

BOARD OF DIRECTORS

Chan Chung Yee, Hubert (*Chairman*)
Chan Chung Yin, Roy
Chan Man Min
Yeh Yui Fong
Tsui Hon Wing
Kwok Cheuk Tim, Rockie
Chan Ming Him, Denny
Wu Kwok Lam AHKSA, FCCA
Chu Chor Lup*
Chiu Ngar Wing FCCA, AHKSA, CPA*

* Independent non-executive director

COMPANY SECRETARY

Wu Kwok Lam A.H.K.S.A., F.C.C.A

REGISTERED OFFICE

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman, Cayman Islands
British West Indies

PRINCIPAL OFFICE

2nd Floor,
Nos. 55 and 57 Hennessy Road
Wanchai
Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
36C Bermuda House
3rd Floor, P.O. Box 513 GT
Dr. Ray's Drive
George Town, Grand Cayman
Cayman Islands
British West Indies

AUDITORS

Li, Tang, Chen & Co
Certified Public Accountants

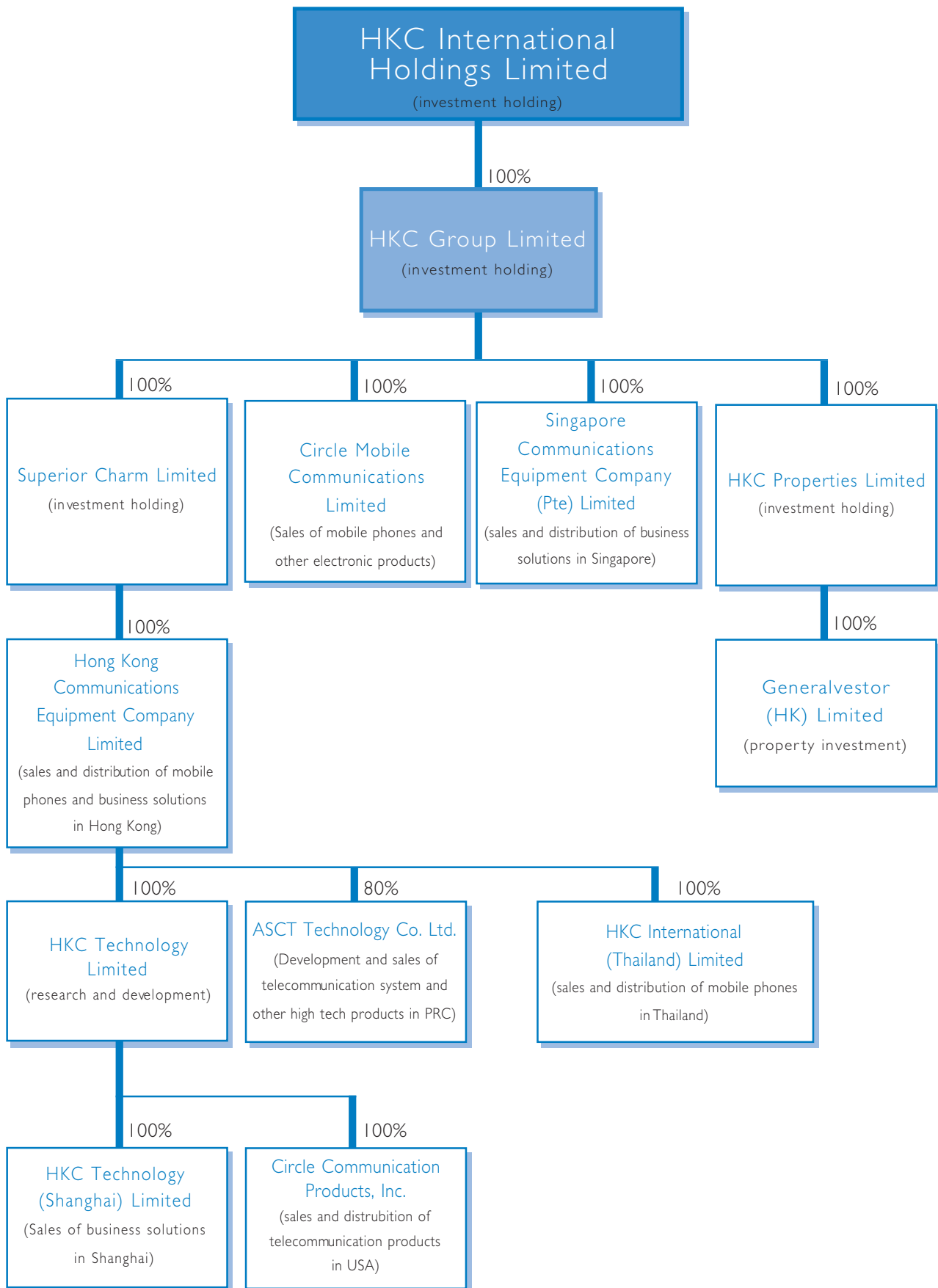
HONG KONG BRANCH REGISTRAR

Pilare Limited
10th Floor, Sun Hung Kai Centre
30 Harbour Road
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central,
Hong Kong

Wing Hang Bank, Limited
161 Queen's Road Central
Hong Kong



PROFIT FOR THE YEAR

For the year ended 31st March 2004, the Group's turnover increased by 16% to HK\$954 million (2003: 821 million) and net profit decreased by 95% to HK\$0.5 million (2003: HK\$10.9 million) in comparison with the last year. During the year under review, an investment property has been sold resulting in a loss of approximately HK\$2 million.

DIVIDEND

The Directors have proposed a final dividend of HK\$0.01 per share. The proposed dividend will be payable on or before 17th September 2004 to shareholders of the Company whose names appear on the branch register of members in Hong Kong ("Register of Members") at the close of business on 10th September 2004 and is subject to approval by the shareholders in the forthcoming annual general meeting.

BUSINESS REVIEW**Sales of mobile phones**

Although the turnover was increased by 16% to HK\$880 million (2003: HK\$758 million), the profit was decreased by about 66 % to HK\$2.3 million (2003: HK\$6.7 million). With the intensive competition in the mobile handset market and the outbreak of SARS in April and May 2003, the profit margin has been greatly eroded, thus adversely affecting the profit.

Sales of business solutions

Due to the set up of a joint venture company in Shanghai and a security system sales team, the turnover was increased by 45% to HK\$45 million (2003: HK\$31 million). However, due to the keen competition and setting up costs of the joint venture company and sales team, this segment recorded a loss of HK\$3.6 million.

Connection services

The saturated penetration rate of the mobile phone service subscribers restricted the growth of the business. The profit for this segment was HK\$0.4 million.

Property investment

The purchase of an investment property last year led to the increase in profit from HK\$1.6 million to HK\$2.2 million when compared with last year.

Installation, repair and maintenance services

The low demand of these services led to the decrease in both turnover and profit. The turnover has reduced by approximately 12% and the profit has decreased by approximately 59% to HK\$2.5 million (2003: HK\$6.2 million).

PROSPECTS

The competition of mobile phone market will be still fierce in coming year. However, we hope that the enhanced features of new mobile phones will help to boost the sales and improve the gross profit margin. We have also expanded our mobile phone distribution business in Thailand, Singapore and Malaysia. As mentioned above, the Group has set up a joint venture company in Shanghai and a security systems sales team in Hong Kong last year. This helps to broaden our customer base and diversify our product portfolio. The rental income, contribution from installation, repair and maintenance services and connection services are expected to be stable.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March 2004, the Group's cash and bank balances amounted to approximately HK\$32 million (2003: HK\$22 million) while the bank borrowing was HK\$30 million (2003: HK\$33 million). The long term bank borrowing is denominated in Hong Kong dollars and is repayable by 120 monthly instalments at a fixed interest rate. The gearing ratio was 15.8 % (2003: 16.6 %) which is expressed as a percentage of total borrowings to shareholders' funds.

As substantial portion of transactions are denominated in Hong Kong dollars, the Group's exposure to exchange fluctuation is low.

CAPITAL EXPENDITURE

The Group invested HK\$4.3 million in furniture, fixtures, equipment and other tangible assets. This was financed from internal resources.

USE OF PROCEEDS OF NEW ISSUE

Up to 31st March 2004, the use of the listing proceeds are analysed as follows:

	Forecast	Actual
	HK\$'000	HK\$'000
Repackaging and expanding the existing stores	5,000	5,000
Setting up sales and distribution network in		
United Kingdom and the United States	4,000	1,000
Expanding the distribution channel in PRC	4,000	1,000
Establishing a joint venture in Shanghai,		
the PRC for provision of		
systems integration services	2,000	2,000
Research and development	8,000	8,000
General working capital	7,500	7,500
	<u>30,500</u>	<u>24,500</u>

The unused balance of approximately HK\$6 million has been placed into short-term bank deposits.

EMPLOYEES

As at 31st March 2004, the total number of employees of the Group was approximately 280 (2003: 300) and the remuneration of employees (excluding directors' emoluments) amounted to HK\$40 million (2003: HK\$41 million). The remuneration and bonus packages are based on the individual merits and performance and are reviewed at least annually. There is a share option scheme in place designed to award employees for their performance at the discretion of the Directors. The Group maintains a good relationship with its employees.

PLEDGE OF ASSETS

At 31st March 2004, certain leasehold land and buildings and investment properties with aggregate carrying values of HK\$4 million (2003: HK\$4 million) and HK\$55 million (2003: HK\$54 million) respectively were pledged to banks to secure banking facilities granted to the Group. In addition, the group's bank deposits of HK\$280,000 (2003: Nil) were pledged to banks to secure the performance bonds.

CONTINGENT LIABILITIES

Corporate guarantees totalling HK\$96 million (2003: HK\$86 million) have been executed to secure banking facilities granted to the subsidiaries.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 6th September 2004 to 10th September 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Share Registrars in Hong Kong, Pilare Limited, at 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not later than 5:00 p.m. on 3rd September 2004.

APPRECIATION

We would like to extend our sincere gratitude to all the staff members of the Group for their contribution and continued support during the year.

EXECUTIVE DIRECTORS

Mr. CHAN Chung Yee, Hubert, aged 44, is the Chairman of the Group. Mr. Chan joined the Group in 1984 and is responsible for the formulations of corporate strategies and business development of the Group. He obtained a bachelor's degree in industrial engineering from the University of Hong Kong. Mr. Chan has over 20 years' experience in the trading and distribution telecommunications equipment. He is currently the vice chairman of Internet & Telecom Association of Hong Kong. Mr. Hubert Chan is the elder brother of Mr. Roy Chan.

Mr. CHAN Chung Yin, Roy, aged 42, has been a director of the Group since 1989. He graduated from the University of Toronto, Canada with a bachelor's degree in computer science. Mr. Chan has over 15 years' experience in the telecommunications industry. He is the younger brother of Mr. Hubert Chan.

