Amortisation and impairment on goodwill of associates	10,984	127,049
Auditors' remuneration:		
Hong Kong	1,230	1,372
Overseas	–	–
Bad and doubtful debts	1,050	1,581
Cost of inventories sold	219,920	111,955
Depreciation on properties, plant and equipment	3,075	3,921
Impairment of investment properties	4,000	14,658
Impairment of long term investments	–	24,480
Loss on disposal of properties, plant and equipment	892	1,375
Operating lease rentals for land and buildings	2,436	2,499
Staff costs:		
Wages and salaries (including Directors' emoluments)	19,208	27,688
Retirement fund contributions	92	660

7. FINANCE COSTS

	Group	
	2003	2002
	HK\$'000	HK\$'000
Interest and similar charges on:		
Bank loans and overdrafts wholly repayable within five years	1,986	1,912
Finance lease	5	202
Other	308	199
	<u>2,299</u>	<u>2,313</u>

8. DIRECTORS' EMOLUMENTS

(a) Directors' emoluments

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance is as follows:

	Group	
	2003	2002
	HK\$'000	HK\$'000
Fees	200	200
Salaries and other benefits	7,470	9,110
Contributions to retirement schemes	46	112
	<u>7,716</u>	<u>9,422</u>

Emoluments paid to Independent non-executive Directors during the year were HK\$200,000 (2002: HK\$200,000).

There were no arrangements under which a Director waived or agreed to waive any emolument during the year.

Emoluments of the Directors fell within the following bands:

	Group	
	2003	2002
	Number of Directors	Number of Directors
HK\$Nil to HK\$1,000,000	8	5
HK\$1,000,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$3,000,001 to HK\$4,000,000	–	1
	<u>10</u>	<u>9</u>

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, five (2002: four) were Directors of the Company whose emoluments have been included in note 8(a) above.

9. TAXATION

Provision for Hong Kong profits tax has been made at the current rate of taxation of 17.5% on the estimated assessable profit for the year (2002: Nil). The tax credit for the year relates to the overprovision of tax in the prior year. Taxes on income earned outside Hong Kong have been calculated at the rates of taxation prevailing in the countries in which the Group operates, based on existing law, practice and interpretation thereof.

	2003 <i>HK\$'000</i>	Group 2002 <i>HK\$'000</i>
Current year provision:		
Hong Kong	208	–
Outside Hong Kong	–	56
	<u>208</u>	<u>56</u>
Prior years under/(over) provision:		
Hong Kong	77	(30)
Outside Hong Kong	(2,711)	–
	<u>(2,634)</u>	<u>(30)</u>
	(2,426)	26
Share of tax in associates	–	–
Deferred tax – <i>note 23</i>	<u>85</u>	<u>(1,065)</u>
Tax credit for the year – net	<u>(2,341)</u>	<u>(1,039)</u>

Tax credit for the year can be reconciled to the profit/(loss) before taxation per profit and loss account as follows:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Profit/(loss) before taxation	<u>12,947</u>	<u>(207,380)</u>
Tax at the domestic income tax rate of 17.5% (2002: 16%)	2,267	(33,181)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(1,710)	(718)
Tax effect of expenses that are not deductible in determining taxable profit/(loss)	7,154	32,282
Tax effect of tax depreciation not recognised	104	(56)
Tax effect of income that are not taxable in determining taxable profit/(loss)	(13,130)	(5,476)
Tax effect of unused tax losses not recognised	5,608	6,140
Over provision in prior year	<u>(2,634)</u>	<u>(30)</u>
Tax credit for the year	<u>(2,341)</u>	<u>(1,039)</u>

10. NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The net profit attributable to shareholders dealt with in the financial statements of the Company is HK\$11,235,000 (2002 loss: HK\$191,725,000).

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders of HK\$10,859,000 (2002 loss: HK\$192,944,000) and the weighted average of 61,456,891 shares (2002: 50,404,084 shares) in issue during the year.

The diluted earnings per share for the year ended 31 December 2003 was HK\$0.18. This is based on the net profit attributable to shareholders of HK\$10,859,000 and the weighted average of 61,605,423 shares which is adjusted for the effect of share options issued during the year. That for the year ended 31 December 2002 has not been shown as there were no outstanding warrants and share options and it also has an anti-dilutive effect.

12. PROPERTIES, PLANT AND EQUIPMENT**Group**

	Leasehold improvements	Plant and machinery	Furniture and equipment	Motor vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost					
1 January 2003	2,122	12,268	7,898	1,314	23,602
Additions	3,729	3,759	855	6	8,349
Disposals	(1,872)	(581)	(589)	–	(3,042)
Acquisition of subsidiaries	–	–	117	–	117
Disposal of subsidiaries	–	–	(126)	–	(126)
31 December 2003	3,979	15,446	8,155	1,320	28,900
Accumulated depreciation					
1 January 2003	1,371	9,285	6,485	986	18,127
Charge for the year	884	1,364	635	192	3,075
Disposals	(1,472)	(423)	(255)	–	(2,150)
Acquisition of subsidiaries	–	–	13	–	13
Disposal of subsidiaries	–	–	(24)	–	(24)
31 December 2003	783	10,226	6,854	1,178	19,041
Net book value					
31 December 2003	3,196	5,220	1,301	142	9,859
31 December 2002	751	2,983	1,413	328	5,475

13. INVESTMENT PROPERTIES

	2003 HK\$'000	Group 2002 HK\$'000
1 January, at valuation	31,200	14,200
Acquisition of subsidiary	–	36,658
Disposals	(9,200)	(5,000)
Impairment	(4,000)	(14,658)
	<u>18,000</u>	<u>31,200</u>
31 December, at valuation	<u>18,000</u>	<u>31,200</u>
Analysed by lease term and geographical location:		
Medium term leasehold properties situated outside Hong Kong	<u>18,000</u>	<u>31,200</u>

The investment property was revalued by reference to appraisals made by Dudley Surveyors Limited, chartered surveyors, on an open market value basis based on its existing use on 31 December 2003.

Details of the investment property of the Group as at 31 December 2003 are as follows:

Location	Lease	Term Use
No. 15, Lane 2, Bao An County, Gong Yuan Road East, Shenzhen, PRC	Medium term lease	Industrial

14. LONG TERM INVESTMENTS

	2003 HK\$'000	Group 2002 HK\$'000
Unlisted equity investments, at cost	66,147	72,230
Loan receivable	–	2,500
Listed investments, in Hong Kong Stock Exchange, at cost	<u>144</u>	<u>144</u>
	66,291	74,874
Less: provision for impairment	<u>(9,579)</u>	<u>(24,480)</u>
Net carrying value	<u>56,712</u>	<u>50,394</u>
Listed investments, at market value	<u>65</u>	<u>115</u>

During the year, the Group completed the acquisition from the liquidators of a large group of companies operating in Hong Kong, Macau and China, a loan with a gross value of HK\$23,700,000 ("The Loan") advanced to a timber company which controls substantial timber concessions in South America ("Timberco") for a total cash consideration of HK\$3,500,000. The Loan was subsequently converted into the shares of Timberco equivalent to HK\$23,700,000 upon its successful financial restructuring in September 2003.

In the opinion of the Directors, the underlying values of the long term investments were not less than their carrying values at the balance sheet date.

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

15. INTERESTS IN SUBSIDIARIES

	Group	
	2003 HK\$'000	2002 HK\$'000
Unlisted shares, at cost	1	1,374
Due from subsidiaries	404,875	1,011,540
Due to subsidiaries	(1)	(5,892)
	<u>404,875</u>	<u>1,007,022</u>
Less: provision	(224,129)	(864,636)
	<u>180,746</u>	<u>142,386</u>

HK\$14,038,000 due from a subsidiary is interest bearing and repayable on demand. Except for the above, the amounts due from/to subsidiaries are unsecured, interest-free and they do not have any fixed terms for repayment.

Particulars of the principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ registration	Total issued ordinary/ registered and paid-up capital	Equity interest owned by the Group		Principal activities
			2003	2002	
Directly held:					
Barnet Consultancy Limited	British Virgin Islands	US\$1	100%	100%	Provision of consultancy services
Clever Able Investments Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Clever United Holdings Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Crown Tech Holdings Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
E-opportunity Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Giant Assets Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
O2New Technology Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Olympic Glory Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
OmniSports Holdings Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Proven Sino Investments Limited	British Virgin Islands	US\$1	100%	—	Investment holding
Smart Union International Limited	British Virgin Islands	US\$1	100%	100%	Investment holding
Touchstone Trading Limited	British Virgin Islands	US\$1	100%	—	Investment holding

15. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration	Total issued ordinary/ registered and paid-up capital	Equity interest owned by the Group		Principal activities
			2003	2002	
Indirectly held:					
Asia eMarket Limited	British Virgin Islands	US\$152	A-share 96.2%	A-share 96.2%	Investment holding
Prosperous Returns Limited	Hong Kong	HK\$2	100%	100%	Corporate services
Super Intellect Limited	Hong Kong	HK\$2	100%	100%	Corporate services
Vandyke Limited	British Virgin Islands	US\$1,000	100%	100%	Property holding
Sino Trade Enterprises Holdings Limited	British Virgin Islands	US\$10	60.0%	—	Investment holding
Sino Trade Enterprises Limited	Hong Kong	HK\$20,000	60.0%	—	General trading
Omnitech Holdings Limited	Bermuda/ Australia	AUD2,345,635	51.6%	50.2%	Investment holding
Lik Hang Holdings Limited	British Virgin Islands	US\$910,000	51.6%	50.2%	Manufacture and sale of electronic components
VFJ Technology Holdings Limited	British Virgin Islands	US\$2,594,724	35.6%	34.7%	Manufacture and sale of contact and contactless smart card readers
Unicom Group Limited	British Virgin Islands	US\$100	63.0%	—	Investment holding
Emerald Capital Limited	British Virgin Islands	US\$30	63.0%	—	General trading

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of 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, result in particulars of excessive length.

Except for Vandyke Limited and Lik Hang Holdings Limited which operate in the PRC, all other principal subsidiaries operate in Hong Kong.

In the opinion of the Directors, the underlying values of interests in subsidiaries were not less than their carrying values at the balance sheet date.

