



3	Financial Highlights
4	Chairman's Statement
6	Management Discussion and Analysis
8	Group Chart
10	Corporate Information
11	Report of the Directors
19	Five Year Financial Summary
20	Auditors' Report
21	Consolidated Profit and Loss Account
22	Consolidated Balance Sheet
23	Balance Sheet
24	Consolidated Statement of Changes in Equity
25	Consolidated Cash Flow Statement
26	Notes to the Accounts



f i n a n c i a l h i g h l i g h t s

3

	As at 31 March	
	As restated	
	2004	2003
	HK\$'000	HK\$'000
Net asset value	<u>122,711</u>	<u>136,512</u>
	Year ended 31 March	
	As restated	
	2004	2003
	HK\$'000	HK\$'000
Turnover	153,897	125,186
Cost of sales	<u>(104,930)</u>	<u>(78,319)</u>
Gross profit	48,967	46,867
Other revenues	264	474
Selling and distribution expenses	(40,974)	(39,312)
Administrative expenses	<u>(22,954)</u>	<u>(30,476)</u>
Operating loss	(14,697)	(22,447)
Finance costs	<u>(56)</u>	<u>(46)</u>
Loss before taxation	(14,753)	(22,493)
Taxation credit	<u>874</u>	<u>1,347</u>
Loss for the year	<u>(13,879)</u>	<u>(21,146)</u>
Basic loss per share	<u>(7 cents)</u>	<u>(11 cents)</u>

C h à i r m à n ' s S t à t e m e n t

4

Dear Shareholders

We would like to present the annual report for the year ended 31 March 2004.

We had a very rough start for the first two quarters of the year of 2003 due to outbreak of the Severe Acute Respiratory Syndrome (SARS) in the second quarter of 2003 in Hong Kong and our economy had paid a very heavy toll. The epidemic was finally over in June. The sentiment of Hong Kong people towards the future at that point in time was gloomy and feeling helpless. With the support and care from the central government of the People's Republic of China, the main part of CEPA was signed on 29 June 2003, we become more optimistic about our future economy albeit the benefit of the CEPA on Hong Kong economy has yet to be seen. Nevertheless, CEPA has tied Hong Kong people and People from Mainland China closer together economically if not politically and there will be more interaction at the government level between Hong Kong and China which would lead to the better communication and therefore better understanding of the key trade issues between Hong Kong and China in the context of the ever changing international business environment.

The recent statistics released by the government in June 2004 indicates that, there are 1,039 applications for the certificate of origin, and the total amount for all these applications in respect of the goods proposed to be exported to China under CEPA is estimated to be about HK \$440 million. Furthermore, out of these 1,039 applications, only 23 were related to metal products. This suggests that the strength of our Hong Kong economy is not based on manufacturing sector. Perhaps, we should now be more focus on how the CEPA might assist the services and other sectors. Business people would like to know how they may start their own business venture in China under CEPA.

It appears that CEPA would not advance our business any further in terms of the manufacturing goods in Hong Kong for export to China as the main sources of the supply of the builders hardware in Hong Kong come from China and other overseas manufacturers. China made products are still our main competitors and we have managed to maintain our niche market by supplying high end products and by providing quality service. We would now examine the possibility of establishing our own brand of products for high end market in China.

On the other hand, it is highly visible that the recent relaxation of allowing the residents of certain cities in Mainland China to visit Hong Kong by the Central Government of the People's Republic of China has brought an immediate benefit to the Hong Kong tourist industry. It is estimated that over 2 million visitors from China has now visited Hong Kong and they have spent over HK\$12 billion in Hong Kong since July 2003. All retailers and services which attract and cater for the visitors from China have now been better off than the other business and which in turn would have the ripple effect on the economy of Hong Kong. This translates into more confidence on spending. The retail sale has been bounced back since August 2003 and continues to do so up to now, in addition to the spending from the visitors/tourists from China, Hong Kong people are now more willing to spend than they were a year before.

It is not a coincidence that, with the change of the housing policy coupled with the sweep bounce back of our economy, there has been a gradual improvement in the price of property since the last quarter of 2003 even though the average pricing level for the first quarter of 2004 was still at about 75% of 1999 level. This reduces the number of negative equity owners and as we suggested in our earlier reports, the number of negative equity owners would serve as a thermometer of our economy. They were the middle class people which had been the building block of our economy. Any businesses and services, including ours, which cater for them would likewise very much depend on the limit of their disposable income, the recent decline in the number negative equity owners would fuel the economy in a more favourable direction as they have gained back the "once lost confidence" for their future.

Equity owners who are now out of the net of the negative equity would have more disposable income for their home improvement and other leisure activities. The new CEPA and policy of relaxation of allowing Chinese residents to visit Hong Kong would create a new wealth for a number of people who have been able to capitalize such policies. These new middle class people will be our building block of our future economy.

The demand for residential market has been growing since the last quarter of 2003 and people are buying flats as they believe that the government has now learnt from the past experience by introducing a new housing policy of the Government which seek to attain the balance of the interests of the developers and the home buyers and to ensure that our precious asset, land, would be valued carefully in the context of the requirements of our urban development taking the interests of all walks of life into consideration. Their continue to co-ordinate the timetable for the disposal of railway-property developments is one of the measures to ensure that there would not be an adverse impact on the property market.

With the sensible control of the land supply and other measures to stabilize the property market in Hong Kong. The management believes that there will not be any radical change in the number of the housing projects annually in the next 3 years and the demand for our products will be relatively stable. The economy of United States, one of the key markets for China made products is still growing strong while China would be able to maintain 8% of annual growth rate in the next few years. Hong Kong should do well as our economy is very much dependent on these two markets. We have a good start for Hong Kong economy this year and it is estimated that our GDP will be increased by 5-7% for the year of 2004. Even if we take the impending interest hike, which we believe would be very mild and gradual, into our equation, we are optimistic about the economic outlook of Hong Kong economy as long as the oil price would stay at relatively low level in future.

Under all these positive factors, I am pleased to report that there has been an increase of 23% on the sales in real term while our loss has reduced by over 34% compared to the year ended 31 March 2003 despite the adverse effect of the SARS which hindered our ability to improve the sale performance during the first half of the year. There has been an overall increase of project sale by 77% over last year and further more this year project sales represent 50% of our turnover compared to 35% last year. Our strategy is to maintain and expand our business for high end products in order to cope with the change of the market situations.

We have only managed to achieve the profit margin of 32% which reflects our inability to increase prices due to severe competitions on one hand and the cost of import is still high due to the high foreign exchange rate. This narrows our profit margin. Our key concern is how to improve the product mix in order to improve the profit. We have adopted a more conservative approach to our operations in order to preserve our strength in the ever changing government policies and the business environment in Hong Kong in the past years, we would move to any new business opportunity or venture assiduously, the details of which are discussed in subsequent sections of this report.

During the year, we continue to build our business in China with offices in Guangzhou and Tianjin and to expand our market places in other countries or territories such as Macau SAR. The astonishing rate of economic development in China would present us a very challenging opportunity and we are now building a competent team for China Market. Our main strategies are to increase our market shares both in Hong Kong and overseas markets and to extend to new business lines for other building materials which will be more profitable.

The new initiative introduced by the Innovation and Technology Commission of Hong Kong Government for development of innovation and technology in Hong Kong is a welcoming move. However, the Government simply proposes to identify 13 technology focus areas and set up research and development (R&D) centres in these focus areas, this would be perceived as bias selection (or planned economy if it is rigidly applied). Needless to say, only people in these selected focus areas would be the beneficiary of the program leaving those deserving creative industry behind. It would be, perhaps, more appropriate if we would focus on and give preference over those technology which will create intellectual property and will bring benefit to Hong Kong economy first.

We are, like other businessmen in Hong Kong, definitely interested to explore and invest in the innovation related to the industry we know best, (such as builders hardware and intelligent/ electronic lock in our case) but we may not be able to benefit from these programs as our business is not within any of these 13 categories of the selected focus areas. Perhaps we should focus on selected focus technology/tools with enriched intellectual property content/ technology rather than the selected product/industry. Hopefully, my token view would generate more discussion among different industries as whether they are or any of them is deserved to be included in the Government funding program.

Last but not least, on behalf of the management of the Company, I would like to express my sincere appreciation to our principals, customers and shareholders for their confidence and support in the Group.



TSE Sun Fat, Henry
Chairman

13 July 2004

Management Discussion and Analysis

The following discussion provides information on contribution to revenue, operating profit, profit after tax, financial condition, liquidity and capital expenditure of the Group.

Results of Operations

The Group's turnover for the year ended 31 March 2004 was HK\$154 million representing an increase of 23% as compared to last year. The increase was mainly due to the increase in sales of our products in both retail (represents 18.2% increase over last year) and property development projects (represents 77.1% increase over last year) despite the outbreak of SARS during the first half of the year.

The decrease in the Group's gross profit margin from 37.4% to 31.8% was caused mainly by the adverse foreign exchange rate for our import products and by our inability to increase prices due to severe competition for low end products demanded. On the other hand, with the loyal commitment of the part of our staff, we were able to maintain our operation while reducing further the administrative overheads by HK\$7.5 million down to HK\$23 million (2003: HK\$30.5 million).