Mr. KWOK Cheuk Tim, Rockie, aged 58, has been a sales director of the Group since 1994. He obtained a bachelor's degree in electrical engineering from the University of Hong Kong and postgraduate diploma in business administration from the University of Toronto, Canada. Mr. Rockie Kwok has over 15 years' experience in marketing, sales and operation. He also has international experience in working in Toronto, Beijing and Singapore.

Mr. WU Kwok Lam, aged 42, has been the assistant general manager of the Group since 1989. He has more than 15 years of experience in accounting and financial field. Mr. Wu obtained a master's degree in business administration from Murdoch University, Australia. He is also an associate member of the Hong Kong Society of Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Wu is also the company secretary.

Mr. CHAN Man Min, aged 71, joined the Group in 1971 and has over 30 years' experience in the telecommunication industry. He is the father of Mr. Denny Chan.

Mr. CHAN Ming Him, Denny, aged 45, joined the Group in 1999. He graduated from McMaster University, Canada with a master's degree in engineering. Mr. Chan has over 7 years' experience in the telecommunications industry. He is the son of Mr. Chan Man Min.

Mr. TSUI Hon Wing, aged 57, joined the Group in 1987 and possesses over 30 years' sales and management experience in the intercom, keyphone and closed circuit television systems.

Mr. YEH Yui Fong, aged 70, has been a director of Singapore's subsidiary since 1981. He is responsible for overseeing the business planning and operation in Singapore office. He obtained a master's degree in business administration from the Chinese University of Hong Kong. Mr. Yeh has over 20 years' experience in the telecommunications industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHIU Ngar Wing, aged 50, is a practising accountant. He is an associate member of the Hong Kong Society of Accountants and a fellow member of the Association of Chartered Certified Accountants. He is a director of T.C. Ng & Co, C.P.A. Ltd and has been practising for about 20 years.

Dr. CHU Chor Lup, aged 51, is a practising doctor. He is the fellow members of Hong Kong College of Physician and Hong Kong Academy of Medicine and Royal College of Physician (Glasgow). He has been the member of the Hospital Government Committee since 1997.

SENIOR MANAGEMENT

Mr. KWONG Chiu Fan, Kevin, aged 39, is the chief technology officer of the Group who joined us in 2001. He holds a master's degree of science from Imperial College, University of London and a bachelor's degree of engineering from Hong Kong Polytechnic University. He is a chartered electrical engineer and is a member of the Hong Kong Computer Society and the Institution of Electrical Engineers. He has over 10 years' experience in technical project, product development and management.

Mr. CHOI Chun Yik, aged 43, is the director of sales and marketing of the business solutions division of the Group. He holds a master's degree in business administration from Murdoch University, Australia and joined the Group in 1990 with over 15 years' experience in the telecommunications industry. Mr. Choi is responsible for overseeing the operations of sales, customer services and technical services in the business solutions division.

Mr. WONG Derrick, aged 49, is the general manager of Singapore's subsidiary. He holds a diploma in electrical engineering and a graduate diploma in marketing management. Mr. Wong joined the Group in 1981 and has over 20 years of experience in the telecommunications industry.

Mr. LAU Chuen Kee, aged 42, is the general manager of Shanghai's subsidiary. He joined the Group in 1998 and has over 15 years' experience in the telecommunication industry in PRC.

The directors have pleasure in presenting their annual report and the audited financial statements of the group and the company for the year ended 31st March 2004.

PRINCIPAL ACTIVITIES

The company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 38 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the group for the year ended 31st March 2004 are set out in the consolidated income statement on page 18.

During the year, the company paid a final dividend of HK\$0.01 per ordinary share for the year 2003, totalling HK\$4,348,000.

The directors now recommend the payment of a final dividend of HK\$0.01 per ordinary share to the shareholders of the company whose names appear on the register of members on 10th September 2004 amounting to HK\$4,496,000.

INVESTMENT PROPERTIES

All of the investment properties of the group were revalued at 31st March 2004. The revaluation surplus arising on revaluation, which amounted to HK\$767,000, has been credited to the investment property revaluation reserve.

Details of these movements during the year in the investment properties of the group are set out in note 17 to the financial statements.

Particulars of the investment properties of the group as at 31st March 2004 are set out on page 68.

PROPERTY, PLANT AND EQUIPMENT

All of the leasehold land and buildings were revalued at 31st March 2004. The revaluation surplus arising on revaluation, which amounted to HK\$2,512,000, has been credited to the leasehold property revaluation reserve.

Details of these and other movements during the year in the property, plant and equipment of the group are set out in note 18 to the financial statements.

SHARE CAPITAL

Details of the movements during the year in the share capital of the company are set out in note 28 to the financial statements.

DIRECTORS AND SERVICE CONTRACTS

The directors of the company during the year and up to the date of this report were:

Executive directors:

Chan Chung Yee, Hubert – *Chairman*
Chan Chung Yin, Roy
Chan Man Min
Chan Ming Him, Denny
Kwok Cheuk Tim, Rockie
Tsui Hon Wing
Wu Kwok Lam
Yeh Yui Fong

Independent non-executive directors:

Chiu Ngar Wing
Chu Chor Lup

In accordance with Article 108 of the company's Articles of Association, Messrs. Chan Chung Yin, Roy, Chiu Ngar Wing and Chu Chor Lup will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

None of the directors for re-election at the forthcoming annual general meeting has a service contract with the company or any of its subsidiaries which is not determinable by the group within one year without payment of compensation, other than statutory compensation.

The term of office for each independent non-executive director is one year.

DIRECTORS' INTERESTS IN CONTRACTS

Other than the interests disclosed under the section headed "Connected transactions" below and disclosed in note 37 to the financial statements, no other contracts of significance to which the company or any of its subsidiaries 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' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31st March 2004, the interests and short positions of the directors and chief executive of the company in the shares, underlying shares or debentures of the company or its associated corporations (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the company and The Stock Exchange of Hong Kong Limited ("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 which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), to be notified to the company and the Stock Exchange were as follows:

Name of director	The company/ associated corporation	Capacity/nature of interest	Number and class of securities <i>(Note 1)</i>	Percentage of interests in the issued share capital as at 31st March 2004
Chan ChungYee Hubert	The company	Founder of a trust	226,176,575 ordinary shares (each a "Share") of HK\$0.01 each (L) <i>(Note 2)</i>	50.30%
	The company	Beneficial owner	4,300,000 Shares (L) <i>(Note 7)</i>	0.96%
	Matrix World Group Limited	Founder of a trust	1 share of US\$1.00 each (L)	100%
Chan ChungYin Roy	The company	Founder of a trust	68,417,400 Shares (L) <i>(Note 3)</i>	15.22%
	The company	Beneficial owner	2,000,000 Shares (L) <i>(Note 7)</i>	0.44%
Chan Man Min	The company	Interest of controlled corporation	24,709,650 Shares (L) <i>(Note 4)</i>	5.50%
	The company	Beneficial owner	1,000,000 Shares (L) <i>(Note 7)</i>	0.22%
Yeh Yui Fong	The company	Interest of controlled corporation	2,681,550 Shares (L) <i>(Note 5)</i>	0.60%
	The company	Beneficial owner	1,000,000 Shares (L) <i>(Note 7)</i>	0.22%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS — continued

Name of director	The company/ associated corporation	Capacity/nature of interest	Number and class of securities <i>(Note 1)</i>	Percentage of interests in the issued share capital as at 31st March 2004
Tsui Hon Wing	The company	Beneficial owner	2,939,200 Shares (L) <i>(Notes 6 and 7)</i>	0.65%
Kwok Cheuk Tim Rockie	The company	Beneficial owner	2,000,000 Shares (L) <i>(Note 7)</i>	0.44%
Chan Ming Him Denny	The company	Beneficial owner	1,000,000 Shares (L) <i>(Note 7)</i>	0.22%
Wu Kwok Lam	The company	Beneficial owner	1,000,000 Shares (L) <i>(Note 7)</i>	0.22%

Notes:

- 1 The letter "L" represents the director's interests in the shares and underlying shares of the company or its associated corporations.
- 2 Of these Shares, 8,484,848 Shares were held by Light Emotion Limited, a company wholly owned by Matrix World Group Limited and 217,691,727 Shares were held by Matrix World Group Limited, a company wholly owned by Newcourt Trustees Limited as the trustee of a discretionary trust of which Mr. Chan Chung Yee Hubert is the founder (within the meaning ascribed to it under Part XV of the SFO). By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Matrix World Group Limited was deemed to be interested in the Shares held by Light Emotion Limited and Mr. Chan Chung Yee Hubert was deemed to be interested in the Shares in which Matrix World Group Limited was interested.
3. These Shares were held by Star Global International Limited, a company wholly owned by Newcourt Trustees Limited as the trustee for a discretionary trust of which Mr. Chan Chung Yin Roy is the founder (within the meaning ascribed to it under Part XV of the SFO). By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Mr. Chan Chung Yin Roy was deemed to be interested in the Shares held by Star Global International Limited.
4. These Shares were held by Ocean Hope Group Limited, a company wholly owned by Mr. Chan Man Min. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Mr. Chan Man Min was deemed to be interested in the Shares held by Ocean Hope Group Limited.
5. These Shares were held by CIT Company Limited, a company wholly owned by Mr. Yeh Yui Fong and his wife in equal share. By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Mr. Yeh Yui Fong was deemed to be interested in the Shares held by CIT Company Limited.
6. Of these Shares, 1,000,000 Shares represented the Shares that would fall to be allotted and issued upon exercise in full of the option granted to Mr. Tsui Hon Wing under the share option scheme of the company. Please refer to note 7 below for details.
7. These respective number of Shares that would fall to be allotted and issued upon exercise in full of the options granted to each of Mr. Chan Chung Yee Hubert, Mr. Chan Chung Yin Roy, Mr. Chan Man Min, Mr. Yeh Yui Fong, Mr. Tsui Hon Wing, Mr. Kwok Cheuk Tim Rockie, Mr. Chan Ming Him Denny and Mr. Wu Kwok Lam under the share option scheme of the company which was adopted pursuant to a resolution in writing passed by all shareholders of the company on 23rd October 2001. These options, all of which remained exercisable as at 31st March 2004, were exercisable at the subscription price of HK\$0.17 per Share at any time during a period of two years commencing from and including 21st February 2003 to 20th February 2005.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS — continued

Save as disclosed above, as at 31st March 2004, none of the directors and chief executive of the company had any interest and short positions in the share, underlying shares and debentures of the company or its associated corporations (within the meaning 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 which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' interests and short positions in shares, underlying shares and debentures of the company and its associated corporations" above and in the share option scheme disclosures below and in note 29 to the financial statements, at no time during the year or up to the date of this report were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTIONS

Particulars of the company's share option scheme are set out in note 29 to the financial statements.