16. GOODWILL

HK\$'000

Cost

1 January 2003	–
Additions	10,892
31 December 2003	10,892

Accumulated amortisation

1 January 2003	–
Amortisation	695
31 December 2003	695

Net book value

31 December 2003	10,197
31 December 2002	–

17. INTERESTS IN ASSOCIATES

	2003 HK\$'000	Group 2002 HK\$'000
Share of net assets/(liabilities)	5,265	(5,229)
Net book value of goodwill – see below	10,375	23,691
	15,640	18,462
Loans to associates	30,800	13,000
Amount due from an associate	295	–
Interest receivable on loans to associates	1,665	1,596
	48,400	33,058

The loans to associates as at 31 December 2003 are unsecured, interest bearing (except for HK\$364,000 is non interest bearing) and there are no fixed terms for repayment (except for HK\$7,250,000 which are repayable in 2005).

17. INTERESTS IN ASSOCIATES (Continued)

The loan to an associate as at 31 December 2002 was unsecured, interest bearing and was repaid in 2003.

Movements in goodwill:

	<i>HK\$'000</i>
Cost	
1 January 2003	223,691
Additions	725
Disposals	(4,416)
31 December 2003	220,000
Accumulated amortisation	
1 January 2003	200,000
Amortisation and impairment	10,984
Reclassification from impairment of long term investments	1,400
Disposals	(2,759)
31 December 2003	209,625
Net book value	
31 December 2003	10,375
31 December 2002	23,691

Particulars of the Group's principal associates are as follows:

Name of associate	Class of shares held	Place of incorporation/ operation	Equity interest owned by the Group		Principal activities
			2003	2002	
Bizipoint Group Limited	Ordinary	British Virgin Islands/ Hong Kong	41.0%	41.0%	E-business consulting services
Bizipoint Company Limited	Ordinary	Hong Kong/ Hong Kong	41.0%	41.0%	E-business consulting services
Beijing Zhong Shang Hui Xin Network Technology Development Company Limited	Registered Capital	PRC/PRC	36.9%	36.9%	E-business consulting services
PVP Limited	Ordinary	British Virgin Islands/ Hong Kong	37.2%	50.0%	Investment holding and consultancy
Princeton Venture Partners Limited	Ordinary	British Virgin Islands/ Hong Kong	37.2%	50.0%	Investment holding and consultancy

17. INTERESTS IN ASSOCIATES (*Continued*)

The above table lists the principal associates of the Group which, in the opinion of the Directors, principally affected the results of the year, or formed a substantial portion of the net assets of the Group.

An impairment loss of HK\$6,527,000 (2002: HK\$116,417,000) was made at the balance sheet date against the cost of the goodwill relating to Bizipoint Group Limited to reflect the impairment in the fair values of the associate's assets at 31 December 2003.

Information relating to Bizipoint Group Limited and its subsidiaries ("Bizipoint Group") and PVP Limited and its subsidiaries ("PVP Group") as required by SSAP 10 (revised) "Accounting for investments in associates" is as follows:

Bizipoint Group

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Turnover	4,441	4,896
Profit/(loss) for the year	493	(1,948)
Long-term assets	178	452
Current assets	575	2,302
Current liabilities	(2,034)	(1,026)
Deferred income	(5,333)	(9,333)
	<u> </u>	<u> </u>

PVP Group

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Turnover	9,700	4,409
Profit/(loss) for the year	1,124	(4,446)
Long-term assets	48,826	5,186
Current assets	6,828	11,515
Current liabilities	(1,911)	(6,932)
Long-term liabilities	(30,897)	(13,000)
	<u> </u>	<u> </u>

18. INVENTORIES

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Raw materials	26,008	28,217
Finished goods	4,637	2,484
	<u> </u>	<u> </u>
	<u>30,645</u>	<u>30,701</u>

The amount of inventories stated at net realisable value is HK\$93,000 (2002: HK\$1,963,000).

19. TRADE AND OTHER RECEIVABLES

The aging analysis of trade and other receivables (net of provision for doubtful debts) is as follows:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Current	38,804	29,535
One to three months	7,859	13,979
More than three months	17,145	518
	<u> </u>	<u> </u>
	<u>63,808</u>	<u>44,032</u>

The Group allows an average credit period of 30 to 45 days to its trade customers.

20. CASH AND BANK BALANCES

Cash and bank balances represent cash on hand and at banks and include time deposits and guarantee funds of HK\$16,278,000 (2002: HK\$15,847,000) pledged as security for general banking facilities provided to certain subsidiaries.

21. TRADE AND OTHER PAYABLES

The aging analysis of trade and other payables is as follows:

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	14,455	11,964
One to three months	4,597	10,817
More than three months	4,709	7,137
	<u>23,761</u>	<u>29,918</u>

22. INTEREST BEARING BANK BORROWINGS

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due within one year:		
Bank overdrafts-secured	6,095	4,193
Bank import loans-secured	33,295	28,598
Bank loan-unsecured	–	357
	<u>39,390</u>	<u>33,148</u>

The above secured bank borrowings are secured by charges over time deposits and guarantee funds of approximately HK\$16,278,000 (2002: HK\$15,847,000), and against guarantees issued by certain subsidiaries and a Director of these subsidiaries.

23. DEFERRED TAX

	Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
1 January	–	1,302
Release to profit and loss account – note 9	85	(1,065)
Disposals of subsidiaries	–	(237)
31 December	<u>85</u>	<u>–</u>

The principal components of the Group's deferred tax liabilities provided for/(deferred tax assets recognised), and the amounts not provided/(not recognised) are as follows:

	Group			
	Provided		Not provided	
	2003	2002	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accelerated capital allowances	85	–	11	113
Tax losses	–	–	(37,057)	(100,501)
	<u>85</u>	<u>–</u>	<u>(37,046)</u>	<u>(100,388)</u>

No deferred tax asset has been recognised in respect of tax losses due to the unpredictability of future profit streams.

24. SHARE CAPITAL**Share**

	Number of ordinary shares of HK\$0.01	Amount HK\$'000
Authorized:		
1 January 2003 and 31 December 2003	15,000,000,000	150,000
Issued and fully paid:		
1 January 2003	53,289,768	533
Issue of new shares	21,000,000	210
31 December 2003	74,289,768	743

During the year, the following changes in the share capital of the Company were recorded :

- (a) On 1 April 2003, the Company raised HK\$13 million by issuing 10,000,000 new shares at HK\$1.3 per share; and
- (b) On 11 December 2003, the Company raised HK\$15 million by issuing 11,000,000 new shares at HK\$1.38 per share.

Share options

At the Special General Meeting held on 22 March 2002, a new share option scheme in compliance with the new listing requirements was approved for adoption by the Company. Please refer to the Report of the Directors for details.

At the balance sheet date, there were 2,800,000 share options granted and 2,720,000 share options outstanding under the share option scheme adopted by the Company on 22 March 2002.

25. RESERVES**Group**

	Share premium account HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
1 January 2002	745,032	460,074	12,173	(1,027,632)	189,647
Issue of new shares	86,050	–	–	–	86,050
Share issue expenses	(2,764)	–	–	–	(2,764)
Transfer on re-organisation	(781,232)	(430,000)	–	1,211,232	–
Capital reduction	–	53,200	–	–	53,200
Share repurchase	(769)	–	–	–	(769)
Release on disposal of subsidiaries	–	–	(537)	–	(537)
Currency translation differences	–	–	(366)	–	(366)
Loss for the year	–	–	–	(192,944)	(192,944)
31 December 2002 and 1 January 2003	46,317	83,274	11,270	(9,344)	131,517
Issue of new shares	27,970	–	–	–	27,970
Share issue expenses	(901)	–	–	–	(901)
Currency translation differences	–	–	(998)	–	(998)
Profit for the year	–	–	–	10,859	10,859
31 December 2003	73,386	83,274	10,272	1,515	168,447

Included in the Group's retained profit at 31 December 2003 were accumulated losses of HK\$10,504,000 (2002: HK\$9,130,000) relating to associates.

25. RESERVES (Continued)

Company

	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained profits/ (accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
1 January 2002	745,032	502,176	(1,050,553)	196,655
Issue of new shares	86,050	–	–	86,050
Share issue expenses	(2,764)	–	–	(2,764)
Transfer on re-organisation	(781,232)	(430,000)	1,211,232	–
Capital reduction	–	53,200	–	53,200
Share repurchase	(769)	–	–	(769)
Loss for the year	–	–	(191,725)	(191,725)
31 December 2002 and 1 January 2003	46,317	125,376	(31,046)	140,647
Issue of new shares	27,970	–	–	27,970
Share issue expenses	(901)	–	–	(901)
Profit for the year	–	–	11,235	11,235
31 December 2003	<u>73,386</u>	<u>125,376</u>	<u>(19,811)</u>	<u>178,951</u>

The Company's contributed surplus, which arose from the Group reorganization on 2 July 1991, represents the difference between the nominal value of the Company's shares issued under the reorganization scheme, in exchange for the shares in the subsidiaries and the fair value of the consolidated net asset value of the acquired subsidiaries, reduced by distributions to shareholders.

Under the Companies Act of Bermuda and the Bye-Laws of the Company, the contributed surplus is distributable to shareholders. The Companies Act of Bermuda also stipulates that a company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued capital and share premium account.

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit/(loss) before taxation to net cash used in operations

	2003 HK\$'000	Group 2002 HK\$'000
Profit/(loss) before taxation	12,947	(207,380)
Adjustments for:		
Profit on disposal of subsidiaries	(2,157)	(4,195)
Exchange gain	(718)	–
Interest income	(816)	(1,125)
Interest expenses	2,299	2,313
Depreciation on properties, plant and equipment	3,075	3,921
Bad and doubtful debts	1,050	1,581
Amortisation and impairment on goodwill of associates	10,984	127,049
Amortisation on goodwill of subsidiaries	695	–
Impairment of investment properties	4,000	14,658
Impairment of long term investments	–	24,480
Loss on disposal of properties, plant and equipment	892	1,375
Write back of impairment of long term investments	(5,000)	–
Gain on long term investments	(20,200)	–
Profit on disposal of investment properties	(2,477)	–
Gain on deemed disposal of associates	(3,404)	–
Share of results of associates	1,374	4,147
Operating profit/(loss) before working capital changes	2,544	(33,176)
Decrease in inventories	56	1,109
Increase in trade and other receivables	(31,254)	(6,170)
Decrease/(increase) in prepayments and deposits	3,164	(2,520)
Decrease in trade and other payables	(2,058)	(5,180)
(Decrease)/increase in deposits received	(22)	187
Net cash used in operations	(27,570)	(45,750)

(b) Disposal of subsidiaries

	2003 HK\$'000	Group 2002 HK\$'000
Net assets disposed of:		
Properties, plant and equipment	102	7,523
Investment properties	–	5,000
Trade and other receivables	25,567	598,295
Prepayments and deposits	–	71
Cash and bank balances	15,861	111
Trade and other payables	(20,923)	(603,006)
Deposits received	–	(543)
Interest bearing bank borrowings	(16,038)	–
Taxation payable	(2,068)	(399)
Deferred tax	–	(237)
Minority interests	(681)	(309)
	1,820	6,506
Represented by:		
Cash received	2,851	–
Investment properties	–	36,658
Trade and other receivables	1,126	–
Minority interests	–	(26,494)
Profit on disposal	(2,157)	(4,195)
Exchange fluctuation reserve	–	537
	1,820	6,506

The subsidiaries disposed of during the year utilised HK\$16,521,000 from the Group's net cash used in operations.

