

Corporate Information

EXECUTIVE DIRECTORS

Mr. Poon Sum, Chairman

Mr. Mok Yu Kong

Mr. Wong Kwok Leung

NON-EXECUTIVE DIRECTORS

Mr. Chan Shu Kin

Mr. Chan Kam Ching, Paul

AUDIT COMMITTEE

Mr. Chan Shu Kin

Mr. Chan Kam Ching, Paul

COMPANY SECRETARY

Mr. Ching Kai Ming

REGISTERED OFFICE

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

Cayman Islands

British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 9-10, 4/F., Kinglet Industrial Building

21-23 Shing Wan Road

Tai Wai, Shatin

New Territories

Hong Kong

PRINCIPAL SHARE REGISTRAR

Bank of Bermuda (Cayman) Limited

36C Bermuda House

British American Centre

Dr. Roy's Drive

George Town

Grand Cayman

Cayman Islands

British West Indies

BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Rooms 1901-5, 19th Floor

Hopewell Centre

183 Queen's Road East

Hong Kong

LEGAL ADVISERS

Woo, Kwan, Lee & Lo

JOINT AUDITORS

PricewaterhouseCoopers

Certified Public Accountants

Lau & Au Yeung C.P.A. Limited

Certified Public Accountants

PRINCIPAL BANKERS

Nanyang Commercial Bank, Ltd.

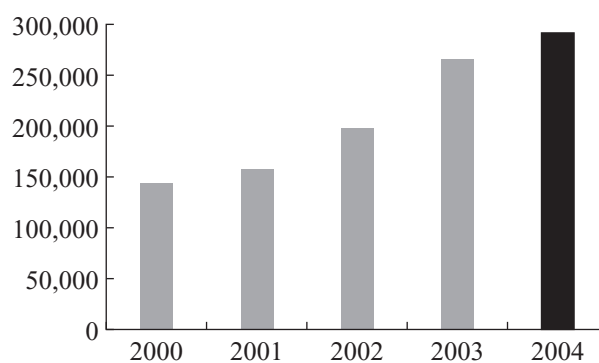
Standard Chartered Bank

UFJ Bank Limited

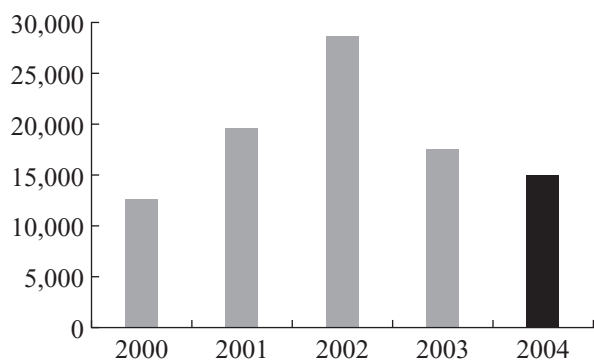
Financial Highlights

	Year ended 31st March				
	2000	2001	2002	2003	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	143,693	157,437	197,933	265,789	291,598
Profit attributable to shareholders	12,679	19,614	28,709	17,503	15,029
Shareholders' funds	36,776	6,959	35,921	76,538	91,895

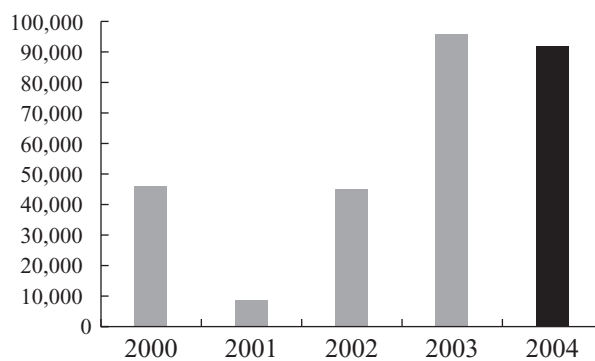
Turnover (in HK\$'000)



Profit attributable to shareholders (in HK\$'000)



Shareholders' funds (in HK\$'000)



Chairman's Statement

On behalf of the Board of Directors (the "Board") of Wing Shing Chemical Holdings Limited (the "Company"), I am pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as "the Group") for the year ended 31st March 2004.

- The Group's turnover reached a record high of HK\$291,598,000;
- The Group established a joint venture with a European company to expand business into the non-stick coatings market in the PRC;
- The Group's measures to streamline the organization structure and control the expenses proved to be effective;
- Sales of the Group's new products achieved better growth.

In addition, the Group's distribution network in Yangtze River Delta and Southern China is gaining scale. The Group is expecting to generate satisfactory returns from investments in these regions.