At 31st March 2004, the number of shares in respect of which options had been granted under the scheme was 13,300,000, representing approximately 3% of shares of the company in issue at that date.

The following table discloses movements in the company's share options during the year:—

	Exercisable period	Exercise price per share HK\$	Outstanding at 1st April 2003	Lapsed during the year	Granted during the year	Outstanding at 31st March 2004
Directors:						
Chan Chung Yee, Hubert	21.2.2003 – 20.2.2005	0.17	4,300,000	–	–	4,300,000
Chan Chung Yin, Roy	21.2.2003 – 20.2.2005	0.17	2,000,000	–	–	2,000,000
Chan Man Min	21.2.2003 – 20.2.2005	0.17	1,000,000	–	–	1,000,000
Chan Ming Him, Denny	21.2.2003 – 20.2.2005	0.17	1,000,000	–	–	1,000,000
Kwok Cheuk Tim, Rockie	21.2.2003 – 20.2.2005	0.17	2,000,000	–	–	2,000,000

SHARE OPTIONS — continued

	Exercisable period	Exercise price per share HK\$	Outstanding at 1st April 2003	Lapsed during the year	Granted during the year	Outstanding at 31st March 2004
Directors:						
Tsui Hon Wing	21.2.2003 – 20.2.2005	0.17	1,000,000	–	–	1,000,000
Wu Kwok Lam	21.2.2003 – 20.2.2005	0.17	1,000,000	–	–	1,000,000
Yeh Yui Fong	21.2.2003 – 20.2.2005	0.17	1,000,000	–	–	1,000,000
			13,300,000	–	–	13,300,000
Employees	23.5.2002 – 23.11.2003	0.38	3,800,000	(3,800,000)	–	–
Customers	23.5.2002 – 30.6.2003	0.38	6,500,000	(6,500,000)	–	–
			23,600,000	(10,300,000)	–	13,300,000

CONNECTED TRANSACTIONS

During the year, the group had certain transactions with related parties, details of which are set out in note 37 to the financial statements.

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

For the year ended 31st March 2004, the aggregate turnover attributable to the group's five largest customers accounted for approximately 61% of the group's total turnover and the sales attributable to the group's largest customer was approximately 42% of the total sales. The aggregate purchases attributable to the group's five largest suppliers accounted for approximately 91% of the group's total purchases and the purchases attributable to the group's largest supplier was approximately 88% of the total purchases.

None of the directors of the company, any of their associates or any shareholders (which to the best knowledge of the directors owns more than 5% of the company's share capital) has any beneficial interest in any of the group's five largest customers or five largest suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the company's listed shares by the company or any of its subsidiaries during the year.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

As at 31st March 2004, the following persons, other than a director or chief executive of the company, had an interest or a short position in the shares and underlying shares in the company as recorded in the register required to be kept under section 336 of the SFO:

Name of person	Number of ordinary shares (each a "Share") of HK\$0.01 each (Note 1)	Capacity/nature of interest	Percentage of interests in the issued share capital as at 31st March 2004
Matrix World Group Limited (Note 2)	217,691,727 (L)	Beneficial owner	48.41%
	8,484,848 (L)	Interest of controlled corporation	1.89%
Star Global International Limited (Note 3)	68,417,000 (L)	Beneficial owner	15.22%
Ocean Hope Group Limited (Note 4)	24,709,650 (L)	Beneficial owner	5.50%
Newcourt Trustees Limited (Notes 2 and 3)	294,593,975 (L)	Trustee	65.52%

Notes:

- The letter "L" represents the person's interests in Shares.
- 8,484,848 Shares were held by Light Emotion Limited, a company wholly owned by Matrix World Group Limited and 217,691,727 Shares were held by Matrix World Group Limited, a company wholly owned by Newcourt Trustees Limited as the trustee of a discretionary trust of which Mr. Chan Chung Yee, Hubert is the founder (within the meaning ascribed to it under Part XV of the SFO). By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Matrix World Group Limited was deemed to be interested in the Shares held by Light Emotion Limited and Newcourt Trustees Limited was deemed to be interested in the Shares in which Matrix World Group Limited was interested.
- Star Global International Limited was a company wholly owned by Newcourt Trustees Limited as the trustee for a discretionary trust of which Mr. Chan Chung Yin, Roy is the founder (within the meaning ascribed to it under Part XV of the SFO). By virtue of the provisions of Divisions 7 and 8 of Part XV of the SFO, Newcourt Trustees Limited was deemed to be interested in the Shares held by Star Global International Limited.
- Ocean Hope Group Limited is a company wholly owned by Mr. Chan Man Min.

Save as disclosed above, as at 31st March 2004, no person, other than a director or chief executive of the company, had an interest or a short position in the shares and underlying shares in the company as recorded in the register required to be kept under section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the company's Articles of Association or the laws of the Cayman Islands which would oblige the company to offer new shares on a pro-rata basis to existing shareholders.

DONATION

During the year, the group made a charitable donation of HK\$200,000.

CORPORATE GOVERNANCE

The company had complied throughout the year ended 31st March 2004 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

AUDIT COMMITTEE

The company established an audit committee on 12th September 2001 with written terms of reference in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the group.

The company's audit committee comprises two independent non-executive directors namely, Mr. Chiu Ngar Wing and Dr. Chu Chor Lup.

AUDITORS

Li, Tang, Chen & Co. were appointed as auditors of the company on 17th February 2004 upon the resignation of Deloitte Touche Tohmatsu. There were no other changes in auditors during the past three years.

Li, Tang, Chen & Co. will retire at the forthcoming annual general meeting and a resolution for their reappointment as auditors of the company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan Chung Yee, Hubert

Chairman

Hong Kong, 23rd July 2004



TO THE SHAREHOLDERS OF
HKC INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 18 to 66 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements 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 financial statements 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, 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 financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31st March 2004 and of the profit 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.

Li, Tang, Chen & Co.
Certified Public Accountants

Hong Kong, 23rd July 2004

CONSOLIDATED INCOME STATEMENT

ANNUAL REPORT 2004

For the year ended 31st March 2004

	Note	2004 HK\$'000	2003 HK\$'000 (Restated)
TURNOVER	4	954,137	821,405
Cost of sales		(874,440)	(731,428)
GROSS PROFIT		79,697	89,977
Other operating income	6	1,147	754
Selling and distribution costs		(7,773)	(9,264)
Administrative and other operating expenses		(68,164)	(65,247)
Impairment loss recognised in respect of investments in securities	7	–	(2,000)
Impairment loss recognised in respect of goodwill		–	(471)
Amortisation of goodwill arising on acquisition of subsidiaries		(429)	–
Loss on disposal of investment properties		(2,053)	–
PROFIT FROM OPERATIONS	8	2,425	13,749
Finance costs	9	(864)	(267)
PROFIT BEFORE TAXATION		1,561	13,482
TAX EXPENSE	12	(1,340)	(2,708)
PROFIT BEFORE MINORITY INTERESTS		221	10,774
MINORITY INTERESTS		302	93
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	13	523	10,867
DIVIDEND	14	4,348	8,660
EARNINGS PER SHARE – (HK CENTS)			
– basic	15	0.1 cent	2.5 cents
– diluted	15	0.1 cent	2.5 cents

	Notes	THE GROUP		THE COMPANY	
		2004 HK\$'000	2003 HK\$'000 (Restated)	2004 HK\$'000	2003 HK\$'000
NON-CURRENT ASSETS					
Goodwill	16	3,859	–	–	–
Investment properties	17	75,946	85,338	–	–
Property, plant and equipment	18	54,888	50,470	–	–
Interests in subsidiaries	19	–	–	199,024	186,693
Investments in securities	20	6,640	2,000	–	–
Club debentures		335	335	–	–
Deferred tax assets	27	58	–	–	–
		<u>141,726</u>	<u>138,143</u>	<u>199,024</u>	<u>186,693</u>
CURRENT ASSETS					
Inventories	21	51,689	65,645	–	–
Debtors, deposits and prepayments	22	41,313	34,534	–	–
Amounts due from related companies	23	1,825	6,191	–	–
Investments in securities	20	3,862	7,741	3,862	7,741
Taxation recoverable		3,324	2,696	–	–
Pledged bank deposits	35	280	–	–	–
Bank balances and cash		32,473	22,030	259	1,014
		<u>134,766</u>	<u>138,837</u>	<u>4,121</u>	<u>8,755</u>
CURRENT LIABILITIES					
Creditors and accrued charges	24	43,541	44,309	–	–
Taxation payable		743	572	–	–
Obligations under finance leases	25	47	44	–	–
Bank borrowings	26	3,187	3,098	–	–
		<u>47,518</u>	<u>48,023</u>	<u>–</u>	<u>–</u>
NET CURRENT ASSETS		<u>87,248</u>	<u>90,814</u>	<u>4,121</u>	<u>8,755</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>228,974</u>	<u>228,957</u>	<u>203,145</u>	<u>195,448</u>
NON-CURRENT LIABILITIES					
Obligations under finance leases	25	4	49	–	–
Bank borrowings	26	27,218	30,308	–	–
Deferred tax liabilities	27	6,254	5,248	–	–
		<u>33,476</u>	<u>35,605</u>	<u>–</u>	<u>–</u>
MINORITY INTERESTS		<u>557</u>	<u>378</u>	<u>–</u>	<u>–</u>
		<u>194,941</u>	<u>192,974</u>	<u>203,145</u>	<u>195,448</u>

As at 31st March 2004

	Notes	THE GROUP		THE COMPANY	
		2004 HK\$'000	2003 HK\$'000 (Restated)	2004 HK\$'000	2003 HK\$'000
CAPITAL AND RESERVES					
Share capital	28	4,496	4,348	4,496	4,348
Reserves	30	190,445	188,626	198,649	191,100
		194,941	192,974	203,145	195,448

The financial statements on pages 18 to 66 were approved and authorised for issue by the board of directors on 23rd July 2004 and are signed on its behalf by:

Chan Chung Yee, Hubert
Director

Chan Chung Yin, Roy
Director

	Share capital	Share premium	Capital reserve	Investment property revaluation reserve	Leasehold property revaluation reserve	Translation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2002								
As previously reported	4,330	26,900	28,325	13,306	27,856	(67)	98,407	199,057
Prior year adjustment: SSAP 12 (revised) "Income taxes" (notes 2 and 39)	–	–	–	–	(4,843)	–	(554)	(5,397)
As restated	4,330	26,900	28,325	13,306	23,013	(67)	97,853	193,660
Revaluation surplus/ (deficit)	–	–	–	(3,841)	307	–	–	(3,534)
Reversal of deferred tax liabilities arising on reclassification of leasehold properties to investment properties	–	–	–	–	293	–	–	293
Deferred tax liabilities charged	–	–	–	–	(40)	–	–	(40)
Exchange difference on translation of overseas operations	–	–	–	–	–	31	–	31
Shares issued pursuant to scrip dividend scheme	18	339	–	–	–	–	–	357
Net profit for the year (as restated)	–	–	–	–	–	–	10,867	10,867
Dividend paid	–	–	–	–	–	–	(8,660)	(8,660)
At 31st March 2003 (as restated)	4,348	27,239	28,325	9,465	23,573	(36)	100,060	192,974
Revaluation surplus	–	–	–	767	2,512	–	–	3,279
Reclassification	–	–	–	(2,726)	2,726	–	–	–
Deficit on revaluation released upon disposal of investment properties	–	–	–	852	–	–	–	852
Deferred tax liabilities charged	–	–	–	–	(437)	–	–	(437)
Deferred tax charge due to change in tax rate	–	–	–	–	(430)	–	–	(430)
Exchange difference on translation of overseas operations	–	–	–	–	–	84	–	84
Shares issued pursuant to scrip dividend scheme	148	2,296	–	–	–	–	–	2,444
Net profit for the year	–	–	–	–	–	–	523	523
Dividend paid	–	–	–	–	–	–	(4,348)	(4,348)
At 31st March 2004	4,496	29,535	28,325	8,358	27,944	48	96,235	194,941

CONSOLIDATED CASH FLOW STATEMENT

ANNUAL REPORT 2004

For the year ended 31st March 2004

	Note	2004 HK\$'000	2003 HK\$'000
OPERATING ACTIVITIES			
Profit from operations		2,425	13,749
Adjustments for:			
Interest income		(299)	(265)
Depreciation and amortisation of property, plant and equipment		3,888	2,862
Amortisation of goodwill		429	–
Impairment loss recognised in respect of investments in securities		–	2,000
Impairment loss recognised in respect of goodwill		–	471
Loss/(gain) on disposal of property, plant and equipment		963	(80)
Loss on disposal of investment properties		2,053	–
		<u>9,459</u>	<u>18,737</u>
Operating cash flow before movements in working capital		9,459	18,737
Decrease/(increase) in inventories		16,145	(24,405)
(Increase)/decrease in debtors, deposits and prepayments		(5,169)	7,092
Decrease in amounts due from related companies		5,516	278
(Decrease)/increase in creditors and accrued charges		(8,657)	12,948
Decrease in bills payable		–	(412)
Exchange adjustments		(199)	(11)
		<u>17,095</u>	<u>14,227</u>
Net cash generated from operations		17,095	14,227
Interest received		299	265
Interest paid		(857)	(260)
Interest on finance leases		(7)	(7)
Tax paid:			
Hong Kong		(1,661)	(773)
Overseas		(87)	–
		<u>14,782</u>	<u>13,452</u>
NET CASH FROM OPERATING ACTIVITIES		14,782	13,452
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,305)	(4,033)
Purchase of investment properties		–	(50,601)
Purchase of investments in securities		(10,502)	(7,741)
Proceeds from disposal of investments in securities		7,741	–
Proceeds from disposal of property, plant and equipment		3	80
Proceeds from disposal of investment properties		7,700	–
Advance to related companies		–	(4,420)
Increase in pledged bank deposits		(280)	–
Acquisition of subsidiaries	33(a)	223	–
		<u>580</u>	<u>(66,715)</u>
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		580	(66,715)

	2004 HK\$'000	2003 HK\$'000
FINANCING ACTIVITIES		
Dividend paid	(1,904)	(8,303)
Repayment of bank loans	(3,056)	(796)
Repayment of obligations under finance leases	(40)	(111)
New bank loan raised	-	33,740
	<u> </u>	<u> </u>
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	<u>(5,000)</u>	<u>24,530</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10,362	(28,733)
Effect of foreign exchange rates changes	25	11
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>32,417</u>	<u>22,030</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	32,473	22,030
Bank overdraft	(56)	-
	<u> </u>	<u> </u>
	<u>32,417</u>	<u>22,030</u>

For the year ended 31st March 2004

1. GENERAL

The company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The company is an investment holding company. The principal activities of its subsidiaries are set out in note 38.

2. IMPACT OF A REVISED HONG KONG STATEMENT OF STANDARD ACCOUNTING PRACTICE ("SSAP")

The revised SSAP 12 "Income taxes" is effective for the first time for the current year's financial statements and have had a significant impact thereon.

SSAP 12 (revised) prescribes the basis of accounting for income taxes payable or recoverable, arising from the taxable profit or loss for the current period (current tax); and income taxes payable or recoverable in future periods, principally arising from taxable and deductible temporary differences and the carryforward of unused tax losses (deferred tax).

The principal impact of the revision of this SSAP on these financial statements is described below:

Measurement and recognition:

- (a) deferred tax assets and liabilities relating to the differences between capital allowances for tax purposes and depreciation for financial reporting purposes and other taxable and deductible temporary differences are generally fully provided for, whereas previously the deferred tax was recognised for timing differences only to the extent that was probable that the deferred tax asset or liability would crystallise in the foreseeable future;
- (b) a deferred tax liability has been recognised on the revaluation of the group's land and buildings; and
- (c) a deferred tax asset has been recognised for tax losses arising in the current/prior periods to the extent that it is probable that there will be sufficient future taxable profits against which such losses can be utilised.

Disclosures:

- (a) deferred tax assets and liabilities are presented separately on the balance sheet, whereas previously they were presented on a net basis; and
- (b) the related note disclosures are now more extensive than previously. These disclosures are presented in notes 12 and 27 to the financial statements and include a reconciliation between the accounting profit and the tax expense for the year.

Further details of these changes and the prior year adjustments arising from them are included in the accounting policy for deferred tax in note 3 and in note 27 to the financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties, leasehold land and buildings, and investments in securities.

The financial statements have been prepared in accordance with Hong Kong SSAPs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries made up to 31st March each year.

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

All significant inter-company transactions and balances within the group have been eliminated on consolidation.

(b) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill arising on acquisition of subsidiary is capitalised and amortised on a straight line basis over 10 years and is presented separately in the balance sheet.

On disposal of a subsidiary, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

(c) Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Service income arising from repairs, maintenance, installation and connection are recognised when the relevant services are rendered.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the terms of the relevant leases.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

For the year ended 31st March 2004

3. PRINCIPAL ACCOUNTING POLICIES — continued

(d) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and amortisation and any identified impairment loss.

Land and buildings are stated in the balance sheet at their revalued amount, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation and amortisation and any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the leasehold property revaluation reserve except to the extent that it reverses a revaluation deficit of the same asset previously recognised as an expenses, in which case the surplus is credited to income statement to the extent of the deficit previously charged. A decrease in net carrying amount arising on revaluation of land and buildings is charged as an expense to the extent that it exceeds the surplus, if any, held in the leasehold property revaluation reserve relating to previous revaluation of that particular property. On the subsequent sale of land and buildings, the attributable revaluation surplus not yet transferred to retained profits in prior years is transferred to retained profits.

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

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

Leasehold land	Over the term of the lease
Buildings	Over the shorter of the term of the lease or 40 years
Office equipment	10% – 20%
Leasehold improvements	20%
Furniture and fixtures	10% – 20%
Computer equipment	33 $\frac{1}{3}$ %
Motor vehicles	20%
Moulds	20%
Plant and machinery	20%

3. PRINCIPAL ACCOUNTING POLICIES — continued

(e) Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any revaluation surplus or deficit arising on revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of the reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequent arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On subsequent disposal of an investment property, any revaluation surplus attributable to that property is included in the determination of the profit or loss on disposal.

No depreciation is provided in respect of investment properties which are held on leases with unexpired terms, including the renewable period, of more than twenty years.

(f) Subsidiaries

A subsidiary is a company whose financial and operating policies the company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the company's income statement to the extent of dividends received and receivable. The company's interests in subsidiaries are stated at cost less any impairment losses.

(g) Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

(h) Inventories

Inventories, representing merchandise held for resale, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

For the year ended 31st March 2004

3. PRINCIPAL ACCOUNTING POLICIES — continued

(i) Assets under finance leases

Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to income statement as expense over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balances of the obligations for each accounting period.

(j) Impairment

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the impairment loss is treated as a revaluation deficit under that SSAP.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such 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 in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the reversal of the impairment loss is treated as a revaluation surplus.

(k) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- (a) except where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of taxable temporary difference associated with interests in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. PRINCIPAL ACCOUNTING POLICIES — continued

(k) Income tax expense — continued

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- (a) except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an assets or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of deductible temporary differences associated with interests in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the 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 deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(l) Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the terms of the relevant leases.

(m) Foreign currencies

Transactions in foreign currencies during the year are translated at the rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the assets and liabilities of the group's overseas subsidiaries are translated at the rates prevailing on the balance sheet date. Income and expense items are translated at the weighted average exchange rates for the year. All exchange differences arising on consolidation are dealt with in the translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

For the year ended 31st March 2004

3. PRINCIPAL ACCOUNTING POLICIES — continued

(n) Retirement benefits scheme

Payment to the Mandatory Provident Fund scheme and other state-managed retirement benefits schemes are charged as expenses as they fall due.

(o) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the group's cash management.

4. TURNOVER

	2004	2003
	HK\$'000	HK\$'000
Turnover:		
Sale of goods	924,827	789,072
Repair service	12,217	14,877
Maintenance service	9,111	9,891
Installation service	3,533	3,403
Connection service	1,171	1,817
Rental income	3,278	2,345
	954,137	821,405

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the group is currently organised into five operating divisions – sales of mobile phones, sales of business solutions, connection services, property investment, and provisions of installation, repair and maintenance services. These divisions are the basis on which the group reports its primary segment information.