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (*Continued*)(b) Disposal of subsidiaries (*Continued*)

Analysis of net outflow of cash and cash equivalents in respect of the disposed subsidiaries:

	2003 HK\$'000	2002 HK\$'000
Cash received	2,851	–
Cash and bank balances of disposed subsidiaries	(15,861)	(111)
	<u>(13,010)</u>	<u>(111)</u>

(c) Acquisition of subsidiaries

	2003 HK\$'000	Group 2002 HK\$'000
Net assets acquired:		
Properties, plant and equipment	104	6,905
Inventories	–	31,810
Trade and other receivables	13,700	37,309
Prepayments and deposits	180	1,675
Cash and bank balances	175	(2,314)
Pledged time deposits	10,000	13,583
Trade and other payables	(16,824)	(24,301)
Taxation payable	–	(4,995)
Interest bearing bank borrowings	(4,623)	(25,260)
Minority interests	(583)	(1,416)
	<u>2,129</u>	<u>32,996</u>
Less: Minority interests	(1,009)	(16,416)
Transferred from associates	–	(6,864)
	<u>1,120</u>	<u>9,716</u>
Goodwill on consolidation	10,892	2,724
	<u>12,012</u>	<u>12,440</u>
Represented by:		
Cash paid	12,012	440
Share issued	–	12,000
	<u>12,012</u>	<u>12,440</u>

The subsidiaries acquired during the year utilised HK\$12,000,000 from the Group's net cash used in operations between the date of acquisition and the balance sheet date.

Analysis of net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	2003 HK\$'000	2002 HK\$'000
Cash paid	(12,012)	(440)
Cash and bank balances of acquired subsidiaries	175	(2,314)
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	<u>(11,837)</u>	<u>(2,754)</u>

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (*Continued*)

(d) Major non-cash transaction

In May 2003, the Group entered into an agreement with an associate to convert part of the loan amounted to HK\$6,750,000 into equity of the associate.

27. CONTINGENT LIABILITIES

	Group		Company	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Corporate guarantee given to banks by subsidiaries	73,043	44,000	–	–

28. COMMITMENTS

	Group	
	2003	2002
	HK\$'000	HK\$'000
Capital commitments		
– contracted for	–	1,012
– authorised but not contracted for	–	–
	–	1,012
Total minimum commitments under non-cancellable operating leases for land and buildings due:		
As lessee		
Within one year	2,980	4,732
In the second to fifth years, inclusive	1,476	4,473
After five years	–	–
	4,456	9,205
As lessor		
Within one year	1,577	–
In the second to fifth years, inclusive	6,309	–
After five years	394	–
	8,280	–

The Company has no capital or operating lease commitments.

29. SUBSEQUENT EVENTS

Subsequent to the balance sheet date on 25 March 2004, the Group entered into an agreement with an independent third party to dispose of its strategic investment in a manufacturing business in China for a consideration of HK\$15,000,000.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 26 March 2004.

B. INDEBTEDNESS**Borrowings**

As at the close of business on 31 July 2004, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding secured bank borrowings of approximately HK\$44.21 million, which comprise bank overdrafts of approximately HK\$6.53 million and import loans of approximately HK\$37.68 million.

Debt securities

As at the close of business on 31 July 2004, the Group had no outstanding debt securities issued or authorised or otherwise created but unissued.

Mortgages, charges and security

As at the close of business on 31 July 2004, the Group's time deposits and guarantee funds totalling approximately HK\$16.28 million were pledged to banks to secure the bank borrowings granted by banks to the Group.

Other commitments

As at the close of business on 31 July 2004, the Group had outstanding minimum commitments under non-cancellable operating leases in respect of land and buildings which fall due within one year and in the second to fifth years inclusive of approximately HK\$3.44 million and HK\$1.19 million respectively.

Contingent liabilities

As at the close of business on 31 July 2004, the Group had contingent liabilities in respect of a corporate guarantee of up to HK\$35.54 million given to banks by a subsidiary of the Company.

Disclaimer

Save as disclosed above or otherwise disclosed herein, and apart from intra-group liabilities, the Group did not, as at the close of business on 31 July 2004, have any outstanding loan capital issued or agreed to be issued, shares or debentures, mortgages loans, or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptance, acceptance credits, guarantees or other material contingent liabilities.

The Directors have confirmed that there had not been any material change in the Group's Indebtedness subsequent to 31 July 2004.

C. WORKING CAPITAL

The Directors are of the opinion that in the absence of unforeseen circumstances, following the investment in the Windsor Group and after taking into account the financial resources available to the Group including internally generated cash inflow and other credit facilities available, the Group has sufficient working capital for its present requirements for the next twelve months from the date of this circular.

The following is the text of the Accountants' report on the Windsor Treasure Group, prepared for the purpose of inclusion in this circular by Moore Stephens, Certified Public Accountants, Hong Kong.

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17 September 2004

The Directors
Omnicorp Limited
Windsor Treasure Group Holdings Limited

Dear Sirs,

We set out below our report on the combined financial information ("Financial Information") relating to Windsor Treasure Group Holdings Limited (the "Company") and those companies which will become subsidiaries of the Company upon completion of the Reorganization (collectively referred to as the "Group") for the three years ended 31 December 2001, 2002 and 2003 and the six months ended 30 June 2003 and 2004 (the "Relevant Periods") for inclusion in the circular of Omnicorp Limited ("Omnicorp") dated 17 September 2004 (the "Circular").

The Company was incorporated as a limited liability company under the International Business Companies Ordinance in the British Virgin Islands on 20 April 2004. It has not carried on any business since its incorporation. The Group is undergoing a Reorganization for the purpose of enabling the Company to become the holding company of Group. The Group is engaged in the design, manufacture, sale and marketing of medium to high-end home furniture, mainly wood furniture.

The companies which were in existence as of 30 June 2004 and will become subsidiaries of the Company upon Reorganization are as follows (see also Section VII "Subsequent Events"):-

Name of company	Place and date of incorporation/ registration	Issued and fully paid-up capital	Equity interest attributable to the Company directly or indirectly	Principal activities
Hing Lee (China) Company Limited ("Hing Lee China")	Hong Kong 23 December 1992	HK\$18,010,000	100%	Investment holding
Sharp Motion Worldwide Limited	British Virgin Islands 2 January 2003	US\$1	100%*	Trademark holding
Hing Lee Furniture Group Limited	Hong Kong 9 January 2004	HK\$3	100%	Dormant

APPENDIX II

**FINANCIAL INFORMATION ON
THE WINDSOR TREASURE GROUP**

Name of company	Place and date of incorporation/ registration	Issued and fully paid-up capital	Equity interest attributable to the Company directly or indirectly	Principal activities
深圳興利家具有限公司 ("SZXL")	PRC 16 December 2002	Registered capital RMB8,000,000	100%	Design, manufacture, sale and marketing of medium to high-end home furniture
東莞富豪家具有限公司 ("DGRF")	PRC 21 September 1993	Registered capital HK\$8,080,000	78%*	Manufacture and sale of bed mattresses
深圳大豪興利家具實業 有限公司 ("SZDHXL")	The People's Republic of China ("PRC") 18 December 1995	Registered capital RMB10,000,000	65%*	Design, manufacture, sale and marketing of medium to high-end home furniture

* indirectly held through Hing Lee China

The financial statements of Hing Lee China were audited by Edward Lau & Co. for the years ended 31 December 2001, 2002 and 2003.

The financial statements of SZDHXL and SZXL were audited by 深圳市興粵合夥會計師事務所 for the years ended 31 December 2001, 2002 and 2003, which firm is registered in the PRC.

The financial statements of DGRF were audited by 東莞市敘信會計事務所 for the years ended 31 December 2001 and 2002, and by 東莞市忠証會計師事務所 for the year ended 31 December 2003, both of which firms are registered in the PRC.

No audited financial statements have been prepared for the other companies which will become subsidiaries of the Company upon Reorganization since their respective dates of incorporation.

For the purpose of this report, we have, however, undertaken an independent audit of the respective financial statements of the companies in the Group for the Relevant Periods in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the audited financial statements and the management accounts (the “Underlying Financial Statements”) of the Group, on the basis set out in note 1 of Section VI below. We have examined the Underlying Financial Statements for the Relevant Periods in accordance with the Auditing Guideline “Prospectuses and the Reporting Accountant” promulgated by the HKICPA.

The Underlying Financial Statements are the responsibility of the directors of the respective companies now comprising the Group. It is also the responsibility of the directors of the respective companies comprising the Group to compile the Financial Information set out in this report from the Underlying Financial Statements. The directors of Omnicorp are responsible for the contents of the Circular in which this report is included. It is our responsibility to form an independent opinion on the Financial Information.

In our opinion, on the basis of presentation set out in note 1 of Section VI below, the Financial Information gives, for the purpose of this report, a true and fair view of the combined balance sheet of the Group and the state of affairs of the Company as at 31 December 2001, 2002, 2003 and 30 June 2003 and 2004, and of the combined results and cash flows of the Group for the Relevant Periods.