Wholesales/Retails

The difficulty facing our wholesale and retail operations was worsened by the SARS during the first half of the year, however we were able to increase the volume of sales in the second half of the year when our customers were willing to spend more for improving the drainage and bathroom facilities after the SARS epidemics.

Despite the difficult year for the building industry, the Group has still managed to obtain sales from a number of prestige project developments including Science Park I, Theme park Resort Project in Lantau Island while overseas projects include Les Vegas Sands Casino Macau, Shangri La Hotel in Fuzhou etc.

The retail sales currently contribute 26.9% of the Group's turnover despite the effect of SARS during the first half of the year.

Financial Resources and Liquidity

The Group remains prudent in its financial management, we obtain our supplies mainly by trading on open account or documents against acceptance. The current ratio and quick ratio are 5.76 (2003: 8.33) and 3.94 (2003: 5.37) respectively, while the cash and bank balances amounted to HK\$32.93 million as at 31 March 2004 (2003: HK\$40.62 million). The Group's gearing ratio (the ratio of total liabilities to the sum of total liabilities and owners' equity) increased to 15.1% as of 31 March 2004 (2003: 10.9%) which is mainly attributable to the increase of trade payable as a result of the increased in sales during the year. In addition, the Group had no bank borrowing as at 31 March 2004.

Except for the effect of foreign currency fluctuation on the Group's gross profit margin which has been discussed in the "Results and Operation" section above, the Group's exposure to foreign currency fluctuation is not material as cash balances are primarily denominated in Hong Kong Dollars while the Group continues to adopt prudently a hedging policy to minimize any foreign exchange risk.

Contingent liabilities

Details of contingent liabilities are set out in note 21 to the accounts.

People

As at 31 March 2004, our loyal workforce remained at 110 (2003: 110 employees). In July 2004, we are pleased to appoint Mr. YICK Kai Chung as an executive director of the Company, Mr. YICK joined the Group in 1979 and has been responsible for overseeing major accounts and wholesale business of the Group and products sourcing and technical support. In addition, our executive director Mr. MAK So aged 64 was redesignated as a non executive director. The Board would like to thank Mr. Mak for his contribution to the success of the Group and is grateful to have his continuing support as non-executive director.

Future Prospects

The economic recovery of Hong Kong appears to hold on in the first half year of 2004 and the GDP is expected to increase by 5-7% for the year of 2004, we share with the sentiments of most of the businessmen in Hong Kong that Hong Kong will reconfirm itself an international trading logistics and financial center, with its established regulatory framework and other infrastructure, the territory remains competitive when compared with other cities in China for the next few years but the determination of these cities to become a regional hub or center for logistics, aviation and maritime services in the near future would weaken Hong Kong's competitive edge in these services and Hong Kong must readjust its role in the context of the competitions from these cities.

With the new housing policy being recently introduced by the Hong Kong Government, the price of the property market would likely be stable with moderate increase annually in the next three years. This means that the market demand for our products would be relatively stable.

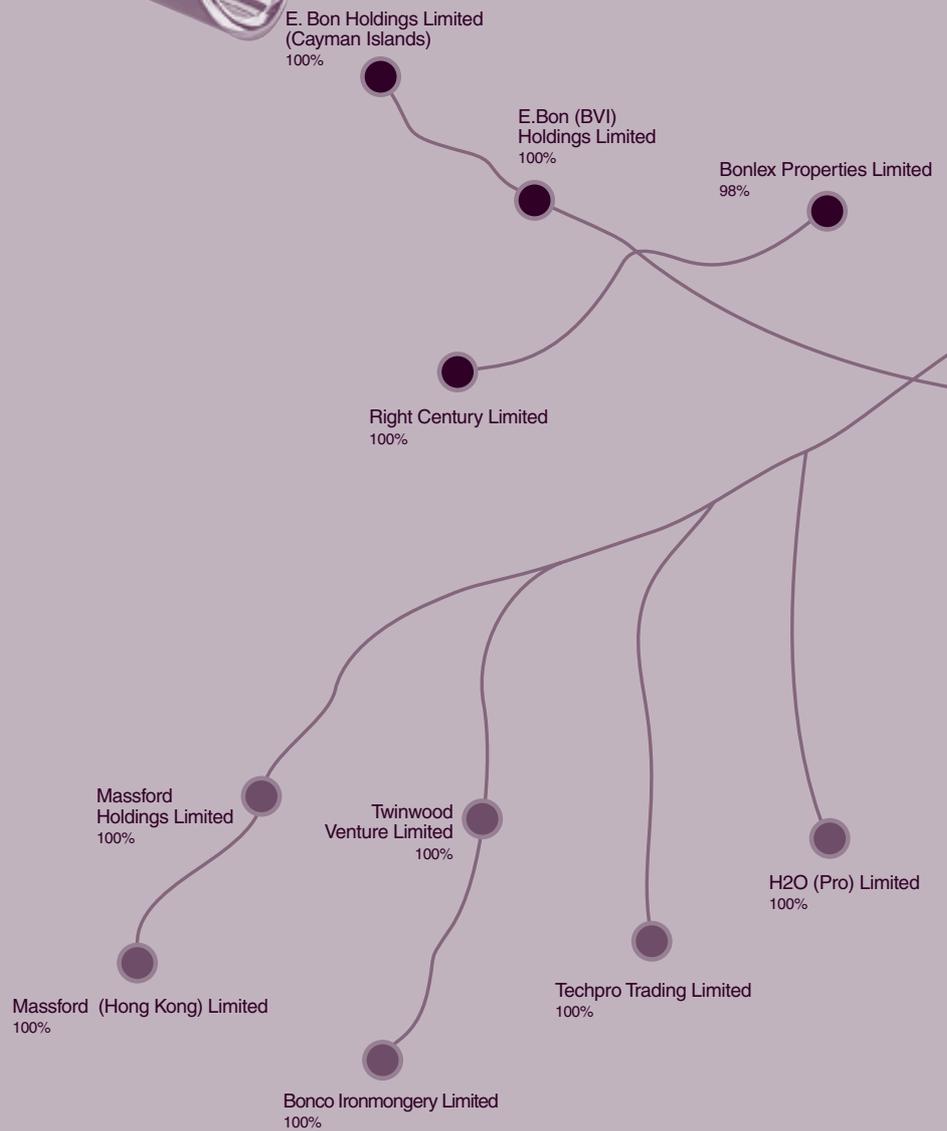
We continue to expand our business in China, and Macau. We set up showroom in Macau, and with our effort, we have now generated more sale in Macau and our customer base includes Les Vegas Sands casino. We are now working on other Macau's development projects., In China , we have now established a further 61 local dealerships for our products since last year, and our coverage includes large cities such as Beijing, Shanghai, Cheungdu and various towns in Guangdong as we note that the level of expenditure have steadily increased in recent years in China due to its high annual growth rate of economic development. We remain optimistic about the continuing development of China economy and the potential business that may be brought in by the 2008 Olympic games in Beijing.

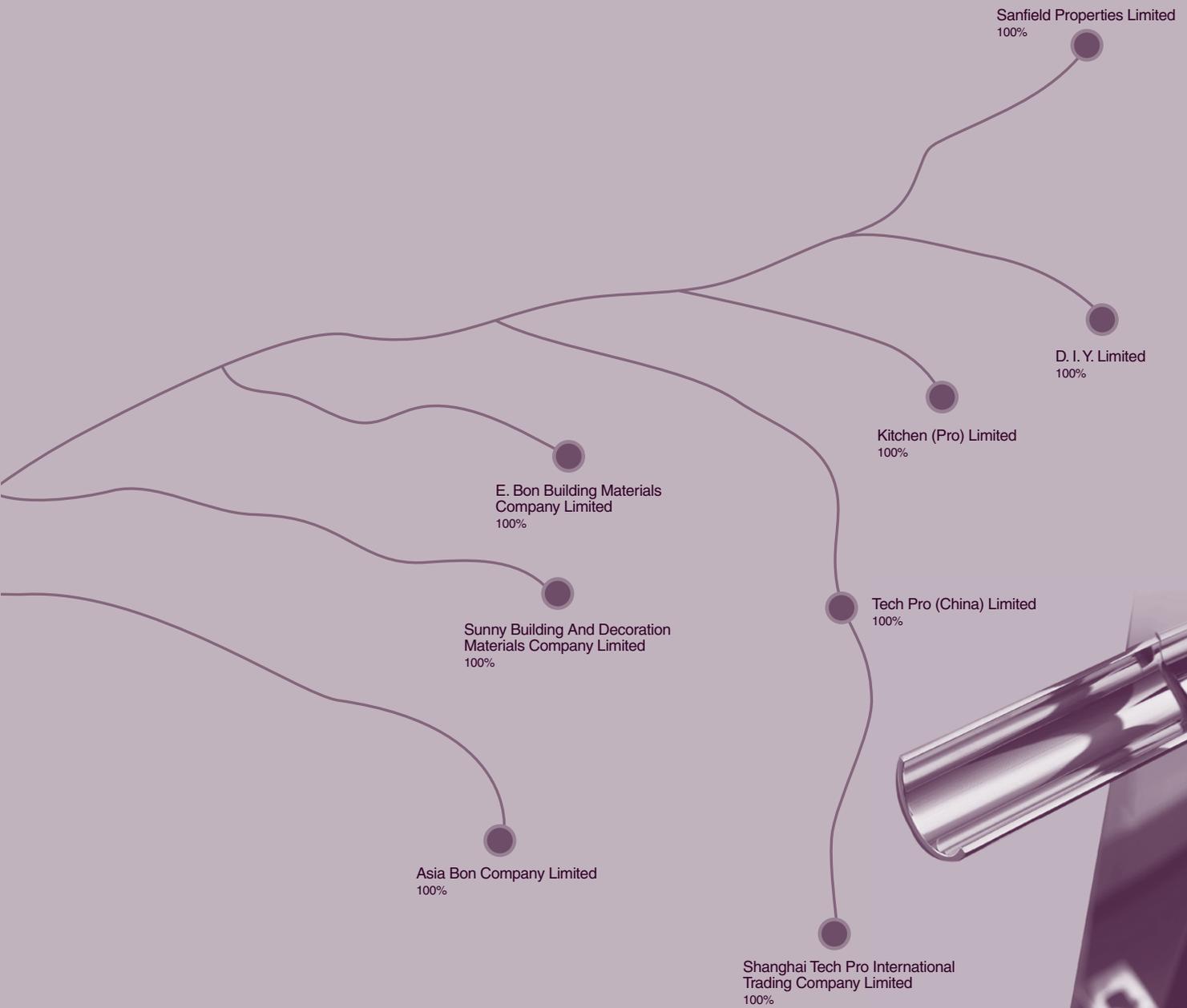
Use of Proceeds from the public offering