Apart from the significant sales of our long-existing products such as toy paints and metal paints, the turnover of other products including cabinet and UV cured plastic paints also sustained stronger growth. In addition, the sales performance of several newly developed products also met our expectations. All these will strengthen the dynamic drive for boosting the sales of the Group in the coming years.

Although many targets were achieved last year, with crude oil prices standing high due to the instability in the Middle East as well as the rampage of SARS, the Group's gross profit and net profit were not very satisfactory. Nevertheless, as these unfavorable factors gradually fade away, coupled with the Group's relentless efforts in cost-control, I expect the Group's profits will improve in the coming years.

Finally, I would like to extend my gratitude to our clients and suppliers who have been supportive to us. I would also like to express my appreciation to our staff for their commitment and dedication.

Poon Sum

Chairman

Hong Kong, 26th July 2004

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in (i) manufacture and sale of paints and blended solvents; (ii) manufacture and sale of plastic colorants; and (iii) trading of chemical materials. For the year ended 31st March 2004, the Group recorded turnover of HK\$291,598,000, up 9.7% compared to the previous financial year. Profit attributable to shareholders was HK\$15,029,000.

Paints and blended solvents

This division sustained strong growth. Its turnover reached HK\$264,309,000, an increase of 12.2% compared to last financial year. Gross profit (“GP”) margin slightly dropped for 1.2% to 21.3%. The increase in the turnover was mainly attributable to (i) the steady sale of toy paints and metal paints; (ii) growth in cabinet and UV cured plastic paints business; (iii) better sales performance brought by more sophisticated research and development technologies for new products; and (iv) higher utilization of expanded facilities and plants.

Last year, certain clients temporarily suspended business activities due to SARS, which led to a decrease in overall demand in paints. Moreover, the cost of secondary products of petroleum, such as solvents and resins and additives increased persistently as the international crude oil price maintained at a level between US\$38 and US\$40 per barrel. As a result of the decrease in demand and the upsurge of operation costs, the sales performance in the overall industry was not satisfactory. Fortunately, the new commission scheme and newly developed products demonstrated their effectiveness and facilitated the continuous business growth under the tough circumstances.

However, performance of profit from this division was below expectation. There was an increase in distribution costs when compared to last year for reasons outlined above. To maintain the growth in sales, the Group had to pay higher commission fees to salespersons to boost the turnover, together with costs for establishing sales outlets and the increasing transportation cost. These were major factors posing the modest level of profit.

Plastic colorants

This division contributed a turnover of HK\$8,478,000, down 25.3% compared to the previous financial year. However, the GP margin augmented 5.7% to 46.7%, attributable to the effective cost control policy and the new commission scheme encouraging the sale of products with high GP margin.

Chemical trading

The turnover of this division slightly decreased from HK\$18,957,000 last financial year to HK\$18,811,000 this year, with the GP margin nearly doubled from 8.7% to 16.9%. This was attributable to the continual rise in raw material prices, which resulted in a larger price difference between the demand and supply side.

Management Discussion and Analysis

FUTURE PROSPECTS

Looking forward, crude oil prices are expected to fluctuate due to the unstable condition in the Middle East. Therefore, operating costs of the Group may also fluctuate. Effectiveness of the macroeconomic control measures implemented by the PRC government remains unknown, and economic development may not be clearly predicted. However, in the long run, economic growth in the PRC is expected to continue and domestic demand will also increase. It is important that the Group prepares itself for this by enhancing the sale of its core businesses, production facilities and capacity. At the same time, excellent management system and advancement in technological level will be equally emphasized. The management will also grasp various business opportunities ahead for the Group's flourish development.

To achieve this goal, the Group will industriously explore multifarious markets, expand customer base by establishing more sales outlets and strengthen the sales network in Yangtze and Pearl River Deltas.

Furthermore, to perfect the management system, an Enterprise Resource Planning (ERP) system will be introduced to the Group. Besides, the Group's technical centre, equipped with a series of research and examination facilities has also been established early this year. This is to ensure enhancement in technological capabilities for existing products, and research and development of new products can be achieved simultaneously.

Recently, the Group has established a joint venture with a European paints company to expand business into the non-stick coatings market in the PRC. In future, the management will collaborate with various foreign and local institutions to explore different markets and seize opportunities for the Group.

DIVIDENDS

The interim dividend of HK\$0.005 per share was paid on 15th January 2004. The Directors recommend the payment of a final dividend of HK\$0.005 per share which, together with the interim dividends, make total dividends for the year ended 31st March 2004 of HK\$0.01 per share, representing a total distribution of approximately HK\$4.16 million for the year. The Directors also recommend that such final dividend be satisfied in cash, with a scrip option to receive shares in lieu of cash. The market value of the shares to be issued under the scrip dividend scheme will be fixed by reference to the average closing price of the Company's shares on the Stock Exchange for the five consecutive trading days ending 17th September 2004. A circular giving details of the scrip dividend scheme and a form of election will be sent to shareholders on or around 1st September 2004. Subject to the approval of shareholders at the forthcoming annual general meeting, it is expected that the final dividend will be paid on or around 6th October 2004 to shareholders registered on 26th August 2004.