APPENDIX II**FINANCIAL INFORMATION ON
THE WINDSOR TREASURE GROUP****FINANCIAL INFORMATION****I. Combined profit and loss accounts**

	<i>Note</i>	Six months ended		Year ended		
		30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	4	68,327	38,902	106,630	55,529	55,820
Cost of sales		<u>(57,664)</u>	<u>(35,424)</u>	<u>(90,942)</u>	<u>(50,212)</u>	<u>(49,209)</u>
Gross profit		10,663	3,478	15,688	5,317	6,611
Other revenue	4	79	101	251	619	1,260
Distribution costs		<u>(3,649)</u>	<u>(2,642)</u>	<u>(6,697)</u>	<u>(7,291)</u>	<u>(3,329)</u>
Administrative expenses		<u>(3,820)</u>	<u>(3,498)</u>	<u>(6,315)</u>	<u>(4,204)</u>	<u>(3,541)</u>
Profit/(loss) from operating activities	5	3,273	(2,561)	2,927	(5,559)	1,001
Finance costs	9	<u>(65)</u>	<u>–</u>	<u>(31)</u>	<u>(293)</u>	<u>(444)</u>
Profit/(loss) before taxation		3,208	(2,561)	2,896	(5,852)	557
Taxation	10	<u>(33)</u>	<u>(29)</u>	<u>(58)</u>	<u>(53)</u>	<u>(85)</u>
Profit/(loss) after taxation		3,175	(2,590)	2,838	(5,905)	472
Minority interests		<u>(285)</u>	<u>722</u>	<u>(319)</u>	<u>418</u>	<u>(188)</u>
Profit/(loss) from ordinary activities attributable to shareholders	11	<u>2,890</u>	<u>(1,868)</u>	<u>2,519</u>	<u>(5,487)</u>	<u>284</u>
Earnings per share						
– basic	13	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
– diluted	13	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

APPENDIX II**FINANCIAL INFORMATION ON
THE WINDSOR TREASURE GROUP****II. Combined balance sheets**

	<i>Note</i>	30.6.2004 <i>HK\$'000</i>	30.6.2003 <i>HK\$'000</i>	31.12.2003 <i>HK\$'000</i>	31.12.2002 <i>HK\$'000</i>	31.12.2001 <i>HK\$'000</i>
Non-current assets						
Fixed assets	14	20,307	19,883	21,079	11,939	21,408
Current assets						
Due from an affiliated company	15	432	–	330	834	–
Inventories	16	52,670	44,781	49,167	47,615	49,047
Trade and other receivables	17	26,911	13,756	18,907	7,152	5,689
Prepayments and deposits	18	2,843	1,788	2,631	4,896	1,277
VAT refundable		1,424	3,274	3,012	4,073	2,669
Cash and bank balances	19	3,658	4,516	7,474	6,670	5,206
		<u>87,938</u>	<u>68,115</u>	<u>81,521</u>	<u>71,240</u>	<u>63,888</u>
Current liabilities						
Due to directors and shareholders	20	10,976	13,242	10,714	9,107	6,602
Trade and other payables	21	45,159	44,627	49,359	43,081	41,443
Receipts in advance		14,266	5,141	11,498	6,163	1,697
Current tax payable		91	–	58	96	274
Short term loans	22	9,245	4,302	5,661	5,472	5,549
		<u>79,737</u>	<u>67,312</u>	<u>77,290</u>	<u>63,919</u>	<u>55,565</u>
Net current assets		<u>8,201</u>	<u>803</u>	<u>4,231</u>	<u>7,321</u>	<u>8,323</u>
Total assets less current liabilities		28,508	20,686	25,310	19,260	29,731
Non-current liabilities						
Long term loans	23	–	–	–	–	5,334
Shareholders' loans	24	–	19,482	–	19,482	19,646
		–	19,482	–	19,482	24,980
Minority interests		<u>5,107</u>	<u>3,836</u>	<u>4,877</u>	<u>4,620</u>	<u>6,901</u>
Net assets/(liabilities)		<u>23,401</u>	<u>(2,632)</u>	<u>20,433</u>	<u>(4,842)</u>	<u>(2,150)</u>
Paid up capital	25	25,635	6,879	25,557	2,801	10
Reserves	26	<u>(2,234)</u>	<u>(9,511)</u>	<u>(5,124)</u>	<u>(7,643)</u>	<u>(2,160)</u>
Shareholders' funds/(deficiency)		<u>23,401</u>	<u>(2,632)</u>	<u>20,433</u>	<u>(4,842)</u>	<u>(2,150)</u>

APPENDIX II**FINANCIAL INFORMATION ON
THE WINDSOR TREASURE GROUP****III. Combined statements of changes in equity**

	Share capital <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Statutory reserve fund <i>HK\$'000</i>	Enterprise expansion fund <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
1 January 2001	10	(21)	55	42	(2,520)	(2,434)
Profit for the year	–	–	–	–	284	284
Transfers	–	–	19	19	(38)	–
31 December 2001	10	(21)	74	61	(2,274)	(2,150)
Inclusion of SZXL	2,791	–	–	–	–	2,791
Acquisition of additional interests in DGRF	–	(45)	24	25	–	4
Loss for the year	–	–	–	–	(5,487)	(5,487)
31 December 2002	2,801	(66)	98	86	(7,761)	(4,842)
Increase in paid up capital of SZXL	4,756	–	–	–	–	4,756
Capitalisation of shareholders' loans	18,000	–	–	–	–	18,000
Profit for the year	–	–	–	–	2,519	2,519
Transfers	–	–	11	11	(22)	–
31 December 2003	25,557	(66)	109	97	(5,264)	20,433
Profit for the period	–	–	–	–	2,890	2,890
Issue of new shares	78	–	–	–	–	78
30 June 2004	<u>25,635</u>	<u>(66)</u>	<u>109</u>	<u>97</u>	<u>(2,374)</u>	<u>23,401</u>
1 January 2003	2,801	(66)	98	86	(7,761)	(4,842)
Increase in paid up capital of SZXL	4,078	–	–	–	–	4,078
Loss for the period	–	–	–	–	(1,868)	(1,868)
30 June 2003	<u>6,879</u>	<u>(66)</u>	<u>98</u>	<u>86</u>	<u>(9,629)</u>	<u>(2,632)</u>

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FINANCIAL INFORMATION ON THE WINDSOR TREASURE GROUP

IV. Combined cash flow statements

	Six months ended		Year ended		
	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash flows from operating activities					
Profit/(loss) before taxation	3,208	(2,561)	2,896	(5,852)	557
Adjustments for:					
Depreciation of fixed assets	1,357	1,330	2,692	2,055	1,985
Loss/(gain) on disposal of fixed assets	–	–	65	4,830	(60)
Operating profit before working capital changes	4,565	(1,231)	5,653	1,033	2,482
(Increase)/decrease in amount due from an affiliated company	(102)	834	504	(834)	–
(Increase)/decrease in inventories	(3,503)	2,834	(1,552)	1,432	(9,065)
(Increase)/decrease in trade and other receivables, prepayments and deposits	(6,628)	(2,697)	(8,429)	(6,486)	5,822
Increase in amounts due to directors and shareholders	262	4,135	125	2,505	659
(Decrease)/increase in trade and other payables and receipts in advance	(1,432)	524	11,613	6,104	(2,587)
Cash (used in)/generated from operations	(6,838)	4,399	7,914	3,754	(2,689)
China Enterprise Income Tax paid	–	(125)	(96)	(231)	(3)
Net cash (used in)/generated from operating activities	(6,838)	4,274	7,818	3,523	(2,692)
Cash flows from investing activities					
Payments to acquire fixed assets	(585)	(9,300)	(12,297)	(1,030)	(2,055)
Receipt from disposal of fixed assets	–	26	400	3,614	283
Net cash (used in)/generated from investing activities	(585)	(9,274)	(11,897)	2,584	(1,772)
Cash flows from financing activities					
Decrease in minority interests	(55)	(62)	(62)	–	(75)
Issue of new shares	78	–	–	–	–
Inclusion of SZXL	–	–	–	2,791	–
Acquisition of additional interests in DGRF	–	–	–	(1,859)	–
Increase in paid up capital of SZXL	–	4,078	4,756	–	–
New bank loans	4,716	–	1,887	–	–
Shareholders' loans/(repayment)	–	–	–	(164)	342
New other loans	–	–	–	–	5,188
Repayment of bank loans	(1,132)	(1,170)	(1,698)	(661)	–
Repayment of long term loans	–	–	–	(1,560)	–
Repayment of short term loans	–	–	–	(3,190)	(753)
Net cash generated from/(used in) financing activities	3,607	2,846	4,883	(4,643)	4,702
(Decrease)/increase in cash and cash equivalents	(3,816)	(2,154)	804	1,464	238
Cash and cash equivalents at beginning of year/period	7,474	6,670	6,670	5,206	4,968
Cash and cash equivalents at end of year/period	<u>3,658</u>	<u>4,516</u>	<u>7,474</u>	<u>6,670</u>	<u>5,206</u>
Analysis of the balances of cash and cash equivalents					
Cash and bank balances	<u>3,658</u>	<u>4,516</u>	<u>7,474</u>	<u>6,670</u>	<u>5,206</u>

V. Company balance sheets

		30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current asset						
Cash balance		78	–	–	–	–
Paid up capital	25	78	–	–	–	–

VI. Notes to the Financial Information

1. Basis of presentation of combined financial information

The combined profit and loss accounts and the combined cash flow statements of the Group for the Relevant Periods have been prepared as if the proposed group structure had been in existence throughout the Relevant Periods or in the case of certain companies in the Group since their dates of establishment to 30 June 2004 where this is a shorter period. The combined balance sheets of the Group as at 31 December 2001, 2002, 2003, 30 June 2003 and 2004 have been prepared to present the assets and liabilities of the Group as if the group structure had been in existence as at those dates.

All significant intra-group transactions, cash flows and balances have been eliminated on combination.

The combined financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which include all applicable Statements of Standard Accounting Practice (“SSAPs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong.

2. Significant accounting policies

Fixed assets and depreciation

Fixed assets are stated at cost, less provisions for depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the year 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 fixed asset, the expenditure is capitalised as an additional cost of the fixed asset. When an asset is sold, its cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in the profit and loss account.

Depreciation is calculated on the straight-line basis to write off the cost of each asset, less its estimated residual value, over its estimated useful life. The effective annual rates used for fixed assets for this purpose are as follows:–

Land	2.5%
Buildings	2.5%-5%
Leasehold improvements	over the lease terms
Plant and machinery	9%
Motor vehicles	18 – 20%
Office equipment	18 – 20%

2. Significant accounting policies (continued)*Impairment of assets*

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of 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 the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, subcontracting charges and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal.

Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the approximate rates of exchange ruling at the balance sheet date. All foreign currency transactions during the year are converted at the exchange rates existing on the respective transaction dates.

Foreign exchange gains or losses are credited or charged, respectively, to the profit and loss account.

Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount 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 deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

2. Significant accounting policies (continued)*Taxation (continued)*

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 profit 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 profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:–

- i) on the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- ii) rental income, on a time proportion basis over the lease terms;
- iii) royalty income, on the accrual basis; and
- iv) interest income, on a time proportion basis taking into account the principal amounts outstanding and the effective interest rates applicable.