The company raised approximately HK\$62 Million ("Net Proceeds") from the new issue and placing of shares in early April 2000. During the year, the application of the net proceeds by the Group was in compliance with the intended use of proceeds as set out in the Company's prospectus dated 28 March 2000 and the subsequent amendment on 5 August 2002, details of the utilization up to 31 March 2004 are as follows:—

- (a) Approximately HK\$13.56 million was used for the expansion of distribution network, it mainly represents cost of establishment of new retail outlets and offices in China.
- (b) Approximately HK\$2.33 million was used to enhance existing computer system and software application.
- (c) Approximately HK\$2.87 was used for securing new distributorships.
- (d) Approximately HK\$13 million was used for working capital including expansion of product range.

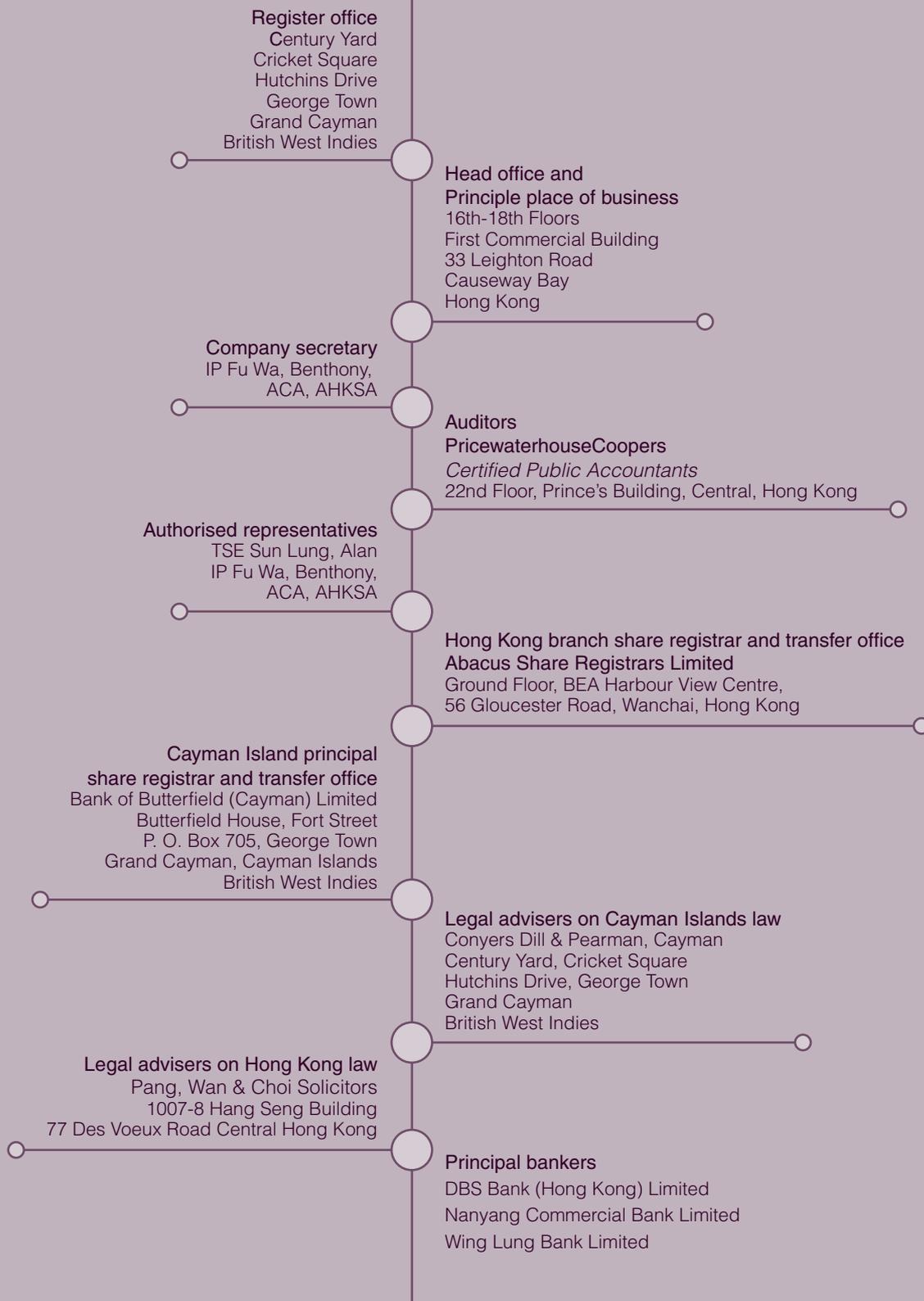
The remaining balance has been placed with banks in Hong Kong as short-term deposits for working capital purposes.





C O R P O R A T E I N F O R M A T I O N

10



The directors submit their report together with the audited accounts for the year ended 31 March 2004.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the importing and sale of architectural builders hardware and bathroom collections in Hong Kong.

Details of the analysis of the Group's turnover and contribution to operating loss for the year by principal activity and market is set out in note 3 to the accounts.

Results and appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 21.

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2004.

Reserves

Details of the movements in the reserves of the Group and of the Company during the year are set out in note 19 to the accounts.

Fixed assets

Details of the movements in fixed assets of the Group during the year are set out in note 11 to the accounts.

Share capital

Details of the share capital of the Company are set out in note 17 to the accounts.

Distributable reserves

Distributable reserves of the Company as at 31 March 2004 amounted to HK\$132,478,000. Under Section 34 of the Companies Law (2000 Revision) of the Cayman Islands, the share premium is available for distribution to shareholders, provided that no distribution shall be paid to shareholders out of the Company's share premium unless the Company shall be able to pay its debts as they fall due in the ordinary course of business.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands.

Five year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 19.

Purchase, sale or redemption of shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.



REPORT OF THE DIRECTORS (CONT'D)

12

Directors

The directors during the year were:

Mr. TSE Sun Fat, Henry

Mr. TSE Sun Po, Tony

Mr. TSE Sun Lung, Alan

Mr. MAK So (Redesignated as non-executive director on 13 July 2004)

Mr. WONG Tin Cheung, Ricky

Mr. LAU Shiu Sun

Mr. YICK Kai Chung (Appointed on 13 July 2004)

Mr. LEUNG Kwong Kin¹

Mr. WONG Wah, Dominic¹

Mr. LEE Chi Wah, Rhodes (Resigned on 17 July 2003)

¹ Independent non-executive directors who entered into contracts with the Company for an initial fixed term of one year and thereafter shall continue for further successive periods of one year, provided that the Company may terminate the contracts at the end of each one year period by giving the other party at least one month's notice in writing thereof.

Mr. WONG Tin Cheung, Ricky, Mr. WONG Wah, Dominic and Mr. YICK Kai Chung shall retire at the forthcoming annual general meeting in accordance with Articles 86(3) and 87 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

Directors' service contracts

Each of Mr. TSE Sun Fat, Henry, Mr. TSE Sun Po, Tony and Mr. TSE Sun Lung, Alan has entered into a service contract with the Company for a term of three years commencing on 1 March 2000 and continuing thereafter unless terminated by either party with at least three months advance notice in writing.

Each of Mr. MAK So, Mr. WONG Tin Cheung, Ricky and Mr. LAU Shiu Sun has entered into a service contract with the Company for a term of three years commencing on 24 April 2001 and 10 December 2001 and will continue thereafter unless terminated by either party by three months prior written notice to other party expiring not earlier than 23 April 2004 and 9 December 2004, respectively.

In addition, Mr. LEE Chi Wah, Rhodes, who had a service contract with the Company for a term of three years commencing on 1 March 2000, resigned on 17 July 2003.