Report of the Directors

The Directors submit their annual report together with the audited accounts of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st March 2004.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 13 to the accounts.

An analysis of the Group’s performance for the year by business and geographical segment is set out in note 2 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March 2004 are set out in the consolidated profit and loss account on page 24.

The Directors have declared an interim dividend of HK\$0.005 per ordinary share, totalling HK\$2,080,000 which was paid on 15th January 2004.

The Directors recommend the payment of a final dividend of HK\$0.005 per ordinary share, totalling HK\$2,080,000. The Directors also recommend that such final dividend be satisfied in cash, with a scrip option to receive shares in lieu of cash. Subject to the approval of shareholders at the forthcoming annual general meeting, it is expected that the final dividend will be paid on or around 6th October 2004 to shareholders registered on 26th August 2004.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 23 to the accounts.

FIXED ASSETS

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

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 22 to the accounts.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st March 2004, amounted to HK\$95,056,000, comprising share premium and retained earnings. Under section 34 of the Companies Law (Revised) of the Cayman Islands, the share premium is available for distribution to shareholders subject to the provisions of the articles of association of the Company (the “Articles of Association”), and no distribution may be paid to shareholders out of the Company’s share premium unless the Company shall be able to pay its debt as they fall due in the ordinary course of business.

Report of the Directors

PRE-EMPTIVE RIGHTS

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 64.

PURCHASES, SALE OR REDEMPTION OF SECURITIES

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

SHARE OPTIONS AND WARRANTS

On 11th November 2002, warrants to subscribe for a total of 77,714,281 shares of the Company at a subscription price of HK\$0.70 per share (subject to adjustment) before 31st October 2007 were issued to the Company's shareholders at nil consideration. No warrants have been exercised since the date of issue and up to the date of this report.

A share option scheme (the "Share Option Scheme") was approved and adopted by shareholders of the Company at an Extraordinary General Meeting on 21st October 2002.

The purpose of the Share Option Scheme is to acknowledge the contributions made or to be made by the participants to the Group and to motivate the participants to optimise their performance and efficiency and attract and retain the participants whose contributions are important to the long-term growth and profitability of the Group. The participants are employees, executive and non-executive Directors, officers, advisers and consultants of the Group who satisfy the eligibility requirements set out in the Share Option Scheme. The Share Option Scheme will, unless otherwise cancelled or amended, remain in force for 10 years from 21st October 2002, the date on which it became effective.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company (excluding option lapsed in accordance with the Share Option Scheme and any other share option schemes of the Company) must not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the Share Option Scheme unless the Company obtains a fresh approval from its shareholders. Securities available for issue under the Share Option Scheme as at 31st March 2004 were 32,800,000 shares (including options for 9,500,000 shares that have been granted but not yet lapsed) which represented 7.88% of the issued share capital of the Company as at 31st March 2004.

Report of the Directors

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme in any 12-month period must not exceed 1% of the shares in issue.

The Directors will have the absolute discretion to fix the minimum period for which an option must be held before it can be exercised. The period within which the shares must be taken up under an option shall not be later than 10 years from the date on which the option is granted.

The amount payable on acceptance of an option is HK\$1.00. An offer of the grant of an option must be accepted within 3 business days commencing from the date on which an option is offered to a participant.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be such price as the Directors in its absolute discretion shall determine, save that such price will not be less than the highest of (i) the nominal value of the shares, (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive trading days immediately preceding the date of offer of the option and (iii) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option.

Details of the options outstanding at 31st March 2004 which have been granted under the Share Option Scheme are as follows:

	Number of options			Outstanding at 31st March 2004	Exercise price per share HK\$	Grant date	Exercise period
	Outstanding at 1st April 2003	(Note 1) Granted during the year	(Note 2) Exercised during the year				
Continuous contract employees	—	17,500,000	8,000,000	9,500,000	0.301	24th November 2003	From 24th November 2003 to 23rd November 2008

Notes:

1. The closing price of the shares immediately before the date of grant was HK\$0.285.
2. These options were exercised on 5th January 2004. At the date before the options were exercised, the weighted average closing price of the shares was HK\$0.365.
3. The Directors consider it inappropriate to value the share options as a number of factors crucial for the valuation cannot be determined accurately. Any valuation of the share options based on various speculative assumptions would be meaningless and could be misleading to the shareholders.
4. No share options were lapsed and cancelled during the year.