Segment information about these business is presented below:

For the year ended 31st March 2004:

	Sales of mobile phones HK\$'000	Sales of business solutions HK\$'000	Connection services HK\$'000	Property investment HK\$'000	Installation, repair and maintenance services HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
External sales	879,878	44,949	1,171	3,278	24,861	–	954,137
Inter-segment sales	62,539	2,703	–	1,960	–	(67,202)	–
Total revenue	<u>942,417</u>	<u>47,652</u>	<u>1,171</u>	<u>5,238</u>	<u>24,861</u>	<u>(67,202)</u>	<u>954,137</u>
RESULT							
Segment result	<u>2,263</u>	<u>(3,565)</u>	<u>365</u>	<u>2,177</u>	<u>2,520</u>	<u>–</u>	3,760
Interest income from bank deposits							299
Unallocated other revenue							848
Loss on disposal of investment properties	–	–	–	(2,053)	–	–	(2,053)
Amortization of goodwill arising on acquisition of subsidiaries	–	(429)	–	–	–	–	<u>(429)</u>
Profit from operations							2,425
Finance costs							<u>(864)</u>
Profit before taxation							1,561
Tax expense							<u>(1,340)</u>
Profit before minority interests							221
Minority interests							<u>302</u>
Net profit attributable to shareholders							<u><u>523</u></u>

For the year ended 31st March 2004

5. BUSINESS AND GEOGRAPHICAL SEGMENTS — continued

Business segments — continued

At 31st March 2004:
Balance sheet

	Sales of mobile phones HK\$'000	Sales of business solutions HK\$'000	Connection services HK\$'000	Property investment HK\$'000	Installation, repair and maintenance services HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	77,941	61,545	372	77,578	9,354	226,790
Unallocated corporate assets						49,702
Consolidated total assets						<u>276,492</u>
LIABILITIES						
Segment liabilities	32,851	7,786	–	236	1,693	42,566
Unallocated corporate liabilities						38,428
Consolidated total liabilities						<u>80,994</u>
OTHER INFORMATION						
Capital expenditure	1,334	2,864	–	–	107	4,305
Depreciation and amortisation	1,096	1,545	–	102	1,145	3,888
Loss on disposal of investment properties	–	–	–	2,053	–	2,053
Amortization of goodwill arising on acquisition of subsidiaries	–	429	–	–	–	<u>429</u>

5. BUSINESS AND GEOGRAPHICAL SEGMENTS — continued**Business segments — continued**

For the year ended 31st March 2003:

	Sales of mobile phones HK\$'000	Sales of business solutions HK\$'000	Connection services HK\$'000	Property investment HK\$'000	Installation, repair and maintenance services HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000 (Restated)
REVENUE							
External sales	758,477	30,595	1,817	2,345	28,171	—	821,405
Inter-segment sales	64,453	4,310	—	1,980	—	(70,743)	—
Total revenue	<u>822,930</u>	<u>34,905</u>	<u>1,817</u>	<u>4,325</u>	<u>28,171</u>	<u>(70,743)</u>	<u>821,405</u>
RESULT							
Segment result	<u>6,731</u>	<u>778</u>	<u>189</u>	<u>1,608</u>	<u>6,160</u>	<u>—</u>	15,466
Interest income from bank deposits							265
Unallocated other revenue							489
Impairment loss on investments in securities	—	(2,000)	—	—	—	—	(2,000)
Impairment loss recognised in respect of goodwill	—	(471)	—	—	—	—	(471)
Profit from operations							13,749
Finance costs							(267)
Profit before taxation							13,482
Tax expense							(2,708)
Profit before minority interests							10,774
Minority interests							93
Net profit attributable to shareholders							<u>10,867</u>

For the year ended 31st March 2004

5. BUSINESS AND GEOGRAPHICAL SEGMENTS — continued

Business segments – continued

At 31st March 2003:

Balance sheet

	Sales of mobile phones HK\$'000	Sales of business solutions HK\$'000	Connection services HK\$'000	Property investment HK\$'000	Installation, repair and maintenance services HK\$'000	Consolidated HK\$'000 (Restated)
ASSETS						
Segment assets	84,733	45,642	2,479	85,993	19,411	238,258
Unallocated corporate assets						38,722
Consolidated total assets						<u>276,980</u>
LIABILITIES						
Segment liabilities	37,569	6,280	–	206	254	44,309
Unallocated corporate liabilities						39,319
Consolidated total liabilities						<u>83,628</u>
OTHER INFORMATION						
Capital expenditure	2,886	1,288	–	50,636	14	54,824
Depreciation and amortisation	1,859	848	–	128	27	2,862
Impairment loss recognised	–	2,471	–	–	–	2,471

Geographical segments

During the years ended 31st March, 2003 and 2004, more than 90% of the group's turnover, profit from operations, assets and liabilities were derived from and located in Hong Kong and, therefore, no geographical segments are presented in the financial statements.

6. OTHER OPERATING INCOME

	2004 HK\$'000	2003 HK\$'000
Interest income from bank deposits	299	265
Sundry income	848	489
	<u>1,147</u>	<u>754</u>

7. IMPAIRMENT LOSS RECOGNISED IN RESPECT OF INVESTMENTS IN SECURITIES

The directors of the company have reviewed the carrying amounts of the assets of the group as at 31st March 2004 and have determined that no impairment loss to be provided against the investments in securities. (2003: impairment loss of HK\$2,000,000 had been made as the investee continued to make loss).

8. PROFIT FROM OPERATIONS

	2004	2003
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	398	593
Depreciation and amortisation		
– owned assets	3,862	2,836
– assets under finance leases	26	26
	3,888	2,862
Loss on disposal of property, plant and equipment	963	–
Rental payments in respect of properties under operating leases	11,959	10,004
Staff costs inclusive of directors' emoluments	44,103	44,233
Retirement benefits scheme contribution	2,182	2,410
Total staff costs	46,285	46,643
and after crediting:		
Gross rental income from properties under operating leases after outgoings of HK\$143,000 (2003: HK\$48,000)	3,135	2,297
Gain on disposal of property, plant and equipment	–	80

For the year ended 31st March 2004

9. FINANCE COSTS

	2004	2003
	HK\$'000	HK\$'000
Interest on:		
– Bank borrowings wholly repayable within five years	23	40
– Bank borrowings with instalments repayable after five years	834	220
– Interest on obligations under finance leases	7	7
	<u>864</u>	<u>267</u>

10. DIRECTORS' EMOLUMENTS

	2004	2003
	HK\$'000	HK\$'000
Directors' fees to independent non-executive directors	40	60
Other emoluments to executive directors:		
Salaries and other benefits	4,668	3,870
Bonus	1,167	1,314
Retirement benefit schemes contributions	55	62
	<u>5,890</u>	<u>5,246</u>
Total directors' emoluments	<u>5,930</u>	<u>5,306</u>

10. DIRECTORS' EMOLUMENTS — continued

The remunerations of the directors were within the following bands:

	2004 Number of directors	2003 Number of directors
Nil to HK\$1,000,000	8	9
HK\$1,000,001 to HK\$1,500,000	—	1
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	1	—
	<u>10</u>	<u>11</u>

There was no compensation for loss of office paid to directors.

11. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the group included four directors (2003: four directors), details of whose emoluments are included in the amounts disclosed in note 10 above. The emoluments of the remaining highest paid employee, other than directors of the company, are as follows:

	2004 HK\$'000	2003 HK\$'000
Salaries and other benefits	496	130
Bonus	144	441
Retirement benefit schemes contributions	12	12
	<u>652</u>	<u>583</u>

His emoluments were within the following band:

	2004 Number of employees	2003 Number of employees
Nil to HK\$1,000,000	<u>1</u>	<u>1</u>

For the year ended 31st March 2004

12. TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profits arising in Hong Kong during the year. The increased Hong Kong profits tax rate became effective from the year of assessment 2003/04, and so is applicable to the assessable profits arising in Hong Kong for the whole of the year ended 31st March 2004. Taxes on profits assessable in elsewhere have been calculated at the rates of tax prevailing in those places in which the group operates, based on existing legislation, interpretations and practices in respect thereof.

	2004	2003
	HK\$'000	HK\$'000
Current – Hong Kong		
Charge for the year	1,442	2,950
Overprovision in respect of prior years	(354)	(346)
Current – Elsewhere		
Charge for the year	139	–
Underprovision in respect of prior years	32	–
Deferred tax (note 27)	81	104
	<hr/>	<hr/>
Total tax expense for the year	1,340	2,708
	<hr/> <hr/>	<hr/> <hr/>

12. TAX EXPENSE — continued

The charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2004 HK\$'000	2003 HK\$'000
Profit before taxation	<u><u>1,561</u></u>	<u><u>13,482</u></u>
Tax at the domestic income tax rate of 17.5% (2003: 16%)	273	2,157
Overprovision of profits tax for the year	28	381
Overprovision of profits tax in prior years	(321)	(346)
Effect on opening deferred tax resulting from an increase in tax rate	62	–
Tax effect of income not taxable	(45)	(42)
Tax effect of expenses that are not deductible in determining taxable income	672	537
Effect on unrecognised tax losses	1,400	396
Tax losses utilised from previous year	(312)	(1)
Effect of different tax rates in other jurisdiction	(146)	(82)
Others	<u>(271)</u>	<u>(292)</u>
Tax expense for the year	<u><u>1,340</u></u>	<u><u>2,708</u></u>

In addition to the amount charged to the consolidated income statement, deferred tax relating to the revaluation of the company's leasehold land and buildings has been charged directly to equity.

13. NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The net consolidated profit attributable to shareholders includes a profit of HK\$9,601,000 (2003: HK\$9,252,000) which has been dealt with in the financial statements of the company.

14. DIVIDEND

	2004 HK\$'000	2003 HK\$'000
Final dividend for the year 2003 of HK\$0.01 per ordinary share (2003: final dividend for the year 2002 of HK\$0.02 per ordinary share)	<u><u>4,348</u></u>	<u><u>8,660</u></u>

The final dividend of HK\$0.01 per ordinary share for the year ended 31st March 2004 has been proposed by the directors and is subject to the approval by the shareholders in general meeting.

For the year ended 31st March 2004

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000 (Restated)
Net profit attributable to shareholders	<u>523</u>	<u>10,867</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	442,757,574	434,020,171
Effect of dilutive potential ordinary shares:		
Options	<u>2,118,002</u>	<u>346,091</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>444,875,576</u>	<u>434,366,262</u>

16. GOODWILL

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Cost		
At 1st April	471	–
Arising on capital injection in a subsidiary	–	471
Arising on acquisition of subsidiaries during the year	4,288	–
At 31st March	4,759	471
Amortisation and impairment		
At 1st April	471	–
Impairment losses recognised during the year	–	471
Charge for the year	429	–
At 31st March	900	471
Carrying amount		
At 31st March	3,859	–

For the year ended 31st March 2004

17. INVESTMENT PROPERTIES

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
VALUATION		
At 1st April	85,338	32,760
Additions	–	50,601
Disposal	(8,900)	–
Transfer from/(to) property, plant and equipment	(1,259)	5,818
Surplus/(deficit) arising on revaluation	767	(3,841)
At 31st March	75,946	85,338

The group's investment properties comprise:

	2004 HK\$'000	2003 HK\$'000
Property in Hong Kong		
– Long lease	75,186	75,858
– Medium-term lease	760	9,480
	75,946	85,338

All of the investment properties of the group were revalued at 31st March 2004 by LCH (Asia-Pacific) Surveyors Limited, an independent firm of professional property valuer, on an open market value existing use basis. The resulting surplus arising on revaluation, which amounted to HK\$767,000 (2003: deficit of HK\$3,841,000), has been credited to the investment property revaluation reserve.