Save as disclosed herein, none of the directors of the Company has entered into any service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

Directors' interests in contracts

Save as disclosed under the section "Connected transactions" below, no other contracts of significance in relation to the Group's business to which the Company, its subsidiaries or holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' benefits from rights to acquire shares or debentures

Under the terms of the Company's share option scheme adopted on 22 March 2000, the board of directors of the Company may, at their discretion, invite any full-time employees or executive directors of the Company or any of its subsidiaries to subscribe for ordinary shares of HK\$0.10 each in the Company. The maximum number of shares in respect of which options may be granted under the scheme may not exceed 10% of the issued share capital of the Company. No options have been granted to the directors since its adoption. The Stock Exchange of Hong Kong Limited (the "Stock Exchange") amended the Listing Rules governing share option schemes. The new requirements have come into effect from 1 September 2001 and render some of the provisions of the existing Share Option Scheme no longer applicable.

Apart from the above, at no time during the year was the Company or any of its subsidiaries or holding companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and underlying shares

As at 31 March 2004, the interests of the directors and executive in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, to be notified to the Company and the Stock Exchange were as follows:

Long position in shares and underlying shares of the Company

Director	Number of ordinary shares held			
	Personal interest	Family interest	Corporate interest	Other interest
Mr. TSE Sun Fat, Henry (<i>Note 1</i>)	–	–	–	140,000,000
Mr. TSE Sun Po, Tony (<i>Note 1</i>)	–	140,000,000	–	140,000,000

Note 1: Bache Hill Group Limited ("BHGL") is holding these shares. BHGL is held as to approximately 60.98 per cent. by Tse Brothers Assets Management Limited which is the trustee of The Tse Brothers Unit Trust (which is in turn held by a discretionary trust, The Tse's Family Trust). Mr. TSE Sun Fat, Henry is one of the objects of The Tse's Family Trust. The interest of Mr. TSE Sun Fat, Henry is accordingly regarded as "other interest" as described in Practice Note 5 of the Rules Governing the Listing of the Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). In addition, as the spouse and other family members of Mr. TSE Sun Po, Tony are objects of The Tse's Family Trust. The interests of Mr. TSE Sun Po, Tony are accordingly regarded as "family interest" and "other interest" as described in Practice Note 5 of the Listing Rules.

Directors' interests in shares and underlying shares (cont'd)

Long position in shares of associated corporations

(i) BHGL

Director	Number of ordinary shares held				Total
	Personal interest	Family interest	Corporate interest	Other interest	
Mr. TSE Sun Fat, Henry (<i>Note 2</i>)	–	–	–	30,491	30,491
Mr. TSE Sun Po, Tony (<i>Note 2</i>)	–	30,491	–	30,491	30,491
Mr. TSE Sun Lung, Alan	3,025	–	–	–	3,025
Mr. LEE Chi Wah, Rhodes	965	–	–	–	965
Mr. WONG Tin Cheung, Ricky	1,265	–	–	–	1,265

Note 2: These shares are held by Tse Brother Assets Management Limited which is the trustee of The Tse Brothers Unit Trust (which is in turn held by a discretionary trust, The Tse's Family Trust). Mr. TSE Sun Fat, Henry is one of the objects of The Tse's Family Trust. The interest of Mr. TSE Sun Fat, Henry is accordingly regarded as "other interest" as described in Practice Note 5 of the Listing Rules. In addition, as the spouse and other family members of Mr. TSE Sun Po, Tony are objects of The Tse's Family Trust. The interests of Mr. TSE Sun Po, Tony are accordingly regarded as "family interest" and "other interest" as described in Practice Note 5 of the Listing Rules.

(ii) Negotiator Consultants Limited ("NCL")

Director	Number of ordinary shares held				Total
	Personal interest	Family interest	Corporate interest	Other interest	
Mr. TSE Sun Fat, Henry (<i>Note 3</i>)	–	–	–	1	1
Mr. TSE Sun Po, Tony (<i>Note 3</i>)	–	1	–	1	1

Note 3: Such share is held by BHGL. Accordingly, the interest of Mr. TSE Sun Fat, Henry is regarded as "other interest" and the interests of Mr. TSE Sun Po, Tony are regarded as "family interest" and "other interest", respectively as described in Practice Note 5 of the Listing Rules.

Save as disclosed above, none of the directors or their associates had, as at 31 March 2004, any interests or short positions in any shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Listing Rules, to be notified to the Company and the Stock Exchange.

Save as disclosed above, at no time during the year was the Company, its subsidiaries or holding company a party to any arrangement to enable the directors, their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Biographical details of directors and senior management

Executive directors

Mr. TSE Sun Fat, Henry, aged 47, is a founding member of the Group and the Chairman of the Company. Mr. TSE has over 26 years of experience in the trading of building materials. He is responsible for the planning of the Group's overall strategies and the overall management of the Group.

Mr. TSE Sun Po, Tony, aged 45, is the managing director of the Company and joined the Group in 1979. Mr. TSE has over 26 years of experience in the trading of building materials and is responsible for the retail business of the Group. Mr. TSE also assists in the strategic planning and management of the Group. He is a brother of Mr. TSE Sun Fat, Henry, the Chairman of the Group.

Mr. TSE Sun Lung, Alan, aged 37, is an executive director of the Company. He joined the Group in 1990 and is now responsible for project sales and the marketing of products distributed by the Group. Mr. TSE Sun Lung, Alan is a cousin of Mr. TSE Sun Fat, Henry and Mr. TSE Sun Po, Tony.

Mr. WONG Tin Cheung, Ricky, aged 61, joined the Group in 1979. Mr. WONG was appointed as an executive director of the Company on 24 April 2001, and is also a director of two subsidiaries of the Company and is responsible for the operation of the Group in project management. He has over 24 years of experience in selling building materials and was a civil servant before joining the Group.

Mr. LAU Shiu Sun, aged 37, joined the Group in 1994. Mr. LAU was appointed as an executive director of the Company on 10 December 2001, before his appointment, Mr. Lau was a sales manager of the Group and is responsible for project sales. He graduated from Hong Kong Baptist University (formerly Baptist College) in 1992 with a bachelor of science degree.

Mr. YICK Kai Chung, aged 45, joined the Group in 1979. Mr. YICK was appointed as an executive director of the Company on 13 July 2004, and is a director of four subsidiaries of the Company. Mr. YICK has over 26 years of experience in building materials industry and is responsible for overseeing major accounts and wholesale business of the Group and products sourcing and technical support.

Mr. LEE Chi Wah, Rhodes, aged 41, resigned on 17 July 2003, was the deputy managing director of the Company.

Non-executive directors

Mr. LEUNG Kwong Kin, JP., aged 57, was appointed as an independent non-executive director in January 2000. Mr. LEUNG is a senior practising director of Wong Lam Leung & Kwok C.P.A. Ltd.. He is a fellow of the Association of Chartered Certified Accountants, the Hong Kong Society of Accountants and the Association of International Accountants. Mr. LEUNG is also a member of the Macau Society of Certified Practising Accountants, the Society of Chinese Accountants & Auditors, the Taxation Institute of Hong Kong, the Institute of Management and the International Institute of Management.

Mr. WONG Wah, Dominic, aged 55, was appointed as an independent non-executive director on 19 June 2001. He graduated from the Chinese University of Hong Kong in 1972 with honours bachelor's degree of Social Science in Economics. He was appointed director and general manager of Hongkong Ferry (Holdings) Ltd., formerly The Hongkong & Yaumatei Ferry Co., Ltd. until late 1989. He has been actively involved in China trade and garment industry over the last few years.

Biographical details of directors and senior management (cont'd)

Non-executive directors

Mr. MAK So, aged 64, joined the Group in 1993. Mr. MAK was redesignated as a non-executive director with effect from 13 July 2004. He was an executive director of the Company from 24 April 2001 to 12 July 2004 and was responsible for co-ordinating the sales and marketing activities of the Group. He has over 35 years of experience in the building materials industry. Prior to joining the Group, Mr. MAK worked for Chau, Lee & She, Architects & Engineers, Town Planning Consultants as an office manager for 27 years.

Senior management

Mr. TSE Sun Ming, Almond, aged 44, is a director of three subsidiaries of the Company and a founding member of the Group. Mr. TSE has over 26 years of experience in the building materials industry and is responsible for product sourcing and development. He is a cousin of Mr. TSE Sun Fat, Henry and Mr. TSE Sun Po, Tony and a brother of Mr. TSE Sun Lung, Alan.

Mr. AU Lai Chuen, Hercules, aged 47, joined the Group in 1982 and is a director of one subsidiary of the Company. Mr. AU has over 26 years of experience in the building materials industry and is responsible for project related sales and marketing activities.

Mr. LO Wai Man, aged 50, joined the Group in 1979 and is a director of six subsidiaries of the Company. Mr. LO is a technical director and is responsible for overseeing provision of technical support for bathroom collections. He has over 24 years of experience in selling building materials and is a licensed plumber.

Mr. SHUM Lup Chi, aged 48, joined the Group in 1982. Mr. SHUM is the office manager and is responsible for office internal control and cost analysis. He had worked for various solicitor firms for 7 years before joining the Group.

Mr. CHAN Chiu Keung, aged 56, joined the Group since 1976. Mr. CHAN is the manager of the Mongkok retail shop of the Group and is in charge of overall shop management of that shop. He has over 28 years of experience in retail business.

Mr. CHANG Kai Chuen, aged 30, joined the Group in 1991. Mr. CHANG is a marketing manager of the Group and is responsible for project sales.