Trademarks, patents and intellectual rights

Expenditures in respect of the development and registration of trademarks, patents and intellectual rights relating to home furniture developed by the Group are charged to the profit and loss account at the time such expenditures are incurred.

Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Payments made under operating leases net of any incentives received from the lessors are charged to the profit and loss account on a straight-line basis over the lease periods.

Contributions to pension and retirement schemes

Contributions to pension and retirement schemes are charged to the profit and loss account in the period to which they relate.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. All borrowing costs are charged to the profit and loss account in the year in which they are incurred.

Cash equivalents

For the purpose of the combined cash flow statements, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

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. Related parties may be individuals or corporate entities.

3. Segmental information

Segment information is presented by way of the Group's primary segment reporting basis, by geographical segment. No further business segment information is presented as over 90% of the Group's revenue and assets relate to the sales of and royalty income generated from home furniture.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

	Six months ended			Year ended	
	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue					
– PRC, including Hong Kong	46,492	25,908	86,728	40,937	49,681
– elsewhere	21,835	12,994	19,902	14,592	6,139
	<u>68,327</u>	<u>38,902</u>	<u>106,630</u>	<u>55,529</u>	<u>55,820</u>

The Group's assets and liabilities are principally located in the PRC. Accordingly, segment assets, segment liabilities and other information by geographical area are not separately shown.

4. Turnover and revenue

The Group's turnover represents the invoiced value of goods sold and services rendered, net of value added tax and business tax in the PRC, and after allowances for goods returned and trade discounts.

An analysis of turnover and revenue is as follows:–

	Six months ended			Year ended	
	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover					
Sales of home furniture	66,738	38,265	105,356	55,529	55,820
Royalty income	1,589	637	1,274	–	–
	<u>68,327</u>	<u>38,902</u>	<u>106,630</u>	<u>55,529</u>	<u>55,820</u>
Other revenue					
Bad debts recovered	–	–	–	–	44
Bank interest income	6	–	20	70	19
Compensation received	–	101	148	47	–
Gain on disposal of fixed assets	–	–	–	–	60
Rental income	–	–	–	443	531
Sundry income	22	–	83	59	19
Tax refund	51	–	–	–	–
Write back of accounts payable	–	–	–	–	587
	<u>79</u>	<u>101</u>	<u>251</u>	<u>619</u>	<u>1,260</u>
Total revenue recognised during the Relevant Periods	<u>68,406</u>	<u>39,003</u>	<u>106,881</u>	<u>56,148</u>	<u>57,080</u>

5. Profit/(loss) from operating activities

Profit/(loss) from operating activities is arrived at after charging:–

	Six months ended			Year ended	
	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of fixed assets	1,357	1,330	2,692	2,055	1,985
Loss on disposal of fixed assets	–	–	65	4,830	–
Operating lease rentals					
– land and buildings	2,383	906	3,947	1,712	1,846
Staff costs					
– wages and salaries					
(including directors' emoluments)	6,468	3,530	9,422	5,316	6,320
– contributions to retirement/pension schemes (see also note 8 below)	595	444	825	571	572
	<u>595</u>	<u>444</u>	<u>825</u>	<u>571</u>	<u>572</u>

6. Directors' emoluments

Details of the emoluments paid by the Group to the directors during the Relevant Periods are as follows:–

	Six months ended			Year ended	
	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and allowances	47	49	97	174	109
Retirement/pension contributions	1	1	1	1	1
	<u>48</u>	<u>50</u>	<u>98</u>	<u>175</u>	<u>110</u>

Emoluments of the directors fell within the following band:–

	No. of directors	No. of directors	No. of directors	No. of directors	No. of directors
Nil – HK\$1,000,000	4	4	4	4	4
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

None of the executive and non-executive directors received any emoluments for the Relevant Periods.

There was no arrangement under which a director waived or agreed to waive any emoluments during the Relevant Periods.

7. Emoluments of the five highest paid employees

One of the five highest paid employees is a director of the Group. The emoluments paid to him by the Group are set out in note 6 above.

Details of the emoluments paid to the remaining four highest paid employees during the Relevant Periods are as follows:–

	Six months ended			Year ended	
	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and allowances	89	98	206	124	147
Retirement/pension contributions	5	2	5	5	5
	<u>94</u>	<u>100</u>	<u>211</u>	<u>129</u>	<u>152</u>

Emoluments of the above individuals, who are not directors of the Group, fell within the following band:–

	No. of individuals	No. of individuals	No. of individuals	No. of individuals	No. of individuals
Nil – HK\$1,000,000	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

During the Relevant Periods, no emoluments were paid by the Group to the directors or the highest paid, non-director employees as bonus, as an inducement to join the Group, or as compensation for loss of office.

8. Retirement and pension schemes

The Group does not have to provide any retirement benefit to its employees in the jurisdiction of the British Virgin Islands.

According to the relevant regulations, the PRC companies are required to participate in the employee pension scheme operated by the relevant local government bureau in the PRC and to make contributions for its eligible employees. The amount of contributions to be borne by the Group is calculated at a certain percentage of the salaries and wages for those eligible employees.

9. Finance costs

	Six months ended			Year ended	
	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans	<u>65</u>	<u>–</u>	<u>31</u>	<u>293</u>	<u>444</u>

10. Taxation

No provision for domestic taxation has been made by the Company as the Company is not subject to tax in the British Virgin Islands or elsewhere.

Under the Income Tax Law of the PRC, pursuant to approval documents issued by the relevant tax authorities, certain of the PRC companies were granted tax exemptions during the Relevant Periods.

Details of the charge in the combined profit and loss account are as follows:–

	Six months ended			Year ended	
	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax – China Enterprise Income Tax					
– current year provision	33	29	58	96	85
– prior year overprovision	–	–	–	(43)	–
Taxation	33	29	58	53	85

The reconciliation between accounting profit/(loss) and taxation at applicable tax rate is as follows:–

	Six months ended			Year ended	
	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	3,208	(2,561)	2,896	(5,852)	557
Tax at respective statutory income tax rates	783	(942)	763	(1,190)	185
Tax effect of expenses that are not deductible in determining taxable profits	65	3	10	884	15
Tax effect of income that are not taxable in determining taxable profits	(286)	(111)	(223)	(4)	–
Utilisation of tax losses not previously recognised	(118)	–	(123)	–	(40)
Tax losses not recognised	–	494	–	192	–
Tax effect of reduction in tax rates granted by local tax authorities	(411)	585	(369)	214	(75)
Prior year overprovision	–	–	–	(43)	–
Taxation	33	29	58	53	85

Details of the Group's unrecognised deferred tax asset are as follows:

	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unabsorbed tax losses	–	735	118	241	49

In the opinion of the Directors, no provision for deferred tax asset has been made in view of the unpredictability of future profit streams.

11. Profit/(loss) from ordinary activities attributable to shareholders

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK\$Nil.

12. Dividend

No dividend has been paid or declared by the Company during the Relevant Periods.

13. Earnings per share

No earnings per share information has been presented as such information is not meaningful for the purpose of this report.

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FINANCIAL INFORMATION ON THE WINDSOR TREASURE GROUP

14. Fixed assets

Group

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Office equipment HK\$'000	Total HK\$'000
Cost						
1 January 2001	16,020	–	11,250	1,506	1,490	30,266
Additions	988	–	272	758	37	2,055
Disposals	–	–	–	(710)	(81)	(791)
31 December 2001	17,008	–	11,522	1,554	1,446	31,530
Additions	–	134	402	402	92	1,030
Disposals	(10,722)	–	–	–	(52)	(10,774)
31 December 2002	6,286	134	11,924	1,956	1,486	21,786
Additions	642	660	6,973	497	528	9,300
Disposals	–	–	–	(142)	(17)	(159)
30 June 2003	6,928	794	18,897	2,311	1,997	30,927
Additions	–	627	1,562	666	142	2,997
Disposals	–	–	(262)	(520)	(785)	(1,567)
31 December 2003	6,928	1,421	20,197	2,457	1,354	32,357
Additions	63	414	85	8	15	585
30 June 2004	6,991	1,835	20,282	2,465	1,369	32,942
Depreciation						
1 January 2001	3,062	–	4,322	666	655	8,705
Charge for the year	586	–	1,047	182	170	1,985
On disposals	–	–	–	(487)	(81)	(568)
31 December 2001	3,648	–	5,369	361	744	10,122
Charge for the year	606	–	1,045	223	181	2,055
On disposals	(2,278)	–	–	–	(52)	(2,330)
31 December 2002	1,976	–	6,414	584	873	9,847
Charge for the period	178	14	702	331	105	1,330
On disposals	–	–	–	(116)	(17)	(133)
30 June 2003	2,154	14	7,116	799	961	11,044
Charge for the period	176	29	570	472	115	1,362
On disposals	–	–	(173)	(384)	(571)	(1,128)
31 December 2003	2,330	43	7,513	887	505	11,278
Charge for the period	178	59	841	171	108	1,357
30 June 2004	2,508	102	8,354	1,058	613	12,635
Net book value						
30 June 2004	4,483	1,733	11,928	1,407	756	20,307
30 June 2003	4,774	780	11,781	1,512	1,036	19,883
31 December 2003	4,598	1,378	12,684	1,570	849	21,079
31 December 2002	4,310	134	5,510	1,372	613	11,939
31 December 2001	13,360	–	6,153	1,193	702	21,408

The Group's leasehold land and buildings are situated in both Hong Kong and the PRC and are held under medium term leases.

Certain of the Group's fixed assets were pledged in favour of a bank in respect of a short term loan (see note 22 below).

APPENDIX II

FINANCIAL INFORMATION ON THE WINDSOR TREASURE GROUP

15. Due from an affiliated company

	30.6.2004 HK\$'000	30.6.2003 HK\$'000	31.12.2003 HK\$'000	31.12.2002 HK\$'000	31.12.2001 HK\$'000
Hing Lee Furniture Wholesales Limited	432	–	330	834	–

The amount due from an affiliated company is unsecured, interest-free and there are no fixed terms for repayment.

16. Inventories

	30.6.2004 HK\$'000	30.6.2003 HK\$'000	31.12.2003 HK\$'000	31.12.2002 HK\$'000	31.12.2001 HK\$'000
Raw materials	9,236	8,502	8,075	6,961	7,118
Work in progress	9,927	6,736	10,302	7,603	9,169
Finished goods	33,232	29,499	30,145	32,882	32,706
Consumables	275	44	645	169	54
	<u>52,670</u>	<u>44,781</u>	<u>49,167</u>	<u>47,615</u>	<u>49,047</u>

All inventories were stated at cost.