All the investment properties of the group are rented out under operating leases.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Office equipment, leasehold improvements, and furniture and fixtures HK\$'000	Computer equipment HK\$'000	Motor vehicles HK\$'000	Moulds HK\$'000	Plant and machinery HK\$'000	Total HK\$'000
THE GROUP							
Cost or valuation							
At 1st April 2003	43,262	19,673	4,639	1,889	–	–	69,463
Acquisition of subsidiaries	–	189	72	113	800	–	1,174
Currency realignment	89	101	54	25	–	–	269
Additions	–	1,207	407	371	1,333	987	4,305
Disposals	–	(1,451)	–	–	–	–	(1,451)
Transfer from investment properties	1,259	–	–	–	–	–	1,259
Surplus on revaluation	1,774	–	–	–	–	–	1,774
	<u>46,384</u>	<u>19,719</u>	<u>5,172</u>	<u>2,398</u>	<u>2,133</u>	<u>987</u>	<u>76,793</u>
At 31st March 2004	46,384	19,719	5,172	2,398	2,133	987	76,793
Comprising:							
At cost	–	19,719	5,172	2,398	2,133	987	30,409
At valuation	46,384	–	–	–	–	–	46,384
	<u>46,384</u>	<u>19,719</u>	<u>5,172</u>	<u>2,398</u>	<u>2,133</u>	<u>987</u>	<u>76,793</u>
Accumulated depreciation and amortisation							
At 1st April 2003	–	14,539	3,172	1,282	–	–	18,993
Currency realignment	20	76	55	25	–	–	176
Acquisition of subsidiaries	–	43	26	2	–	–	71
Provided for the year	718	1,665	841	215	252	197	3,888
Eliminated on disposals	–	(485)	–	–	–	–	(485)
Eliminated on revaluation	(738)	–	–	–	–	–	(738)
At 31st March 2004	<u>–</u>	<u>15,838</u>	<u>4,094</u>	<u>1,524</u>	<u>252</u>	<u>197</u>	<u>21,905</u>
Net book value							
At 31st March 2004	<u>46,384</u>	<u>3,881</u>	<u>1,078</u>	<u>874</u>	<u>1,881</u>	<u>790</u>	<u>54,888</u>
At 31st March 2003	<u>43,262</u>	<u>5,134</u>	<u>1,467</u>	<u>607</u>	<u>–</u>	<u>–</u>	<u>50,470</u>

All of the leasehold land and buildings of the group were revaluated at 31st March 2004 by LCH (Asia Pacific) Surveyors Limited, an independent firm of professional property valuer, on an open market value existing use basis. The resulting surplus arising on revaluation, which amounted to HK\$2,512,000 (2003: HK\$307,000) has been credited to the leasehold property revaluation reserve.

At 31st March 2004, had all the leasehold land and buildings been carried at cost less accumulated depreciation and amortisation, the carrying value of these properties would have been stated at HK\$14,381,000 (2003: HK\$16,725,000).

For the year ended 31st March 2004

18. PROPERTY, PLANT AND EQUIPMENT — continued

The group's leasehold land and buildings comprise:

	2004 HK\$'000	2003 HK\$'000
Properties held under long leases		
– in Hong Kong	42,904	39,842
– overseas	3,480	3,420
	46,384	43,262
The net book value of office equipment, and furniture and fixtures held under finance leases	198	216

19. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost	163,654	163,654
Amounts due from subsidiaries	35,370	23,039
	199,024	186,693

The amounts due from subsidiaries are non-interest bearing, unsecured and have no fixed terms for repayment.

Particulars of the subsidiaries at 31st March 2004 are set out in note 38.

20. INVESTMENTS IN SECURITIES

	Investment securities		Other investments		Total	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
THE GROUP						
Shares listed in Hong Kong, at cost	2,753	-	-	-	2,753	-
Unlisted investment, at cost	-	4,000	-	-	-	4,000
ING China WTO guaranteed fund, at cost	3,887	-	-	-	3,887	-
Impairment loss recognised on unlisted shares	-	(2,000)	-	-	-	(2,000)
	<u>6,640</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>6,640</u>	<u>2,000</u>
Unlisted debt securities	-	-	3,862	7,741	3,862	7,741
Total	<u>6,640</u>	<u>2,000</u>	<u>3,862</u>	<u>7,741</u>	<u>10,502</u>	<u>9,741</u>
Carrying amount analysed for reporting purposes as:						
Non-current	6,640	2,000	-	-	6,640	2,000
Current	-	-	3,862	7,741	3,862	7,741
	<u>6,640</u>	<u>2,000</u>	<u>3,862</u>	<u>7,741</u>	<u>10,502</u>	<u>9,741</u>
Market value of listed shares	<u>2,889</u>	-	-	-	<u>2,889</u>	-
THE COMPANY						
Unlisted debt securities						
Current	-	-	3,862	7,741	3,862	7,741
	<u>-</u>	<u>-</u>	<u>3,862</u>	<u>7,741</u>	<u>3,862</u>	<u>7,741</u>

The debt securities represent the certificates of deposit issued by a bank.

The group has pledged its investment in guaranteed fund to secure general banking facilities granted to the group.

At 31st March 2003, the unlisted shares represented the group's 5% equity interest in HKC Technology Limited. During the year, the group's equity interest in this investee was increased to 100%. Accordingly, this investee is a wholly owned subsidiary of the group.

For the year ended 31st March 2004

21. INVENTORIES

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Inventories	<u>51,689</u>	<u>65,645</u>

The cost of inventories recognised in the consolidated income statement during the year amounted to HK\$872,038,000 (2003: HK\$728,653,000).

The amount of inventories carried at net realisable value is HK\$4,379,000 (2003: HK\$4,951,000).

22. DEBTORS, DEPOSITS AND PREPAYMENTS

The group has a policy of allowing average credit period ranging from 2 weeks to one month to its trade customers. In addition, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted.

The aged analysis of trade debtors of HK\$30,786,000 (2003: HK\$29,444,000) which are included in the group's debtors, deposits and prepayments is as follows:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
0 – 30 days	18,276	17,527
31 – 60 days	2,769	2,808
61 – 90 days	2,457	2,866
91 – 120 day	597	140
Over 120 days	<u>6,687</u>	<u>6,103</u>
	<u>30,786</u>	<u>29,444</u>

23. AMOUNTS DUE FROM RELATED COMPANIES**THE GROUP:**

Particulars of the amounts due from related companies are as follows:

Name of related entity	2004	2003	Maximum amount outstanding during the year
	HK\$'000	HK\$'000	HK\$'000
HKC Technology Limited	–	6,051	6,051
BIA Technology Limited	809	–	809
Hong Kong Communications Computer Company Limited	–	140	140
Hong Kong Communications Holdings Limited	1,016	–	1,016
	<u>1,825</u>	<u>6,191</u>	<u>1,016</u>

The directors' interests in the above-named companies are set out in note 37.

The amounts due from related companies were unsecured, interest free and are repayable on demand.

During the year, the amount of HK\$6,000,000 due from HKC Technology Limited "HKCT" was capitalised as investment cost of the group in HKCT. During the year, HKCT became the wholly owned subsidiary of the group.

24. CREDITORS AND ACCRUED CHARGES

The aged analysis of trade creditors of HK\$37,563,000 (2003: HK\$37,081,000) which are included in the group's creditors and accrued charges is as follows:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
0 – 30 days	34,996	37,057
31 – 60 days	365	24
61 – 90 days	2,202	–
	<u>37,563</u>	<u>37,081</u>

For the year ended 31st March 2004

25. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable under finance leases				
Within one year	54	51	47	44
More than one year but not exceeding two years	4	55	4	49
	58	106	51	93
Less: Future finance charges	(7)	(13)		
Present value of finance leases	51	93		
Less: Amount due for settlement within one year shown under current liabilities			(47)	(44)
Amount due for settlement after one year			4	49

26. BANK BORROWINGS

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Bank borrowings comprise:		
Bank overdraft (unsecured)	56	–
Bank loans (secured)	30,349	33,406
	30,405	33,406

The maturity of the bank borrowings is as follows:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Due within one year	3,187	3,098
Due more than one year, but not exceeding two years	3,147	3,404
Due more than two years, but not exceeding five years	9,441	9,769
Due more than five years	14,630	17,135
	30,405	33,406
Less: Amount due within one year shown under current liabilities	3,187	3,098
Amount due after one year	27,218	30,308

For the year ended 31st March 2004

27. DEFERRED TAX

The followings are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

Deferred tax liabilities:

	THE GROUP			
	Accelerated	Revaluation	Tax losses	Total
	tax depreciation	of leasehold		
	HK\$'000	properties HK\$'000	HK\$'000	HK\$'000
At 1st April 2002				
As previously reported	–	–	–	–
Prior year adjustments (note 39)	554	4,843	–	5,397
	<u>554</u>	<u>4,843</u>	<u>–</u>	<u>5,397</u>
As restated	554	4,843	–	5,397
Charged to consolidated income statement	364	–	(260)	104
Credited from equity	–	(253)	–	(253)
	<u>364</u>	<u>(253)</u>	<u>(260)</u>	<u>104</u>
At 31st March 2003 and 1st April 2003	918	4,590	(260)	5,248
Charged/(credited) to consolidated income statement	254	–	(115)	139
Charged to equity	–	867	–	867
	<u>254</u>	<u>867</u>	<u>(115)</u>	<u>867</u>
At 31st March 2004	<u>1,172</u>	<u>5,457</u>	<u>(375)</u>	<u>6,254</u>

27. DEFERRED TAX — continued

Deferred tax assets:

	THE GROUP
	Deductible
	temporary
	differences
	HK\$'000
At 1st April 2002, 31st March 2003 and 1st April 2003	—
Credited to consolidated income statement	<u>58</u>
At 31st March 2004	<u><u>58</u></u>

At the balance sheet date, the group has unused tax losses of HK\$14,203,000 (2003: HK\$3,216,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$2,147,000 (2003: HK\$1,625,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$12,056,000 (2003: HK\$1,591,000) due to the unpredictability of future profit streams.

At the balance sheet date, the company has unused tax losses of HK\$1,784,000 (2003: HK\$1,124,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

The tax losses can be carried forward to offset against the taxable profits of subsequent years for up to 20 years from the year in which they were incurred or there is no restriction on their expiry, depending on the tax jurisdiction concerned.