Substantial shareholders

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31 March 2004, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

Long position of substantial shareholders in shares of the Company

Name of Shareholder	Number of Shares
BHGL	140,000,000
Tse Brothers Assets Management Limited (<i>Note 4</i>)	140,000,000
Messrs. Kelvin K W Cheung & Chu Hei Chun (<i>Note 4</i>)	140,000,000

Note 4: BHGL is held as to approximately 60.98 per cent. by Tse Brothers Assets Management Limited, the entire issued share capital of which is in turn held by Messrs. Kelvin K W Cheung & Chu Hei Chun (who are the trustee of the Tse's Family Trust). Tse Brothers Assets Management Limited and Messrs. Kelvin K W Cheung & Chu Hei Chun are respectively taken to be interested in these shares under section 336 of the SFO.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major customers and suppliers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

The largest supplier	14%
Five largest suppliers combined	45%

Sales

The largest customer	9%
Five largest customers combined	22%

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Audit committee

The audit committee comprises two independent non-executive directors, namely Mr. LEUNG Kwong Kin JP., and Mr. WONG Wah, Dominic.

By reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants, written terms of reference which describe the authority and duties of the audit committee have been prepared and adopted by the Board of the Company. The principal activities of the audit committee include the review and supervision of the Group's financial reporting process and internal controls.

During the year, the audit committee met a few times with management to review the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters (including the interim and annual accounts prior to recommending them to the Board for approval).

Compliance with the Code of Best Practice of the Listing Rules

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pension scheme arrangements

With effect from 1 December 2000, the mandatory provident fund scheme (the "MPF Scheme") was made compulsory as enforced by the Mandatory Provident Fund Schemes Authority of Hong Kong. The MPF Scheme is a defined contribution retirement benefit scheme administered by the independent trustees. The employer and the employee have to contribute in total an amount equal to 10% of the relevant income of the employee to the MPF Scheme. Contributions from the employer are 100% vested in the employees as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to a few exceptions.

The aggregate employer's contributions under the above schemes which amounted to approximately HK\$1,161,000 have been dealt with in the profit and loss account of the Group for the year ended 31 March 2004.

REPORT OF THE DIRECTORS (CONT'D)

18

Connected transactions

The related party transaction as disclosed in note 23 to the accounts for the year ended 31 March 2004 in respect of rental expenses of approximately HK\$2,500,000 paid to Negotiator Consultants Limited ("NCL") also constitutes a connected party transaction. NCL is a fellow subsidiary of the Company in which Mr. TSE Sun Fat, Henry, Mr. TSE Sun Po, Tony, Mr. TSE Sun Lung, Alan, Mr. WONG Tin Cheung, Ricky and a former director namely, Mr. LEE Chi Wah, Rhodes, has beneficial interests. The Stock Exchange has granted conditional waivers to the Company from strict compliance with the requirements of Chapter 14 of the Listing Rules. In the opinion of the directors including the independent non-executive directors of the Company, the transactions were conducted in the ordinary course of the business of the Group and in accordance with the terms of the agreements.

Auditors

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



TSE Sun Fat, Henry

Chairman

Hong Kong, 13 July 2004

five year financial summary

19

	2004 HK\$'000	As restated			
		2003 HK\$'000	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000
Results					
(Loss)/profit attributable to shareholders	<u>(13,879)</u>	<u>(21,146)</u>	<u>1,682</u>	<u>15,534</u>	<u>42,732</u>
Assets and liabilities					
Total assets	<u>144,595</u>	<u>153,231</u>	<u>171,755</u>	<u>218,096</u>	<u>169,677</u>
Total liabilities	<u>(21,884)</u>	<u>(16,719)</u>	<u>(14,104)</u>	<u>(60,082)</u>	<u>(80,359)</u>
Shareholders' funds	<u>122,711</u>	<u>136,512</u>	<u>157,651</u>	<u>158,014</u>	<u>89,318</u>

The results of the Group for the year ended 31 March 2000 has been prepared on the basis of merger accounting as if the group structure, which became effective in March 2000, had been in existence throughout the years then ended.

The results, assets and liabilities of the Group for each of the four years ended 31 March 2004 and the assets and liabilities as at 31 March 2000 have been prepared on a consolidated basis.

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central Hong Kong

TO THE SHAREHOLDERS OF E. BON HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the accounts on pages 21 to 45 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2004 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13 July 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT

21

For the year ended 31 March 2004

	Note	2004 HK\$'000	As restated 2003 HK\$'000
Turnover	3	153,897	125,186
Cost of sales		<u>(104,930)</u>	<u>(78,319)</u>
Gross profit		48,967	46,867
Other revenues	3	264	474
Selling and distribution expenses		(40,974)	(39,312)
Administrative expenses		<u>(22,954)</u>	<u>(30,476)</u>
Operating loss	4	(14,697)	(22,447)
Finance costs	5	<u>(56)</u>	<u>(46)</u>
Loss before taxation		(14,753)	(22,493)
Taxation credit	6(a)	<u>874</u>	<u>1,347</u>
Loss for the year	7	<u><u>(13,879)</u></u>	<u><u>(21,146)</u></u>
Basic loss per share	8	<u><u>(7 cents)</u></u>	<u><u>(11 cents)</u></u>

CONSOLIDATED BALANCE SHEET

22

As at 31 March 2004

	Note	2004 HK\$'000	As restated 2003 HK\$'000
Non-current assets			
Fixed assets	11	27,138	29,763
Deferred tax assets	6(c)	<u>3,184</u>	<u>2,160</u>
		<u>30,322</u>	<u>31,923</u>
Current assets			
Inventories	14	36,177	43,178
Trade receivables, other receivables, deposits and prepayments	15	45,164	37,512
Bank balances and cash		<u>32,932</u>	<u>40,618</u>
		<u>114,273</u>	<u>121,308</u>
Current liabilities			
Trade payables, accruals and deposits received	16	13,693	10,030
Bills payable		5,304	3,571
Current portion of finance lease liabilities	18	246	246
Tax payable		<u>595</u>	<u>711</u>
		<u>19,838</u>	<u>14,558</u>
Net current assets		<u>94,435</u>	<u>106,750</u>
Total assets less current liabilities		<u>124,757</u>	<u>138,673</u>
Financed by:			
Share capital	17	20,000	20,000
Reserves	19(a)	<u>102,711</u>	<u>116,512</u>
Shareholders' funds		122,711	136,512
Non-current liabilities			
Non-current portion of finance lease liabilities	18	388	634
Deferred tax liabilities	18	<u>1,658</u>	<u>1,527</u>
		<u>124,757</u>	<u>138,673</u>



Tse Sun Po, Tony
Director



Tse Sun Lung, Alan
Director

As at 31 March 2004

	Note	2004 HK\$'000	As restated 2003 HK\$'000
Non-current assets			
Investments in subsidiaries	12	90,917	90,917
Deferred tax assets	6(c)	<u>146</u>	<u>146</u>
		<u>91,063</u>	<u>91,063</u>
Current assets			
Amounts due from subsidiaries	13	63,226	62,233
Amount due from a related company	13	4	–
Prepayment		26	26
Bank balances and cash		<u>42</u>	<u>1,569</u>
		<u>63,298</u>	<u>63,828</u>
Current liabilities			
Account payables		20	1,498
Amount due to a subsidiary	13	<u>1,863</u>	<u>1,099</u>
		<u>1,883</u>	<u>2,597</u>
Net current assets		<u>61,415</u>	<u>61,231</u>
Total assets less current liabilities		<u>152,478</u>	<u>152,294</u>
Financed by:			
Share capital	17	20,000	20,000
Reserves	19(b)	<u>132,478</u>	<u>132,294</u>
		<u>152,478</u>	<u>152,294</u>



Tse Sun Po, Tony
Director



Tse Sun Lung, Alan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

24

As at 31 March 2004

	Total equity	
	2004 HK\$'000	2003 HK\$'000
At 1 April, as previously reported	135,547	158,534
Effect of adopting SSAP12 (note 2(j))	965	(884)
At 1 April, as restated	136,512	157,650
Exchange difference	78	8
Loss for the year	(13,879)	(21,146)
At 31 March	<u>122,711</u>	<u>136,512</u>

CONSOLIDATED CASH FLOW STATEMENT

25

For the year ended 31 March 2004

	Note	2004 HK\$'000	2003 HK\$'000
Operating activities			
Net cash (outflow)/inflow generated from operations	20(a)	(4,684)	13,300
Hong Kong profits tax (payment)/refund		(135)	1,967
Net cash (outflow)/inflow from operating activities		<u>(4,819)</u>	<u>15,267</u>
Investing activities			
Interest received		264	474
Interest on bank borrowings		(21)	(14)
Interest element of finance leases		(35)	(32)
Purchase of fixed assets		(2,829)	(4,569)
Purchase of subsidiaries		—	(960)
Net cash outflow from investing activities		<u>(2,621)</u>	<u>(5,101)</u>
Net cash (outflow)/inflow before financing		<u>(7,440)</u>	<u>10,166</u>
Financing activities			
Repayment of capital element of finance leases	20(b)	(246)	(365)
Net cash outflow from financing		<u>(246)</u>	<u>(365)</u>
(Decrease)/increase in cash and cash equivalents		(7,686)	9,801
Cash and cash equivalents at the beginning of the year		<u>40,618</u>	<u>30,817</u>
Cash and cash equivalents at the end of the year		<u><u>32,932</u></u>	<u><u>40,618</u></u>

1 Basis of preparation

The accounts 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”). They have been prepared under the historical cost convention as modified by the revaluation of land and buildings.