17. Trade and other receivables

	30.6.2004 HK\$'000	30.6.2003 HK\$'000	31.12.2003 HK\$'000	31.12.2002 HK\$'000	31.12.2001 HK\$'000
Trade receivables – gross	25,417	11,973	17,696	5,322	3,751
Less: Provision	(158)	(110)	(124)	(110)	(51)
Trade receivables – net	<u>25,259</u>	<u>11,863</u>	<u>17,572</u>	<u>5,212</u>	<u>3,700</u>
Other receivables	1,652	1,893	1,335	1,940	1,989
Trade and other receivables	<u>26,911</u>	<u>13,756</u>	<u>18,907</u>	<u>7,152</u>	<u>5,689</u>

An ageing analysis of the gross amount of trade receivables is as follows:–

	30.6.2004 HK\$'000	30.6.2003 HK\$'000	31.12.2003 HK\$'000	31.12.2002 HK\$'000	31.12.2001 HK\$'000
Current	9,171	5,186	8,721	647	217
1 to 3 months	4,050	4,764	3,489	2,766	857
Over 3 months	12,196	2,023	5,486	1,909	2,677
Trade receivables	<u>25,417</u>	<u>11,973</u>	<u>17,696</u>	<u>5,322</u>	<u>3,751</u>

Generally, the Group has granted credit terms to its customers, ranging from 30 to 90 days.

18. Prepayments and deposits

	30.6.2004 HK\$'000	30.6.2003 HK\$'000	31.12.2003 HK\$'000	31.12.2002 HK\$'000	31.12.2001 HK\$'000
Prepayments	2,575	1,594	2,363	4,700	902
Rental and utility deposits	268	194	268	196	375
	<u>2,843</u>	<u>1,788</u>	<u>2,631</u>	<u>4,896</u>	<u>1,277</u>

APPENDIX II

FINANCIAL INFORMATION ON THE WINDSOR TREASURE GROUP

19. Cash and bank balances

	30.6.2004	30.6.2003	Group 31.12.2003	31.12.2002	31.12.2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Denominated in Hong Kong dollars	118	32	32	337	83
Denominated in Renminbi	3,261	4,346	4,387	4,841	4,642
Denominated in other currencies	279	138	3,055	1,492	481
	<u>3,658</u>	<u>4,516</u>	<u>7,474</u>	<u>6,670</u>	<u>5,206</u>
	30.6.2004	30.6.2003	Company 31.12.2003	31.12.2002	31.12.2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Denominated in Hong Kong dollars	<u>78</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Renminbi (“RMB”) is not a currency freely convertible into other currencies; however, SZDHXL, being a foreign-invested enterprise, is permitted to exchange RMB for foreign currencies through banks authorised to conduct foreign exchange business.

20. Due to directors and shareholders

	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Chan Kwok Kin	5,062	5,917	4,774	4,639	3,805
Cheung Kong Cheung	2,420	3,654	2,762	2,375	1,541
Huang Wei Ye	697	301	697	–	–
Sung Kai Hing	2,797	3,370	2,481	2,093	1,256
	<u>10,976</u>	<u>13,242</u>	<u>10,714</u>	<u>9,107</u>	<u>6,602</u>

The amounts due to directors and shareholders are unsecured, interest-free and there are no fixed terms for repayment.

21. Trade and other payables

An ageing analysis of trade payables is as follows:–

	30.6.2004	30.6.2003	31.12.2003	31.12.2002	31.12.2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current	6,522	6,614	12,185	3,774	4,726
1 to 3 months	15,640	4,678	8,999	8,986	10,404
Over 3 months	19,350	29,331	22,563	25,378	23,247
	<u>41,512</u>	<u>40,623</u>	<u>43,747</u>	<u>38,138</u>	<u>38,377</u>
Trade payables					
Other payables	<u>3,647</u>	<u>4,004</u>	<u>5,612</u>	<u>4,943</u>	<u>3,066</u>
Trade and other payables	<u>45,159</u>	<u>44,627</u>	<u>49,359</u>	<u>43,081</u>	<u>41,443</u>

APPENDIX II

FINANCIAL INFORMATION ON THE WINDSOR TREASURE GROUP

22. Short term loans

	30.6.2004 HK\$'000	30.6.2003 HK\$'000	31.12.2003 HK\$'000	31.12.2002 HK\$'000	31.12.2001 HK\$'000
Short term bank loans	6,604	528	1,887	1,698	2,359
Loan from 深圳市財政局	2,641	3,774	3,774	3,774	–
Other loan	–	–	–	–	3,190
	<u>9,245</u>	<u>4,302</u>	<u>5,661</u>	<u>5,472</u>	<u>5,549</u>

The bank loans are secured by the properties of the Group and against a corporate guarantee given by SZXL. The loans carry an interest of 5.841% per annum and are repayable within one year.

The loan from 深圳市財政局 is unsecured, interest-free and it is repayable on demand.

The other loan was unsecured and interest-free.

23. Long term loans

	30.6.2004 HK\$'000	30.6.2003 HK\$'000	31.12.2003 HK\$'000	31.12.2002 HK\$'000	31.12.2001 HK\$'000
Loan from 深圳市財政局	–	–	–	–	3,774
Other loan	–	–	–	–	1,560
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,334</u>

The loan from 深圳市財政局 and the other loan were unsecured and interest-free.

24. Shareholders' loans

The shareholders' loans were unsecured and interest-free. On 30 December 2003, shareholders' loans in the amount of HK\$18,000,000 were capitalised as paid up capital, with the remaining balance transferred to the amounts due to directors and shareholders.

25. Paid up capital

	30.6.2004 HK\$'000	30.6.2003 HK\$'000	Group 31.12.2003 HK\$'000	31.12.2002 HK\$'000	31.12.2001 HK\$'000
Combined registered and fully paid	<u>25,635</u>	<u>6,879</u>	<u>25,557</u>	<u>2,801</u>	<u>10</u>
			Company		
	30.6.2004 HK\$'000	30.6.2003 HK\$'000	31.12.2003 HK\$'000	31.12.2002 HK\$'000	31.12.2001 HK\$'000
Authorised:					
50,000 ordinary shares of US\$1 each	<u>390</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Issued and fully paid:					
10,000 ordinary shares	<u>78</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

APPENDIX II

FINANCIAL INFORMATION ON THE WINDSOR TREASURE GROUP

26. Reserves

	Exchange reserve HK\$'000	Statutory reserve fund HK\$'000	Enterprise expansion fund HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
1 January 2001	(21)	55	42	(2,520)	(2,444)
Profit for the year	–	–	–	284	284
Transfers	–	19	19	(38)	–
31 December 2001	(21)	74	61	(2,274)	(2,160)
Acquisition of additional interests in DGRF	(45)	24	25	–	4
Loss for the year	–	–	–	(5,487)	(5,487)
31 December 2002	(66)	98	86	(7,761)	(7,643)
Profit for the year	–	–	–	2,519	2,519
Transfers	–	11	11	(22)	–
31 December 2003	(66)	109	97	(5,264)	(5,124)
Profit for the period	–	–	–	2,890	2,890
30 June 2004	(66)	109	97	(2,374)	(2,234)
1 January 2003	(66)	98	86	(7,761)	(7,643)
Loss for the period	–	–	–	(1,868)	(1,868)
30 June 2003	(66)	98	86	(9,629)	(9,511)

27. Major non-cash transactions

In the year ended 31 December 2003, the Group capitalised shareholders' loans of HK\$18,000,000 as paid up capital.

28. Related party transactions

Transactions with related parties during the Relevant Periods not disclosed elsewhere in the Financial Information are summarised as follows:–

	Six months ended			Year ended	
	30.6.2004 HK\$'000	30.6.2003 HK\$'000	31.12.2003 HK\$'000	31.12.2002 HK\$'000	31.12.2001 HK\$'000
Rental income from an affiliated company	–	–	–	443	531
Sales to an affiliated company	663	432	1,043	1,602	984

The above transactions were made at prices/rates and terms as agreed between the parties in the normal course of business.

29. Commitments

At 30 June 2004, the Group had outstanding minimum commitments under non-cancellable operating leases in respect of equipment and land and buildings which fall due as follows:–

	30.6.2004 <i>HK\$'000</i>	30.6.2003 <i>HK\$'000</i>	31.12.2003 <i>HK\$'000</i>	31.12.2002 <i>HK\$'000</i>	31.12.2001 <i>HK\$'000</i>
Within one year	4,431	4,082	4,494	1,260	1,330
In the second and fifth years inclusive	13,232	14,145	13,666	2,519	3,779
Over five years	32,396	35,641	33,969	–	–
	<u>50,059</u>	<u>53,868</u>	<u>52,129</u>	<u>3,779</u>	<u>5,109</u>

As of 31 December 2001, 2002 and 2003, 30 June 2003 and 2004, the Company did not have any significant commitments.

30. Contingent liabilities

As of 31 December 2001, 2002 and 2003, 30 June 2003 and 2004, the Group did not have any significant contingent liabilities.

VII. SUBSEQUENT EVENTS

1. The following companies were incorporated after 30 June 2004 for the purpose of becoming the holding companies of the PRC companies within the Group upon completion of the Reorganization:—

Name of company	Place and date of incorporation	Issued and fully paid-up capital	Attributable equity interest	Principal activities
Great Ample Holdings Limited	British Virgin Islands 22 July 2004	US\$1	100%	Investment holding
Glory Skill Investments Limited	British Virgin Islands 28 July 2004	US\$1	100%	Investment holding
Success Profit International Limited	British Virgin Islands 28 July 2004	US\$1	100%	Investment holding

2. The Group's land and buildings situated in Hong Kong have been disposed of to certain directors and shareholders subsequent to 30 June 2004 at the then net book value of approximately HK\$843,000.

No other material significant events have taken place subsequent to 30 June 2004.

VIII. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 30 June 2004.

Yours faithfully,
Moore Stephens

Certified Public Accountants
Hong Kong

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
ON THE ENLARGED GROUP**

UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

A. Unaudited pro forma statement of adjusted combined assets and liabilities

The following is a summary of the unaudited pro forma statement of adjusted combined assets and liabilities of the Enlarged Group based on the audited consolidated balance sheet of the Group as at 31 December 2003, as set out in Appendix I to this circular and the audited combined balance sheet of the Windsor Treasure Group as at 30 June 2004 as set out in Appendix II to this circular. This statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Enlarged Group immediately upon completion of the Acquisition.