For the year ended 31st March 2004

28.SHARE CAPITAL

	Number of shares		Amount	
	2004	2003	2004 HK\$'000	2003 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised:				
At beginning of the year and at end of the year	<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:				
At beginning of the year	434,825,306	433,000,000	4,348	4,330
Issued pursuant to scrip dividend scheme for				
2002 final dividend	-	1,825,306	-	18
2003 final dividend	<u>14,812,297</u>	<u>-</u>	<u>148</u>	<u>-</u>
At end of the year	<u>449,637,603</u>	<u>434,825,306</u>	<u>4,496</u>	<u>4,348</u>

29. SHARE OPTION SCHEME

The company's share option scheme (the "Scheme") was adopted by a written resolution passed on 23rd October 2001 for the purpose of providing incentives or rewards to selected participants for their contribution to the group. Under the Scheme, the directors may, at their discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for shares of the company.

- (i) any eligible employee of the company, any of its subsidiaries or any entity ("Invested Entity");
- (ii) any non-executive directors (including independent non-executive directors) of the company, any of its subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of the group or any Invested Entity;
- (iv) any customer of the group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to the group or any Invested Entity;
- (vi) any shareholder of any member of the group or any Invested Entity or any holder of any securities issued by any member of the group or any Invested Entity; and
- (vii) any other group or classes of participants from time to time determined by the director as having contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the group.

and for the purposes of the Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the company for the subscription of shares of the company or other securities of the group to any person who fall within any of the above classes of participants shall not, by itself, unless the directors otherwise determined, be construed as a grant of option under the Scheme.

The eligibility of any of the above class of participants to the grant of any options shall be determined by the directors from time to time.

For the year ended 31st March 2004

29. SHARE OPTION SCHEME — continued

An option may be accepted by a participant upon payment of HK\$1 per option and within such time as may be specified in the offer for grant of the option, which shall not be later than 21 days of the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the directors at the time of such grant to each grantee, which period may commence on the date of acceptance of the offer for the grant of option but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions of early termination thereof. The subscription price for shares under the Scheme shall be a price determined by the directors, but shall not be less than the higher of (i) the closing price of shares as stated in daily quotations sheet of the Stock Exchange on the date of the offer for grant; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the group must not in aggregate exceed 30% of the relevant class of securities of the company (or any of its subsidiaries) in issue from time to time. The total number of shares in respect of which options may be granted under the Scheme and any other share option of the group shall not exceed 10% of the shares of the company in issue as at the date of which dealing in the shares of the company on the Stock Exchange in time, without prior approval from the company's shareholders. The number of shares in respect of which options may be granted to any participant in any 12 month period is not permitted to exceed 1% of the shares of the company in issue at any point in time, without prior approval from the company's shareholders. Options granted to directors, chief executives or substantial shareholders of the company or any of their respective associates (as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules")) must be approved by independent non-executive directors of the company (excluding any independent non-executive director who is the grantee of the options). Options granted to substantial shareholders or independent non-executive directors or any of their respective associates in the 12 month period up to and including the date of such grant in excess of 0.1% of the shares of the company in issue and with a value in excess of HK\$5 million must be approved in advance by the company's shareholders.

At 31st March 2004, the number of shares in respect of which options had been granted under the scheme was 13,300,000 (2003: 23,600,000), representing 3% (2003: 5%) of shares of the company in issue at that date.

No charge is recognised in the consolidated income statement in respect of the value of option granted in the year:

29. SHARE OPTION SCHEME — continued

The directors are of the view that the value of the theoretical value of the share options granted during the year depends on a number of variables which are either difficult to ascertain or can only be ascertained on a number of theoretical basis and speculative assumptions. Accordingly, the directors believed that any calculation of the value of options will not be meaningful and may be misleading to shareholders in the circumstances.

Movements in the options to subscribe for shares for the year ended 31st March 2004 are as follows:

	Exercisable period	Exercise price per share HK\$	Outstanding at 1st April 2003	Lapsed during the year	Granted during the year	Outstanding at 31st March 2004
Directors:						
Chan Chung Yee, Hubert	21.2.2003 – 20.2.2005	0.17	4,300,000	–	–	4,300,000
Chan Chung Yin, Roy	21.2.2003 – 20.2.2005	0.17	2,000,000	–	–	2,000,000
Chan Man Min	21.2.2003 – 20.2.2005	0.17	1,000,000	–	–	1,000,000
Chan Ming Him, Denny	21.2.2003 – 20.2.2005	0.17	1,000,000	–	–	1,000,000
Kwok Cheuk Tim, Rockie	21.2.2003 – 20.2.2005	0.17	2,000,000	–	–	2,000,000
Tsui Hon Wing	21.2.2003 – 20.2.2005	0.17	1,000,000	–	–	1,000,000
Wu Kwok Lam	21.2.2003 – 20.2.2005	0.17	1,000,000	–	–	1,000,000
Yeh Yui Fong	21.2.2003 – 20.2.2005	0.17	1,000,000	–	–	1,000,000
			13,300,000	–	–	13,300,000
Employees	23.5.2002 – 23.11.2003	0.38	3,800,000	(3,800,000)	–	–
Customers	23.5.2002 – 30.6.2003	0.38	6,500,000	(6,500,000)	–	–
			23,600,000	(10,300,000)	–	13,300,000

For the year ended 31st March 2004

29.SHARE OPTION SCHEME — continued

Movements in the options to subscribe for shares for the year ended 31st March 2003 are as follows:

	Exercisable period	Exercise price per share HK\$	Outstanding at 1st April 2002	Lapsed during the year	Granted during the year	Outstanding at 31st March 2003
Directors:						
Chan Chung Yee, Hubert	23.5.2002 – 22.11.2002	0.38	4,300,000	(4,300,000)	–	–
	21.2.2003 – 20.2.2005	0.17	–	–	4,300,000	4,300,000
Chan Chung Yin, Roy	23.5.2002 – 22.11.2002	0.38	1,800,000	(1,800,000)	–	–
	21.2.2003 – 20.2.2005	0.17	–	–	2,000,000	2,000,000
Chan Man Min	23.5.2002 – 22.11.2002	0.38	1,000,000	(1,000,000)	–	–
	21.2.2003 – 20.2.2005	0.17	–	–	1,000,000	1,000,000
Chan Ming Him, Denny	23.5.2002 – 22.11.2002	0.38	1,000,000	(1,000,000)	–	–
	21.2.2003 – 20.2.2005	0.17	–	–	1,000,000	1,000,000
Kwok Cheuk Tim, Rockie	23.5.2002 – 22.11.2002	0.38	1,000,000	(1,000,000)	–	–
	21.2.2003 – 20.2.2005	0.17	–	–	2,000,000	2,000,000
Tsui Hon Wing	23.5.2002 – 22.11.2002	0.38	1,000,000	(1,000,000)	–	–
	21.2.2003 – 20.2.2005	0.17	–	–	1,000,000	1,000,000
Wu Kwok Lam	23.5.2002 – 22.11.2002	0.38	1,000,000	(1,000,000)	–	–
	21.2.2003 – 20.2.2005	0.17	–	–	1,000,000	1,000,000
Yeh Yui Fong	23.5.2002 – 22.11.2002	0.38	1,000,000	(1,000,000)	–	–
	21.2.2003 – 20.2.2005	0.17	–	–	1,000,000	1,000,000
			12,100,000	(12,100,000)	13,300,000	13,300,000
Employees	23.5.2002 – 23.11.2003	0.38	3,800,000	–	–	3,800,000
Customers	23.5.2002 – 30.6.2003	0.38	6,500,000	–	–	6,500,000
			22,400,000	(12,100,000)	13,300,000	23,600,000

30. RESERVES**THE GROUP**

The amounts of the group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 21 of the financial statements.

THE COMPANY

	Share premium	Special reserve	Retained profits/ (accumulated losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2002	26,900	163,453	(184)	190,169
Shares issued pursuant to scrip dividend scheme	339	–	–	339
Net profit for the year	–	–	9,252	9,252
Dividend paid	–	–	(8,660)	(8,660)
	<u>27,239</u>	<u>163,453</u>	<u>408</u>	<u>191,100</u>
At 31st March 2003	27,239	163,453	408	191,100
Shares issued pursuant to scrip dividend scheme	2,296	–	–	2,296
Net profit for the year	–	–	9,601	9,601
Dividend paid	–	–	(4,348)	(4,348)
	<u>29,535</u>	<u>163,453</u>	<u>5,661</u>	<u>198,649</u>
At 31st March 2004	<u>29,535</u>	<u>163,453</u>	<u>5,661</u>	<u>198,649</u>

For the year ended 31st March 2004

30. RESERVES — continued

The special reserve of the company represents the difference between the aggregate net assets of the subsidiaries acquired pursuant to the Group Reorganisation over the nominal value of the company's shares issued for the acquisition prior to the listing of the company's shares in 2001.

The company's reserves available for distribution represent the share premium, special reserve and retained profits. Under the Companies Laws of the Cayman Islands, the share premium of the company is available for paying distributions or dividends to shareholders subject to the provisions of Memorandum and Articles of Association and provided that immediately following the distribution or dividend the company is able to pay its debt as they fall due in the ordinary course of business. The company's reserves available for distributions to shareholders as at 31st March 2004 amounted to HK\$198,649,000 (2003: HK\$191,100,000).

31. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Capital expenditure contracted for but not provided in the financial statements:				
– acquisition of property, plant and equipment	170	435	-	-
– investment in a subsidiary	-	-	-	1,623
	<u>170</u>	<u>435</u>	<u>-</u>	<u>1,623</u>

32. OPERATING LEASE ARRANGEMENTS**The group as lessee:**

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Within one year	1,258	7,833
In the second to fifth years, inclusive	753	672
	<u>2,011</u>	<u>8,505</u>

Operating lease payments represent rentals payable by the group for certain of its office premises. Leases are negotiated for terms ranging from one to three years.

The group as lessor:

Property rental income earned during the year was HK\$3,278,000 (2003: HK\$2,345,000). The properties held have committed tenants in the range from one to three years.

At the balance sheet date, the group had contracted with tenants for the following minimum lease receivable under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Within one year	736	1,962
In the second to fifth years, inclusive	619	126
	<u>1,355</u>	<u>2,088</u>

For the year ended 31st March 2004

33. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries:

	2004 HK\$'000	2003 HK\$'000
Net liabilities acquired:		
Fixed assets	1,104	—
Inventories	2,183	—
Debtors, deposits and prepayments	976	—
Amounts due from related companies	1,150	—
Cash and cash equivalents	611	—
Creditors and accrued charges	(7,892)	—
Bank borrowings	(88)	—
Taxation payable	(32)	—
	<u>(1,988)</u>	—
Goodwill on acquisition	4,288	—
	<u>2,300</u>	—
Satisfied by:		
Cash consideration	300	—
Reclassification from investments in securities	2,000	—
	<u>2,300</u>	—
Analysis of net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:		
Cash consideration	(300)	—
Cash and cash equivalents acquired	611	—
Bank borrowings acquired	(88)	—
	<u>223</u>	—

b) Non-cash transactions

During the year ended 31st March 2003, the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the contract of HK\$190,000. However, no such finance lease arrangement was made by the group during the year ended 31st March 2004.

34. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Banking facilities to subsidiaries in respect of which guarantees were given	-	-	96,740	86,470
Credit facilities from third parties in respect of which guarantees were given	40,000	31,000	-	-
Corporate guarantee to an independent landlord in respect of shop premises leased to a subsidiary	-	-	600	-
	40,000	31,000	97,340	86,470

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35. PLEDGE OF ASSETS

At 31st March 2004, certain leasehold land and buildings and investment properties with aggregate carrying values of HK\$4,170,000 (2003: HK\$4,220,000) and HK\$55,000,000 (2003: HK\$54,400,000) respectively were pledged to banks to secure general banking facilities granted to the group. In addition, the group's bank deposits of HK\$280,000 (2003: HK\$Nil) were pledged to banks to secure the performance bonds.

36. RETIREMENT BENEFITS SCHEMES

- (a) The subsidiary in Singapore participates in the state-managed retirement benefits scheme operated by the government of Singapore, whereby the group is required to contribute to the scheme to fund the retirement benefits of the eligible employees. Contributions made to the scheme are calculated based on 16% of the applicable payroll costs. The only obligation of the group with respect to the retirement benefits scheme is to make the required contributions under the scheme.
- (b) The subsidiary in Thailand participates in the state-managed retirement benefits scheme operated by the government of Thailand, whereby the group is required to contribute to the scheme to fund the retirement benefits of the eligible employees. Contributions made to the scheme are calculated based on 5% of the applicable payroll costs. The only obligation of the group with respect to the retirement benefits scheme is to make the required contributions under the scheme.
- (c) Employees which are employed by subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the PRC government. These subsidiaries are required to contribute 36.5% of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the group with respect to the retirement benefits scheme is to make the required contributions under the scheme.
- (d) The group operates a Mandatory Provident Fund Scheme "MPF scheme" for all qualifying employees in Hong Kong. The group is required to contribute 5% to 10%, while the employees are required to contribute 5% of their salaries to the MPF scheme.

37. RELATED PARTY TRANSACTIONS

During the year, the group had the following transactions, which were conducted in the ordinary course of the group's business, with its related companies:

Name	Notes	Nature of transactions	2004 HK\$'000	2003 HK\$'000
HKC Intown Limited	(i)	Sales of goods to	-	11
	(i)	Internet access fee payable	80	79
Hong Kong Communications Computer Company Limited	(i)	Computer software maintenance fee and purchase of computer hardwares	502	1,038
	(ii)	Rental income receivable	221	250
	(iii)	Repairs and maintenance fees payable	10	215
BIA Technology Limited (Formerly known as Hong Kong Communications Industrial Company Limited)	(i)	Purchase of goods from	1,695	-
	(i)	Sales of goods to	32	-
	(ii)	Rental income receivable	36	-
	(iv)	Purchase of plant and machinery	987	-
Webradio Limited	(ii)	Rental income	-	72
	(i)	Commission income	-	11
			<u> </u>	<u> </u>

Messrs. Chan Chung Yee, Hubert, Chan Chung Yin, Roy and Chan Man Min, directors of the company, have beneficial interests in all the above-named companies.

Messrs. Tsui Hon Wing and Yeh Yui Fong, directors of the company, have beneficial interests in BIA Technology Limited.

Details of balances with related companies are set out in note 23 to the financial statements.

Notes:

- (i) The transactions are based on cost plus a percentage of profit mark-up.
- (ii) Rental income was charged based on the area used, which management considered to be an appropriate basis of allocation.
- (iii) Repairs and maintenance fees are based on actual cost incurred.
- (iv) The consideration is determined on the basis of the net book value of the relevant fixed assets.

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38. SUBSIDIARIES

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

Name	Place of incorporation/ registration	Principal place of operation	Issued and fully paid share capital	Percentage of issued/registered capital held	Principal activities
HKC Group Limited	The British Virgin Islands	Hong Kong	Ordinary shares US\$100,000	100%	Investment holding
HKC Properties Limited	The British Virgin Islands	Hong Kong	Ordinary shares US\$30	100%	Investment holding
Hong Kong Communications Equipment Company Limited	Hong Kong	Hong Kong	Ordinary shares HK\$10,560	100%	Sales and distribution of mobile phones and business solutions
Circle Mobile Communications Limited	Hong Kong	Hong Kong	Ordinary shares HK\$1,000,000	100%	Sales of mobile phones and other electronic products
Generalvestor (H.K.) Limited	Hong Kong	Hong Kong	Ordinary shares HK\$10,000,000	100%	Property investment
HKC International (Thailand) Limited	Thailand	Thailand	Ordinary shares THB3,000,000	100%	Sales and distribution of mobile phones
Singapore Communications Equipment Co (Pte) Ltd.	The Republic of Singapore	Singapore	Ordinary shares S\$160,000	100%	Sales and distribution of business solutions

38. SUBSIDIARIES — continued

Name	Place of incorporation/ registration	Principal place of operation	Issued and fully paid share capital	Percentage of issued/registered capital held	Principal activities
上海希華通訊科技有 限公司 (Note 1)	PRC	PRC	Contributed capital US\$300,000	100%	Sales of business solutions
HKC Technology (Shanghai) Limited (formerly, BIA Technology (Shanghai) Company Limited)					
HKC Technology Limited (Note 2)	Hong Kong	Hong Kong	Ordinary shares HK\$6,000,100	100%	Research and development
Circle Communication Products, Inc.	United States of America	United States of America	Contributed capital of US\$ 15,000	100%	Sales and distribution of telecommunication products
Superior Charm Limited	The British Virgin Islands	Hong Kong	Ordinary shares US\$ 1,200	100%	Investment holding
亞衛通智能系統 (上海) 有限公司 (Note 3) (ASCT Technology Co. Ltd.)	PRC	PRC	Registered capital US\$610,000	80%	Development and sales of telecommunication system and other high-tech products

The company directly holds the interest in HKC Group Limited. All other interests shown above are indirectly held by the company.

None of the subsidiaries had any debt securities subsisting at 31st March 2004 or at any time during the year.

Note 1: The subsidiary is a wholly foreign-owned enterprise.

Note 2: At 31st March 2003, the group had owned 5% equity interest in HKC Technology Limited. During the year, the group acquired additional 95% equity interest in HKC Technology Limited for HK\$300,000, satisfied in cash. As a result, the group's profit for the year and the net assets as at 31st March 2004 have both been decreased by HK\$1,424,676.

Note 3: The subsidiary is a sino-foreign owned enterprise.

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39.COMPARATIVE AMOUNTS AND PRIOR YEAR ADJUSTMENTS

Due to the adoption of SSAP 12 (revised) in the current year, prior period adjustments were made to recognise the deferred tax assets and liabilities.

The effects of the adjustments to these financial statements are summarised as follows:

	Increase/(decrease)	
	As at 1.4.2003 HK\$'000	As at 1.4.2002 HK\$'000
Consolidated balance sheet		
Deferred tax liabilities	5,248	5,397
Leasehold property revaluation reserve	(4,590)	(4,843)
Retained profits	<u>(658)</u>	<u>(554)</u>

	Increase/(decrease)	
	For the year ended 31.3.2004 HK\$'000	For the year ended 31.3.2003 HK\$'000
Consolidated income statement		
Deferred tax	81	104
Net profit attributable to shareholders	<u>(81)</u>	<u>(104)</u>

As further explained in note 2 to the financial statements, due to the adoption of SSAP 12 (revised) during the current year, the presentation of certain items and balances in the financial statements has been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

For the year ended 31st March 2004

	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000 (Restated)	2004 HK\$'000
RESULTS					
Turnover	<u>440,286</u>	<u>739,544</u>	<u>726,717</u>	<u>821,405</u>	<u>954,137</u>
Profit before taxation	38,814	45,694	26,050	13,482	1,561
Tax expense	<u>(6,536)</u>	<u>(7,599)</u>	<u>(3,668)</u>	<u>(2,708)</u>	<u>(1,340)</u>
Profit before minority interests	32,278	38,095	22,382	10,774	221
Minority interests	<u>(2,864)</u>	<u>(3,770)</u>	<u>(1,470)</u>	<u>93</u>	<u>302</u>
Net profit for the year	<u>29,414</u>	<u>34,325</u>	<u>20,912</u>	<u>10,867</u>	<u>523</u>
ASSETS AND LIABILITIES					
Total assets	173,853	170,695	232,722	276,980	276,492
Total liabilities	(24,419)	(32,010)	(33,665)	(83,628)	(80,994)
Minority interests	<u>(10,457)</u>	<u>(14,227)</u>	<u>—</u>	<u>(378)</u>	<u>(557)</u>
Equity	<u>138,977</u>	<u>124,458</u>	<u>199,057</u>	<u>192,974</u>	<u>194,941</u>

The company was incorporated in the Cayman Islands on 9th April 2001 and became the holding company of the group with effect from 12th September 2001 as a result of Group Reorganisation as set out in the prospectus dated 30th October 2001 issued by the company.

The results of the group for the years ended 31st March 2000 and 2001 and the assets and liabilities of the group as at 31st March 2000 and 2001 have been prepared on a combined basis as if the current group structure had been in existence throughout the years concerned and have been extracted from the prospectus dated 30th October 2001 issued by the company and been restated to conform with SSAP 9 (revised) "Events after the balance sheet date".

Note: The above figures prior to the year ended 31st March 2003 have not been adjusted to take into account the effect on the adoption of the Statement of Standard Accounting Practice 12 (revised) "Income Taxes" issued by the Hong Kong Society of Accountants as the directors considered that such information is not available without incurring significant costs and effort.

For the year ended 31st March 2004

LOCATION	TYPE	LEASE TERM
The whole of Nos. 51 and 53 Hennessy Road (also known as Luen Sun Building) Wanchai Hong Kong	Residential and commercial	Long lease
The whole of 3rd, 4th, 10th, 12th, 15th, 17th, 22nd, 24th Floor and 3/8 of 11th Floor Nos. 55 and 57 Hennessy Road (also known as Communications Building) Wanchai Hong Kong	Commercial	Long lease
Block B on 14th Floor Vita Tower No. 29 Wong Chuk Hang Road Wong Chuk Hang Hong Kong	Industrial	Long lease
Workshop 05 on 5th Floor Kwong Sang Hong Centre Nos. 151-153 Hoi Bun Road Kwun Tong Kowloon Hong Kong	Industrial	Medium-term lease