In the current year, the Group adopted Statement of Standard Accounting Practice 12 (revised) “Income taxes” (“SSAP 12”) issued by the HKSA which is effective for accounting periods commencing on or after 1 January 2003.

The changes to the Group’s accounting policies upon the adoption of SSAP 12 are set out in note 2(j).

2 Principal accounting policies

(a) Consolidation

- (i) The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31 March. Subsidiaries are those entities which the Company, directly or indirectly controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on disposal of a subsidiary represents the difference between the proceeds of the sale and the Group’s share of its net assets together with any unamortised goodwill or negative goodwill.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

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

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net assets of the acquired subsidiary/jointly controlled entity/associated company and is recognised as an asset and amortised using the straight-line method over its estimated useful economic life of not more than 15 years.

- (ii) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

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

2 *Principal accounting policies (cont'd)*

(b) *Fixed assets*

(i) Leasehold land and buildings

Leasehold land and buildings are stated at valuation, being open market value for existing use at the date of revaluation, less accumulated amortisation or depreciation. Independent valuations are performed periodically. In the intervening years, the directors review the carrying value of the leasehold land and buildings and adjustment is made where there has been a material change. Increases in valuation are credited to the revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same property and thereafter are debited to the operating loss. Any subsequent increases are credited to the operating loss up to the amount previously debited.

Leasehold land is depreciated over the periods of the leases on a straight-line basis.

Leasehold buildings are depreciated on the straight-line basis over the unexpired periods of the leases or their expected useful lives to the Group, whichever is shorter. The principal annual rate used for this purpose is 2% per annum.

(ii) Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost represents the purchase price of the asset and other cost incurred to bring the asset into its existing use. Other tangible fixed assets are depreciated to write off the cost less accumulated impairment losses over their expected useful lives on the straight-line basis. The principal annual rates used for this purpose are:

Leasehold improvements	20%
Furniture, fixtures and equipment	10% – 20%
Motor vehicles	20%

(iii) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in leasehold land and buildings and other fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

(c) *Assets under leases*

(i) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term or short-term liabilities, as appropriate. The finance charges are charged to the profit and loss account over the lease periods.

2 Principal accounting policies (cont'd)

(c) Assets under leases (cont'd)

(i) Finance leases (cont'd)

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease periods.

(ii) 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. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

(d) Inventories

Inventories represent trading stocks and are stated at the lower of cost and net realisable value. Cost represents purchase price and is determined on a weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(e) Accounts receivable

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

(f) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts.

(g) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(h) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to a defined contribution scheme which is available to all relevant employees. Contributions to the scheme by the Group and employees are calculated as a percentage of employees' basic salaries and are subject to a cap of monthly earnings of HK\$20,000 and thereafter contributions are voluntary. The retirement benefit scheme cost charged to the profit and loss account represents contributions payable by the Group to the fund.

The assets of the scheme are held separately from those of the Company in an independently administered fund.

2 *Principal accounting policies (cont'd)*

(i) *Contingent liabilities and contingent assets*

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(j) *Deferred taxation*

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the new SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in note 19 to the accounts, opening retained earnings at 1 April 2002 and 2003 have been increased by HK\$708,000 and HK\$2,557,000, respectively, which represent the unprovided net deferred tax assets. This change has resulted in an increase in deferred tax assets and deferred tax liabilities at 31 March 2003 by HK\$2,160,000 and HK\$1,195,000, respectively. The loss and amount charged to equity for the year ended 31 March 2003 have been reduced by HK\$1,849,000 and increased by HK\$1,592,000, respectively.

(k) *Revenue recognition*

(i) Revenue from the sale of goods is recognised on the transfer of ownership, which generally coincides with the time of cash receipt for retail sales or the time when the goods are delivered to customers and the title has passed for credit sales, net of returns and discounts given.

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

(l) *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

2 *Principal accounting policies (cont'd)*

(m) *Segment reporting*

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment assets consist primarily of fixed assets, inventories and receivables and mainly exclude operating cash. Segment liabilities comprise operating liabilities and exclude certain corporate borrowings. Capital expenditure comprises additions to fixed assets (note 11), including additions resulting from acquisitions through purchases of subsidiaries (note 12 and 20(c)).

3 *Revenues and turnover*

The Group is principally engaged in the importing and sale of architectural builders hardware and bathroom collections. Revenues recognised during the year are as follows:–

	Group	
	2004	2003
	HK\$'000	HK\$'000
Turnover – sales of goods	153,897	125,186
Other revenue		
Interest income	264	474
Total revenues	<u>154,161</u>	<u>125,660</u>

Primary reporting format – business segments

The Group is organised in Hong Kong into two main business segments:

- Wholesale – importing and wholesale of architectural builders hardware and bathroom collections to dealers, traditional hardware stores, contractors and property developers.
- Retail – sale of architectural builders hardware and bathroom collections through the Group's retail outlets.

3 Revenues and turnover (cont'd)

Primary reporting format – business segments (cont'd)

	Group	
	2004 HK\$'000	2003 HK\$'000 As restated
Segment results		
Turnover		
Wholesale	136,491	112,184
Retail	41,356	34,990
Inter-segment elimination	<u>(23,950)</u>	<u>(21,988)</u>
Total turnover	153,897	125,186
Cost of goods sold		
Wholesale	102,431	77,161
Retail	26,449	23,146
Inter-segment elimination	<u>(23,950)</u>	<u>(21,988)</u>
Total cost of goods sold	104,930	78,319
Gross profit		
Wholesale	34,060	35,023
Retail	<u>14,907</u>	<u>11,844</u>
Total gross profit	48,967	46,867
Other costs, net of other revenues and other income		
Wholesale	(43,767)	(48,288)
Retail	<u>(19,897)</u>	<u>(21,026)</u>
Total other costs, net of other revenues and other income	(63,664)	(69,314)
Segment operating loss		
Wholesale	(9,707)	(13,265)
Retail	<u>(4,990)</u>	<u>(9,182)</u>
Total operating loss	(14,697)	(22,447)
Finance costs	<u>(56)</u>	<u>(46)</u>
Total operating loss after finance cost	(14,753)	(22,493)
Taxation		
Wholesale	(298)	(250)
Retail	<u>1,172</u>	<u>1,597</u>
Total profit taxes	<u>874</u>	<u>1,347</u>
Loss for the year	<u><u>(13,879)</u></u>	<u><u>(21,146)</u></u>

NOTES TO THE ACCOUNTS (CONT'D)

32

3 Revenues and turnover (cont'd)

Primary reporting format – business segments (cont'd)

	Group	
	2004 HK\$'000	2003 HK\$'000 As restated
Capital expenditure		
Wholesale	354	2,597
Retail	2,475	3,217
Total capital expenditure	<u>2,829</u>	<u>5,814</u>
Depreciation charged to profit and loss account		
Wholesale	1,904	1,689
Retail	2,828	2,424
Total depreciation charged to the profit and loss account	<u>4,732</u>	<u>4,113</u>
Segment assets		
Wholesale	146,592	144,189
Retail	52,679	44,602
Unallocated	32,932	40,618
Inter-segment elimination	(87,608)	(76,178)
Total assets	<u>144,595</u>	<u>153,231</u>
Segment liabilities		
Wholesale	61,036	48,508
Retail	48,456	44,389
Unallocated	–	–
Inter-segment elimination	(87,608)	(76,178)
Total liabilities	<u>21,884</u>	<u>16,719</u>
	<u>122,711</u>	<u>136,512</u>

Secondary reporting format – geographical segments

No geographical analysis of turnover and operating profit is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated trading results of the Group are attributable to markets outside Hong Kong.

4 Operating loss

Operating loss is stated after charging/(crediting) the following:

	Group	
	2004 HK\$'000	2003 HK\$'000
Auditors' remuneration		
– current year	600	590
– under provision in last year	32	–
Depreciation of owned fixed assets	4,483	3,864
Depreciation of fixed assets held under finance leases	249	249
Legal and professional fees	1,348	3,329
Loss on disposal of fixed assets	722	4
Net exchange gains	(837)	(493)
Payments under operating leases for leasehold land and buildings	15,626	13,795
Provision for doubtful debts	1,047	1,843
Write-back of provision for doubtful debts	(466)	–
Provision/(write-back of provision) for slow-moving inventories, included in cost of sales	6,190	(3,913)
Staff costs, including directors' emoluments (<i>note 9</i>)	27,055	29,844
	<u>27,055</u>	<u>29,844</u>

5 Finance costs

	Group	
	2004 HK\$'000	2003 HK\$'000
Interest on bank borrowings	21	14
Interest element of finance leases	35	32
	<u>56</u>	<u>46</u>

NOTES TO THE ACCOUNTS (CONT'D)

34

6 Taxation

- (a) Hong Kong profits tax is calculated at the rate of 17.5% (2003: 16%) on the estimated assessable profits for the year. In 2003, the government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004.