Unaudited statement of adjusted combined assets & liabilities

	The Group 31/12/2003 HK\$'000 (Note1)	Windsor Treasure Group 30/6/2004 HK\$'000 (Note2)	Combined HK\$'000	Adjustments to reflect the Acquisition HK\$'000	Adjusted Combined HK\$'000
Non-current assets					
Tangible	132,971	20,307	153,278		153,278
Goodwill (Note 3)	10,197	–	10,197	13,190	23,387
	<u>143,168</u>	<u>20,307</u>	<u>163,475</u>		<u>176,665</u>
Current assets	127,352	87,938	215,290		215,290
Current liabilities	<u>63,437</u>	<u>79,737</u>	<u>143,174</u>		<u>143,174</u>
Net current assets	63,915	8,201	72,116		72,116
Non-current liabilities	85	–	85		85
Minority interests (Note 4)	<u>37,808</u>	<u>5,107</u>	<u>42,915</u>	19,588	<u>62,503</u>
Net asset value	<u>169,190</u>	<u>23,401</u>	<u>192,591</u>		<u>186,193</u>
Number of Shares	74,289,768				91,292,768
Net assets per Share (HK\$)	2.28				2.04

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

Notes:

1. The figures for the Group are based on the audited financial statements of the Group set out in Appendix I to this circular.
2. The figures for the Windsor Treasure Group are based on the Accountants' Report set out in Appendix II to this circular.
3. The goodwill arising from acquisition of the Windsor Treasure Group is calculated as follows:

	<i>HK\$'000</i>	<i>HK\$'000</i>
Consideration		34,006
Net assets of the entire Windsor Treasure Group as of 30 June 2004	23,401	
Consideration of the Subscription Shares	17,003	
	<u>40,404</u>	
Net assets of 51.52% of the Windsor Treasure Group as of 30 June 2004		<u>20,816</u>
Goodwill		<u><u>13,190</u></u>

The consideration was calculated based on 17,003,000 new Shares to be issued at HK\$1 each (being the issue price of the Consideration Shares) and the cash amount of HK\$17,003,000 being the consideration of the Subscription Shares, to be paid as part of the total consideration.

The final amount of goodwill will be determined on the date of completion of the Acquisition when a further review of the value of the underlying assets of the Windsor Treasure Group will be performed. The unaudited adjusted pro forma combined net assets of the Enlarged Group will be increased or decreased by the amount of goodwill so allocated to the underlying assets of the Windsor Treasure Group.

4. Minority interests will be increased by the 48.48% interest in the Windsor Treasure Group upon Completion.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

B. COMFORT LETTER FROM MOORE STEPHENS

Letter on unaudited pro forma statement of adjusted assets and liabilities of the Enlarged Group

MOORE STEPHENS
CERTIFIED PUBLIC ACCOUNTANTS

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17 September 2004

The Directors
Omnicorp Limited

Dear Sirs,

We report on the pro forma financial information (“Pro Forma Financial Information”) set out in Section A of Appendix III to the circular dated 17 September 2004 (the “Circular”) in relation to the acquisition and subscription of approximately 51.52% interest in the share capital of Windsor Treasure Group Holdings Limited (the “Acquisition”), which has been prepared as if the Acquisition had been completed as at 30 June 2004, for illustrative purposes only, to provide information about how the Acquisition might have affected the financial information presented in respect of Omnicorp Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”).

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom, where applicable. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

Our work did not constitute an audit or a review in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, and accordingly we do not express such assurance on the Pro Forma Financial Information.

The Pro Forma Financial Information has been prepared in the basis set out in Section A of Appendix III of the Circular for illustrative purposes only and, because of its nature, it may not be indicative of the financial position of:–

- the Group had the Acquisition been completed at 30 June 2004; or
- the Group at any future date.

Opinion

In our opinion:–

- a. the Pro Forma Financial Information has been properly compiled on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Moore Stephens

Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular (other than information relating to the Windsor Treasure Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained herein misleading.

2. SHARE CAPITAL**(i) Ordinary Shares**

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorised: HK\$

15,000,000,000 Shares of HK\$0.01 each	150,000,000.00
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Issued and fully paid or credited as fully paid:

74,289,768 Shares of HK\$0.01 each	742,897.68
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All of the above Shares rank pari passu in all aspects, including all rights as to dividends, voting and interests in capital, among themselves and with all other Shares in issue on the date of issue.

Immediately after Completion and the allotment and issue of the Consideration Shares, the number of issued Shares of the Company will increase from 74,289,768 to 91,292,768.

(ii) Share Options

As at the Latest Practicable Date, there were 2,720,000 outstanding share options entitling holders thereof to subscribe for in aggregate 2,720,000 new Shares, representing

approximately 3.66% of the existing issued share capital. The share options were granted under the share option scheme which was adopted on 22 March 2002. Each option gives the holder the right to subscribe for one Share. Details of these outstanding share options were as follows:

Name of option holder	Exercise price per Share	Exercisable period	Number of outstanding share options
Shaw Wen Fei	HK\$1.14	15/07/2003 – 14/07/2008	600,000
Lui Chun Bing, Tommy	HK\$1.14	15/07/2003 – 14/07/2008	600,000
Au Hoi Tsun, Peter	HK\$1.14	15/07/2003 – 14/07/2008	450,000
Lee Hoong Seun	HK\$1.14	15/07/2003 – 14/07/2008	200,000
Sung Yan Wai, Petrus	HK\$1.14	15/07/2003 – 14/07/2008	200,000
Chim Chun Kwan, Sandy	HK\$1.14	15/07/2003 – 14/07/2008	200,000
Wong Che Keung, Richard	HK\$1.14	15/07/2003 – 14/07/2008	60,000
Tong Yee Yung, Joseph	HK\$1.14	15/07/2003 – 14/07/2008	60,000
Employees	HK\$1.14	15/07/2003 – 14/07/2008	350,000

3. DISCLOSURE OF INTERESTS AND SHORT POSITIONS IN SHARES AND OPTIONS

As at the Latest Practicable Date, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO,

to be entered in the register referred to therein or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(i) **Directors' Interests in the issued Shares of the Company**

Name of Director	Capacity	Number of Shares	Percentage of issued share capital of the Company
Shaw Wen Fei	Corporate (<i>Note 1</i>)	1,064,900	1.43%
Lui Chun Bing, Tommy	Beneficial owner	266,800	0.36%
	Family interest (<i>Note 2</i>)	4,000,000	5.38%
		<u>4,266,800</u>	<u>5.74%</u>
Au Hoi Tsun, Peter	Beneficial owner	345,000	0.46%

Notes:

1. These Shares were held by Sharp States Investments Inc., the entire issued share capital of which was wholly owned by Mr. Shaw Wen Fei.
2. These Shares were held by Expert View Group Limited, a corresponding interest of 66.67% and 33.33% of the issued share capital of which was beneficially owned by Ms. Sum Kin Man and Mr. Lui Tin Shun, the wife and the son of Mr. Lui Chun Bing, Tommy respectively. Mr. Lui Chun Bing, Tommy was deemed to be interested in the Shares held by Ms. Sum Kin Man and Mr. Lui Tin Shun.

(ii) **Interest in share options of the Company**

Name	Capacity	Number of Shares	Percentage of issued share capital of the Company
Shaw Wen Fei	Beneficial owner	600,000	0.81%
Lui Chun Bing, Tommy	Beneficial owner	600,000	0.81%
Au Hoi Tsun, Peter	Beneficial owner	450,000	0.61%
Lee Hoong Seun	Beneficial owner	200,000	0.27%
Sung Yan Wai, Petrus	Beneficial owner	200,000	0.27%
Chim Chun Kwan, Sandy	Beneficial owner	200,000	0.27%
Wong Che Keung, Richard	Beneficial owner	60,000	0.08%
Tong Yee Yung, Joseph	Beneficial owner	60,000	0.08%

Save as disclosed herein, as at the Latest Practicable Date, none of Directors and chief executive of the Company had any interests and short positions in the Shares, underlying

Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules to be notified to the Company and the Stock Exchange.

4. SUBSTANTIAL SHAREHOLDERS

(i) Interests in the Company

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of Shares	Percentage of issued share capital of the Company
The Grande (Nominees) Limited (<i>Note 1</i>)	Beneficial owner	6,573,795	8.85%
The Grande Holdings Limited (<i>Note 1</i>)	Corporate	6,573,795	8.85%
Barrican Investments Corporation (<i>Note 1</i>)	Corporate	6,573,795	8.85%
The Grande International Holdings Limited (<i>Note 1</i>)	Corporate	6,573,795	8.85%
Ho Wing On, Christopher (<i>Note 1</i>)	Corporate	6,573,795	8.85%
Planet Adventure Limited (<i>Note 2</i>)	Beneficial owner	6,200,000	8.35%
Huen Wing Ming, Patrick (<i>Note 2</i>)	Corporate	6,300,000	8.48%
Huen Ng Sui Fong, Isabel (<i>Note 3</i>)	Family interest	6,300,000	8.48%

Sum Kin Man	Corporate	4,000,000	5.38%
(Notes 4 and 5)	Family interest	866,800	1.17%
		<u>4,866,800</u>	<u>6.55%</u>
Expert View Group			
Limited (Note 5)	Beneficial owner	4,000,000	5.38%
Lui Tin Shun (Note 5)	Corporate	4,000,000	5.38%

Notes:

1. The Grande (Nominees) Limited was a wholly owned subsidiary of The Grande Holdings Limited. Barrican Investments Corporation held a controlling interest in the capital of The Grande Holdings Limited and was a wholly owned subsidiary of The Grande International Holdings Limited. The Grande International Holdings Limited was wholly owned by Mr. Ho Wing On, Christopher. The Grande Holdings Limited, Barrican Investments Corporation, The Grande International Holdings Limited and Mr. Ho Wing On, Christopher were deemed to be interested in the Shares held by The Grande (Nominees) Limited.
2. Planet Adventure Limited and Patova International Limited were wholly owned by Mr. Huen Wing Ming, Patrick who was deemed to be interested in 6,200,000 Shares and 100,000 Shares held by Planet Adventure Limited and Patova International Limited respectively.
3. Mrs. Huen Ng Sui Fong, Isabel is the spouse of Mr. Huen Wing Ming, Patrick and was deemed to be interested in the Shares in which Mr. Huen Wing Ming, Patrick was interested.
4. Ms. Sum Kin Man is the spouse of Mr. Lui Chun Bing, Tommy and was deemed to be interested in the Shares held by Mr. Lui Chun Bing, Tommy.
5. Expert View Group Limited was beneficially owned as to 66.67% and 33.33% by Ms. Sum Kin Man and Mr. Lui Tin Shun, the spouse and the son of Mr. Lui Chun Bing, Tommy respectively. Each of Ms. Sum Kin Man and Mr. Lui Tin Shun was deemed to be interested in the Shares held by Expert View Group Limited.