	Group	
	2004 HK\$'000	2003 HK\$'000 As restated
Hong Kong profits tax		
– current year	–	461
– under provision in previous year	19	–
Deferred taxation (<i>note 6(c)</i>)	<u>(893)</u>	<u>(1,808)</u>
Taxation credit	<u>(874)</u>	<u>(1,347)</u>

- (b) The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the taxation rate of 17.5% (2003: 16%) as follows:

	2004 HK\$'000	2003 HK\$'000
Loss before taxation	<u>(14,753)</u>	<u>(22,493)</u>
Calculated at a taxation rate of 17.5% (2003:16%)	(2,582)	(3,599)
Under provision in prior years	19	–
Income not subject to taxation	(46)	(75)
Expenses not deductible for taxation purposes	10	2
Utilisation of prior years unrecognised tax losses	–	(36)
Unrecognised tax losses	1,809	2,280
Differential tax rate on the (loss)/profit of a PRC* subsidiary	(25)	81
Increase in opening net deferred tax assets resulting from an increase in tax rate	<u>(59)</u>	<u>–</u>
Taxation credit	<u>(874)</u>	<u>(1,347)</u>

* People's Republic of China ("PRC")

6 Taxation (cont'd)

(c) The movements in the deferred tax liabilities/(assets) account are as follows:

Deferred tax assets	Group					
	Tax losses		Others		Total	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
At beginning of the year	1,695	222	465	173	2,160	395
Credited to profit and loss account	704	1,473	320	292	1,024	1,765
At the end of the year	<u>2,399</u>	<u>1,695</u>	<u>785</u>	<u>465</u>	<u>3,184</u>	<u>2,160</u>
Deferred tax liabilities	Revaluation of properties					
					2004 HK\$'000	2003 HK\$'000
At beginning of the year					1,527	1,570
Charged/(credited) to profit and loss account					131	(43)
At the end of the year					<u>1,658</u>	<u>1,527</u>
Deferred tax assets	Company					
					Tax losses	
					2004 HK\$'000	2003 HK\$'000
At beginning of the year					146	30
Credited to profit and loss account					—	116
At the end of the year					<u>146</u>	<u>146</u>

Deferred tax assets of approximately HK\$5,091,000 (2003: HK\$3,059,000) in respect of tax losses carried forward have not been recognised as it is not probable that future taxable profit will be available against which the tax losses can be utilised.

7 Loss for the year

Included in the loss for the year is profit of HK\$184,000 (2003 as restated: loss of HK\$1,704,000) which is dealt with in the accounts of the Company.

8 Loss per share

The calculation of basic loss per share is based on the Group's loss for the year of HK\$13,879,000 (2003 as restated: loss of HK\$21,146,000) and on the outstanding number of 200,000,000 shares in issue (2003: 200,000,000 shares) during the year.

Diluted earnings per share was not disclosed as there were no dilutive potential ordinary shares.

9 Staff costs

	Group	
	2004 HK\$'000	2003 HK\$'000
Wages and salaries	25,894	28,571
Pension costs – defined contribution plans	1,161	1,273
	<u>27,055</u>	<u>29,844</u>

10 Directors' and senior management's emoluments

(a) Directors' remuneration

Emoluments of the directors of the Company during the year are as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Fees (i)	240	240
Other emoluments		
– Basic salaries and allowances	6,616	8,772
– Retirement scheme contributions	82	96
	<u>6,938</u>	<u>9,108</u>

(i) The fees were paid to the two independent non-executive directors during the year.

The emoluments of the directors fell within the following bands:

Emolument bands	Number of directors	
	2004	2003
HK\$Nil – HK\$1,000,000	6**	3**
HK\$1,000,001 – HK\$1,500,000	0	5
HK\$1,500,001 – HK\$2,000,000	3	1

** Include the two independent non-executive directors.

Mr. LEE Chi Wah, Rhodes, resigned as a director of the Company on 17 July 2003. Mr. LEE entered into an agreement with the Company to terminate the service contract between him and the Company and waive the respective parties' rights as set out in the service contract.

Except for the above, no director waived or agreed to waive their emoluments in respect of the years ended 31 March 2004 and 2003.

10 *Directors' and senior management's emoluments (cont'd)*

(b) *Five highest paid individuals*

The five individuals whose emoluments were the highest in the Group for the year include three (2003: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2003: one) individuals during the year are as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Basic salaries and allowances	2,880	2,700
Retirement scheme contributions	24	96
	<u>2,904</u>	<u>2,796</u>

The emoluments fell within the following bands:

Emolument bands	Number of individuals	
	2004	2003
HK\$1,000,001 – HK\$1,500,000	<u>2</u>	<u>1</u>

11 Fixed assets

	Group					Total
	Land and buildings under long leases in Hong Kong	Land and buildings under long leases in the PRC (Note (b))	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation						
At 1 April 2003	14,000	1,773	19,607	14,505	2,713	52,598
Additions	–	–	2,404	225	200	2,829
Disposals	–	–	(1,499)	–	–	(1,499)
At 31 March 2004	14,000	1,773	20,512	14,730	2,913	53,928
Accumulated depreciation						
At 1 April 2003	586	13	10,973	9,805	1,458	22,835
Charge for the year	196	35	2,755	1,339	407	4,732
Disposals	–	–	(777)	–	–	(777)
At 31 March 2004	782	48	12,951	11,144	1,865	26,790
Net book value						
At 31 March 2004	13,218	1,725	7,561	3,586	1,048	27,138
At 31 March 2003	13,414	1,760	8,634	4,700	1,255	29,763
The analysis of the cost or valuation of the above assets at 31 March 2004 is as follows:						
At cost	–	1,773	20,512	14,730	2,913	39,928
At 2004 professional valuation (note a)	14,000	–	–	–	–	14,000
	14,000	1,773	20,512	14,730	2,913	53,928

- (a) The leasehold land and buildings were revalued by Vigers Hong Kong Limited, an independent firm of professional valuers, at 31 January 2000 on the basis of open market value. The revaluation surplus net of applicable deferred income taxes was credited to fair value and revaluation reserve in shareholders' equity (note 19). The directors have engaged A.G. Wilkinson & Associates to review the carrying value of leasehold land and buildings as at 31 March 2004 on the basis of open market value and is of the opinion that there is no material change in the carrying value of the assets since the date of the previous valuation. The carrying amount of the property would have been approximately HK\$3,717,000 (2003: HK\$3,801,000) had they been stated at cost less accumulated depreciation.
- (b) The directors have reviewed the carrying value of the properties in the PRC as at 31 March 2004 and are of the opinion that there was no material difference between the cost of the property acquired by the Group and the carrying value of the asset as at 31 March 2004.
- (c) At 31 March 2004, the cost less accumulated depreciation of fixed assets held by the Group under finance leases amounted to approximately HK\$747,000 (2003: HK\$996,000).

12 Investment in subsidiaries

	Company	
	2004 HK\$'000	2003 HK\$'000
Unlisted shares/ investments, at cost	<u>90,917</u>	<u>90,917</u>

Particulars of the subsidiaries as at 31 March 2004 are as follows:

Name	Country/place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Principal activities and place of operation	Equity interest held
Interest held directly:—				
E. Bon (BVI) Holdings Limited	British Virgin Islands	50,000 ordinary shares of US\$1 each	Investment holding in Hong Kong	100%
Interests held indirectly:—				
Asia Bon Company Limited	Hong Kong	100,000 ordinary shares of HK\$1 each	Property holding in Hong Kong	100%
E. Bon Building Materials Company Limited	Hong Kong	6,000 ordinary shares of HK\$1,000 each	Importing and sale of architectural builders hardware and bathroom collections in Hong Kong	100%
Right Century Limited	Hong Kong	1,000 ordinary shares of HK\$1 each	Retail of bathroom accessories and decoration materials in Hong Kong	100%
Sunny Building and Decoration Materials Company Limited	Hong Kong	6,000 ordinary shares of HK\$1,000 each	Retail of architectural builders hardware and bathroom collections in Hong Kong	100%
Shanghai Tech Pro International Trading Co., Ltd. (limited liability company)	People's Republic of China	US\$300,000	Importing and sale of architectural builders hardware and bathroom collections in mainland China	100%
Twinwood Venture Limited	British Virgin Islands	1 ordinary share of US\$1 each	Investment holding in Hong Kong	100%

NOTES TO THE ACCOUNTS (CONT'D)

40

12 Investment in subsidiaries (cont'd)

Name	Country/place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Principal activities and place of operation	Equity interest held
Interests held indirectly:- (cont'd)				
H2O (Pro) Limited	Hong Kong	2 ordinary shares of HK\$1 each	Importing and sale of bathroom collections in Hong Kong	100%
Massford Holdings Limited	British Virgin Islands	1 ordinary share of US\$1 each	Investment holding in Hong Kong	100%
Techpro Trading Limited	Hong Kong	2 ordinary shares of HK\$1 each	Importing and sale of architectural builders hardware in Hong Kong	100%
Massford (Hong Kong) Limited	Hong Kong	2 ordinary shares of HK\$1 each	Supplying architectural builders hardware and bathroom collections for property development in Hong Kong	100%
Bonco Ironmongery Limited	Hong Kong	2 ordinary shares of HK\$1 each	Importing and sale of architectural builders hardware in Hong Kong	100%
Kitchen Pro Limited	Hong Kong	2 ordinary shares of HK\$1 each	Importing and sale of kitchen fittings in Hong Kong	100%
D.I.Y. Limited	Hong Kong	2 ordinary shares of HK\$100 each	Handling of the human resources planning and development activities of the Group	100%
Sanfield Properties Limited	Hong Kong	2 ordinary shares of HK\$1 each	Property holding in mainland China	100%
Tech Pro (China) Limited	Hong Kong	2 ordinary shares of HK\$1 each	Importing and sale of architectural builders hardware in mainland China	100%
Bonlex Properties Limited (Acquired on 18 March 2003)	Hong Kong	9,998 ordinary shares of HK\$1 each	Property holding in mainland China	98%

13 *Amounts due from/(to) subsidiaries and a related company*

The amounts are unsecured, interest-free and repayable on demand.