(ii) Other interests in other members of the Group

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Name of Company	Number of Shares	Percentage of issued share capital of the Company
PAMA Group, Inc. in its capacity as the general partner of PAMA Private Equity Limited Partnership II (Note)	VFJ Technology Holdings Limited	567,818	21.88%
Lei Guangyu	Unicom Group Ltd.	37	37%

Note: PAMA Group, Inc. also in its capacities as the general partner of PICA Limited Partnership held 110,587 shares in VFJ, representing 4.26% of VFJ's issued share capital, and as managing general partner of Dutch Parallel Fund C.V. held 110,587 shares in VFJ, representing 4.26% of VFJ's issued share capital.

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no persons (other than a Director or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company or any of its subsidiaries which was not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, so far as known to the Directors, there was no litigation or claim of material importance pending or threatened against any member of the Group.

6. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had, since 31 December 2003, being the date on which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group taken as a whole.

7. MATERIAL CONTRACTS

During the two years immediately preceding the date of this circular, the following contracts, not being contracts entered into in the ordinary course of business, had been entered into by the Group and are or may be material:

- (a) Placing agreement dated 14 March 2003 between the Company and Christfund Securities Limited relating to the placing of 10,000,000 shares at HK\$1.30 per share in the capital of the Company as announced on 14 March 2003;
- (b) Loan agreement dated 3 November 2003 between Olympic Glory Limited, a wholly-owned subsidiary of the Company and Princeton Venture Partners Limited regarding the loan of HK\$8,000,000 granted to Princeton Venture Partners Limited by Olympic Glory Limited as announced on 14 May 2004;

- (c) Placing agreement dated 27 November 2003 between the Company, VC CEF Brokerage Limited and Christfund Securities Limited relating to the placing of 11,000,000 shares at HK\$1.38 per share in the capital of the Company as announced on 28 November 2003;
- (d) Loan agreement dated 31 March 2004 between the Company and VFJ Technology Holdings Limited, a non wholly-owned subsidiary of the Company, relating to the loan of HK\$11,000,000 granted to VFJ Technology Holdings Limited by the Company and the significance of which was announced on 27 July 2004;
- (e) Supplemental deed dated 22 July 2004 between the Company and VFJ Technology Holdings Limited, a non wholly-owned subsidiary of the Company, relating to the extension of the amount of loan facility granted to VFJ Technology Holdings Limited by the Company and amendment to the date of advancement and the significance of which was announced on 27 July 2004;
- (f) Deed of Assignment dated 22 July 2004 between the Company and Hai Yang Investment Limited, a wholly-owned subsidiary of the Company, relating to the assignment of the loan in an amount of HK\$14,363,299.50 due by VFJ Technology Holdings Limited, a non wholly-owned subsidiary of the Company, from the Company to Hai Yang Investment Limited and the significance of which was announced on 27 July 2004;
- (g) Deed of Assignment dated 26 July 2004 between Hai Yang Investment Limited (“Hai Yang”), a wholly-owned subsidiary of the Company, Omnitech Holdings Limited (“Omnitech”), a non wholly-owned subsidiary of the Company, and VFJ Technology Holdings Limited, a non wholly-owned subsidiary of the Company relating to the assignment of a debt of HK\$16,306,109.79 due from Hai Yang to Omnitech in consideration of Omnitech’s allotment and issue of 15,088,470 new fully paid consolidated shares of Omnitech Holdings Limited to Hai Yang as announced on 27 July 2004; and
- (h) the Agreement as announced on 27 August 2004.

8. EXPERT DISCLOSURE OF INTERESTS, CONSENT AND QUALIFICATION

As at the Latest Practicable Date, Moore Stephens, being certified public accountants, had no direct or indirect shareholding in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for shares in any member of the Group, or any interests, directly or indirectly, in any assets which had been since 31 December 2003, being the latest published audited consolidated accounts of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, Moore Stephens had no interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to or are proposed to be acquired, disposed of by or leased to the Group since 31 December 2003, the date on which the latest published audited accounts of the Group were made up.

Moore Stephens has given and has not withdrawn its written consent to the issue of this circular with the inclusion thereof its report and references to its name in the form and context in which it appears.

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Moore Stephens	Certified Public Accountants

9. MATERIAL ADVERSE CHANGES

Save as disclosed in this circular, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2003, the date on which the last published audited accounts of the Group were made up.

10. MISCELLANEOUS

- (a) Mr. Wong Kit Wai, a member of CPA Australia, is the secretary and qualified accountant of the Company.
- (b) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The head office and principal place of business of the Company in Hong Kong is at Suites 904 – 905, 9th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tengis Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2002 and 2003;
- (c) the accountants' report prepared by Moore Stephens on the Windsor Treasure Group, the text of which is set out in Appendix II to this circular;
- (d) the letter on the pro forma financial information dated 17 September 2004 on the unaudited pro forma statement of adjusted assets and liabilities of the Enlarged Group from Moore Stephens, the text of which is set out in Appendix III to this circular;

- (e) the material contracts, including the Agreement, referred to in paragraph headed “Material Contracts” in this appendix;
- (f) the written consent referred to in the paragraph headed “Expert Disclosure of Interests, Consent and Qualification” in this appendix; and
- (g) the Company’s circular dated 10 August 2004 in relation to a discloseable transaction involving an assignment of debt and subscription of shares in Omnitech Holdings Limited.

NOTICE OF SPECIAL GENERAL MEETING



OMNICORP LIMITED 兩儀控股有限公司 *

(Incorporated in Bermuda with limited liability)
(Stock Code: 94)

NOTICE IS HEREBY GIVEN that a special general meeting of Omnicorp Limited (the “**Company**”) will be held at 10:00 a.m. on Thursday, 7 October 2004 at Rooms 2 & 3, 8/F, Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following ordinary resolution (with or without modification):

“THAT

- (a) the agreement dated 19 August 2004 (the “**Agreement**”) (a copy of which has been tabled at the meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) entered into between each of Capitalrise Group Limited, Bloominvest Group Limited, Good Profit Trading Limited, Hero Profit International Limited, Metronet Investments Limited, Ace Victory Investments Limited, Even Skill Technology Limited, Wellasia International Limited as vendors, each of Mr. Sung Kai Hing, Mr. Chan Kwok Kin, Mr. Cheung Kong Cheung and Mr. Huang Wei Ye as the vendors’ warrantors, Talent Sino Holdings Limited, a wholly owned subsidiary of the Company as purchaser and the Company as the purchaser’s warrantor, pursuant to which Talent Sino Holdings Limited has agreed to (i) acquire 3,470 shares in Windsor Treasure Group Holdings Limited (the “**Windsor Treasure**”) or such number of shares which represents approximately 25.76% of the then issued share capital of Windsor Treasure immediately after Reorganization and Completion (as respectively defined in the Agreement) and (ii) subscribe for 3,470 new ordinary shares of US\$1.00 each in the share capital of Windsor Treasure or such number of shares which represents approximately 25.76% of the then issued share capital of Windsor Treasure immediately after Reorganization and Completion (as respectively defined in the Agreement) at an aggregate consideration of HK\$34,006,000, be and is hereby approved; and the execution, delivery and performance by Talent Sino Holdings Limited and the Company of the Agreement be and are hereby ratified, confirmed and approved; and the transactions contemplated in the Agreement be and are hereby approved; and
- (b) the allotment and issue of an aggregate of 17,003,000 shares (the “**Consideration Shares**”) of HK\$0.01 each in the capital of the Company credited as fully paid at HK\$1.00 per Consideration Share, as to 3,782,800 Consideration Shares to Capitalrise Group Limited; 681,100 Consideration Shares to Bloominvest Group Limited; 3,782,800 Consideration Shares to Good Profit Trading Limited; 509,600 Consideration Shares to Hero Profit International Limited; 3,782,800 Consideration Shares to Metronet Investments Limited; 509,600 Consideration Shares to Ace Victory Investments Limited; 2,190,300 Consideration Shares to Even Skill Technology Limited and 1,764,000 Consideration Shares to Wellasia

* For identification purposes only

NOTICE OF SPECIAL GENERAL MEETING

International Limited pursuant to the Agreement be and is hereby approved and that the Consideration Shares shall, when issued and allotted, rank pari passu in all respects with all other Shares of HK\$0.01 each in the capital of the Company in issue on the date of such allotment and issue except for any dividends or other distributions that may be declared, paid or made before the date of Completion (as defined in the Agreement); and

- (c) the directors of the Company (the “**Directors**”) be and are hereby authorised to do on behalf of the Company whatever they may consider necessary, desirable or expedient for the purpose of, or in connection with, the performance and implementation and completion of the Agreement and generally to do all other acts and things and execute or procure execution of all agreements and documents required or contemplated by the Agreement or otherwise and to make such amendments thereto as the Directors may consider necessary, desirable or expedient.

By Order of the Board
Omnicorp Limited
Lui Chun Bing, Tommy
Managing Director

Hong Kong, 17 September 2004

Head office and Principal place of business in Hong Kong:

Suites 904 – 905
9th Floor
Dah Sing Financial Centre
108 Gloucester Road
Wanchai
Hong Kong

Registered Office:

Canon’s Court
22 Victoria Street
Hamilton HM 12
Bermuda

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (1) A form of proxy for use at the meeting is enclosed herewith.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if the appointer is a corporation, either executed under its common seal or under the hand of any officer, attorney or other person authorised to sign the same.
- (3) Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (4) To be valid, the form of proxy together with any power of attorney or other authority under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited with the Hong Kong branch share registrars of the Company, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Hong Kong not later than 48 hours before the time appointed for holding the meeting.
- (5) Completion and return of the form of proxy will not preclude members from attending and voting at the special general meeting or any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (6) Where there are joint registered holders of any share(s), any one of such joint holders may attend and vote at the meeting, either in person or by proxy, in respect of such share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting or any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.