14 *Inventories*

	Group	
	2004 HK\$'000	2003 HK\$'000
Inventories	67,773	68,584
Less: Provision for slow-moving inventories	(31,596)	(25,406)
	<u>36,177</u>	<u>43,178</u>

At 31 March 2004, the carrying amount of inventories that are carried at net realisable value amounted to HK\$5,620,000 (2003: HK\$7,069,000).

15 *Trade receivables, other receivables, deposits and prepayments*

Included in the balance are trade receivables and their ageing analysis is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
0 – 30 days	11,293	6,181
31-60 days	6,821	3,346
61-90 days	3,142	3,982
Over 90 days	26,001	25,924
	<u>47,257</u>	<u>39,433</u>
Provision for doubtful debts	(12,332)	(11,751)
	<u>34,925</u>	<u>27,682</u>

The majority of the Group's sales are with credit terms of 30 to 90 days. The remaining amounts are on letter of credit or document against payment.

16 *Trade payables, accruals and deposits received*

Included in the balance are trade payables and their ageing analysis is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
0 – 30 days	6,289	4,541
31-60 days	3,294	877
61-90 days	866	584
Over 90 days	355	422
	<u>10,804</u>	<u>6,424</u>

NOTES TO THE ACCOUNTS (CONT'D)

42

17 Share capital

	Company	
	2004 HK\$'000	2003 HK\$'000
<i>Authorised</i>		
1,000,000,000 ordinary shares at HK\$0.1	<u>100,000</u>	<u>100,000</u>
<i>Issued and fully paid</i>		
200,000,000 ordinary share at HK\$0.1	<u>20,000</u>	<u>20,000</u>

18 Non-current liabilities

	Group	
	2004 HK\$'000	2003 HK\$'000 As restated
Obligations under finance leases	634	880
Less: amounts payable within one year shown under current liabilities	<u>246</u>	<u>246</u>
	388	634
Deferred tax liabilities (note 6(c))	<u>1,658</u>	<u>1,527</u>
	<u>2,046</u>	<u>2,161</u>

19 Reserves

(a) Group

	Share premium HK\$'000	Revaluation reserve HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2002							
As previously reported	41,261	9,947	6,979	2,896	(44)	77,495	138,534
Effect of adopting SSAP 12	-	(1,592)	-	-	-	708	(884)
As restated	<u>41,261</u>	<u>8,355</u>	<u>6,979</u>	<u>2,896</u>	<u>(44)</u>	<u>78,203</u>	<u>137,650</u>
Exchange difference	-	-	-	-	8	-	8
Loss for the year	-	-	-	-	-	(21,146)	(21,146)
At 31 March 2003	<u>41,261</u>	<u>8,355</u>	<u>6,979</u>	<u>2,896</u>	<u>(36)</u>	<u>57,057</u>	<u>116,512</u>
At 1 April 2003							
As previously reported	41,261	9,947	6,979	2,896	(36)	54,500	115,547
Effect of adopting SSAP 12	-	(1,592)	-	-	-	2,557	965
As restated	<u>41,261</u>	<u>8,355</u>	<u>6,979</u>	<u>2,896</u>	<u>(36)</u>	<u>57,057</u>	<u>116,512</u>
Exchange difference	-	-	-	-	78	-	78
Loss for the year	-	-	-	-	-	(13,879)	(13,879)
At 31 March 2004	<u>41,261</u>	<u>8,355</u>	<u>6,979</u>	<u>2,896</u>	<u>42</u>	<u>43,178</u>	<u>102,711</u>

19 Reserves (cont'd)

(b) Company

	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2002			
As previously reported	130,078	3,890	133,968
Effect of adopting SSAP 12	–	30	30
As restated	130,078	3,920	133,998
Loss for the year	–	(1,704)	(1,704)
At 31 March 2003	<u>130,078</u>	<u>2,216</u>	<u>132,294</u>
At 1 April 2003			
As previously reported	130,078	2,070	132,148
Effect of adopting SSAP 12	–	146	146
As restated	130,078	2,216	132,294
Loss for the year	–	184	184
At 31 March 2004	<u>130,078</u>	<u>2,400</u>	<u>132,478</u>

20 Notes to cash flow statement

(a) Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	Group	
	2004 HK\$'000	2003 HK\$'000
Operating loss	(14,697)	(22,447)
Interest income	(264)	(474)
Depreciation of owned fixed assets	4,483	3,864
Depreciation of fixed assets held under finance leases	249	249
Loss on disposal of fixed assets	722	4
Operating loss before working capital changes	<u>(9,507)</u>	<u>(18,804)</u>
Decrease in inventories	7,001	2,045
(Increase)/decrease in trade receivables, other receivables, deposits and prepayments	(7,652)	28,984
Increase in trade payables, accruals and deposits received and bills payable	5,396	1,067
Effect on foreign exchange rate changes, net	78	8
Net cash (outflow)/inflow from operating activities	<u>(4,684)</u>	<u>13,300</u>

NOTES TO THE ACCOUNTS (CONT'D)

44

20 Notes to cash flow statement (cont'd)

(b) Analysis of changes in financing during the year

	Obligations under finance leases	
	2004 HK\$'000	2003 HK\$'000
Balance brought forward	880	–
Repayment of capital element of finance leases	(246)	(365)
Inception of finance leases	–	1,245
	<u> </u>	<u> </u>
Balance carried forward	<u>634</u>	<u>880</u>

(c) Purchase of subsidiaries

	2004	2003
	HK\$'000	HK\$'000
Net assets acquired		
Fixed assets	–	960
	<u> </u>	<u> </u>
	<u>–</u>	<u>960</u>
Satisfied by		
Cash	–	960
	<u> </u>	<u> </u>
	<u>–</u>	<u>960</u>

The subsidiaries acquired in last year did not contribute to the Group's net operating cash flows, did not make payment in respect of the net returns on investments, servicing of finance, taxation and investing activities.

(d) Analysis of the net outflow in respect of the purchase of subsidiaries:

	2004	2003
	HK\$'000	HK\$'000
Cash consideration	–	960
	<u> </u>	<u> </u>
Net cash outflow in respect of the purchase of subsidiaries	<u>–</u>	<u>960</u>

(e) Major non-cash transactions

In last year, the Group entered into finance lease arrangements in respect of fixed assets with total capital value at the inception of the leases of HK\$1,245,000. No finance leases were entered into by the Group during the year.

21 Contingent liabilities

- (a) In August 2001, a subsidiary of the Company ("the Subsidiary") sued one of its customers ("the Defendant") for recovery of an amount of approximately HK\$5,333,000 in respect of goods sold and delivered to the Defendant. In September 2001, the Defendant filed a counter-claim in a sum of approximately HK\$6,148,000 against the Subsidiary for the alleged losses and damages as a result of the alleged breach of the supply agreement entered into between the Defendant and the Subsidiary. The proceedings are still in the pleadings stage and the directors of the Company, on the basis of independent legal advice obtained, consider the Subsidiary has a good arguable case against the Defendant for the counter-claim and accordingly no provision in respect of the amount of the counter-claim has been made in the accounts of the Group.
- (b) As at 31 March 2004, the Group had indemnities in respect of performance bonds amounting to approximately HK\$29,000 (2003: HK\$322,000) given to a customer in respect of commitments for the supply of goods to such customer.
- (c) As at 31 March 2004, the Company had guarantees given to certain banks for banking facilities utilised by certain subsidiaries to the extent of approximately HK\$17,000,000.

Apart from the above, the Group and the Company had no material litigation or contingent liabilities as at 31 March 2004 and up to the date of the approval of these accounts.

22 Commitments

Commitments under operating leases

As at 31 March 2004, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000
Not later than one year	15,240	13,730
Later than one year and not later than five years	11,142	20,428
	<u>26,382</u>	<u>34,158</u>

The Company did not have any capital or operating lease commitments at 31 March 2004 (2003: Nil).

23 Related party transactions

During the year, the Group undertook the following material transactions with Negotiator Consultants Limited ("NCL"), a company in which Mr. TSE Sun Fat, Henry, Mr. TSE Sun Po, Tony, Mr. TSE Sun Lung, Alan, Mr. WONG Tin Cheung, Ricky and a former director namely, Mr. LEE Chi Wah, Rhodes, have beneficial interests, in the normal course of business at terms mutually agreed between the Group and NCL:

	Group	
	2004 HK\$'000	2003 HK\$'000
Rental expense paid to NCL	2,500	2,729

24 Ultimate holding company

The directors regard Bache Hill Group Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company.

25 Approval of accounts

The accounts were approved by the board of directors on 13 July 2004.