Report of the Directors

DIRECTORS

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

Mr. Poon Sum

Mr. Mok Yu Kong

Mr. Wong Kwok Leung

Mr. Kwok Kwai Sum (resigned on 1st December 2003)

Mr. Chan Shu Kin ⁽¹⁾

Mr. Chan Kam Ching, Paul ⁽¹⁾

⁽¹⁾ Independent non-executive Directors

In accordance with Article 87(1) of the Company's Articles of Association, Mr. Wong Kwok Leung retires by rotation and, being eligible, offers himself for re-election at the forthcoming annual general meeting.

Mr. Chan Shu Kin and Mr. Chan Kam Ching, Paul are independent non-executive Directors and were appointed for a three-year term expiring on 20th October 2005.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Poon Sum, Mr. Mok Yu Kong and Mr. Wong Kwok Leung has entered into a service contract with the Company for an initial term of three years commencing from 21st October 2002, and which may be terminated by either party thereto giving to the other not less than six months' prior notice in writing, which notice period shall not expire at any time during the first year.

Under the above service contracts, the remuneration payable to each of the executive Directors may, subject to the discretion of the Directors, be increased by not more than 10% per annum and they will each be entitled to a discretionary bonus provided that the total amount of bonuses payable to all the Directors for such year shall not exceed 15% of the audited consolidated net profit of the Group after tax and minority interests but before extraordinary and exceptional items of the Group (the "Profit"). Each executive Director will abstain from voting and not be counted in the quorum in respect of any resolution proposed at any meeting of the Directors regarding the amount of annual salary, discretionary bonus and other allowance available to himself. Each of the executive Directors will also be entitled to all reasonable out-of-pocket expenses. During the year, no discretionary bonus was paid and payable while total emoluments paid and payable to the executive Directors amounted to approximately HK\$3,534,000.

Mr. Wong Kwok Leung has a service contract with the Company with a remaining unexpired period of 1.5 years which is not determinable within one year without payment of compensation.

Save as disclosed above, none of the Directors has entered into any service agreements with any member of the Group.

DIRECTORS' INTEREST IN CONTRACTS

Apart from those disclosed in note 30 to the accounts, no contract of significance in relation to the Group's business to which the Company or 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Poon Sum, aged 40, is the chairman of the Company and one of the co-founders of the Group. Throughout the year, he has been, and still is, primarily responsible for the overall strategic planning, business development, marketing and formulation of overall corporate policies of the Group. He has over 16 years of experience in the paints and coatings industry and the trading of chemicals in Hong Kong and the PRC.

Mr. Mok Yu Kong, aged 38, is an executive Director. He joined the Group in September 1998. He is currently responsible for overseeing the administration and operations of the Group's paints and coatings production. He graduated from the Hong Kong Polytechnics in 1988 with a Bachelor's degree in Civil Engineering. Prior to joining the Group, he had over 10 years of experience in the field of sales and marketing and worked for several multinational corporations.

Mr. Wong Kwok Leung, aged 46, is an executive Director. He joined the Group in September 1997. He is currently responsible for overseeing the Group's finance and accounting affairs. In 1982, he obtained the qualification of LCC - Higher Accounting from London Chamber of Commerce and diploma of supervisory studies from Hong Kong Productivity Council. Prior to joining the Group, he worked in the field of finance and accounting for over 11 years and has obtained extensive knowledge therein.

Each of the executive Directors has entered into a service contract with the Company. Details of such service contracts are set out in the section headed "Directors' Service Contracts" in the Report of the Directors.

Independent Non-executive Directors

Mr. Chan Shu Kin, aged 49, is an independent non-executive Director. He was appointed on 21st October 2002. He is a certified public accountant and is a partner of Messrs. Ting Ho Kwan & Chan, Certified Public Accountants. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Society of Accountants and the Taxation Institute of Hong Kong. He has over 27 years of experience in field of auditing, accounting as well as financial management. Currently, he is the president of the Society of Chinese Accountants and Auditors.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Independent Non-executive Directors *(continued)*

Mr. Chan Kam Ching, Paul, aged 49, is an independent non-executive Director. He was appointed on 21st October 2002. He is the senior partner of Paul K.C. Chan & Partners Solicitors & Notaries, and has been practising laws in Hong Kong for over 20 years. He obtained a Juris Doctor degree from the University of Toronto in 1979. He has been admitted as a barrister and a solicitor in Ontario, Canada and as a barrister in the Australian Capital Territory, as a solicitor in Hong Kong and in England and Wales, and as an advocate and solicitor in Singapore. He became a China-Appointed Attesting Officer in 1995, a member of Chartered Institute of Arbitrators in 1996, a Notary Public in Hong Kong in 1997, and HKIAC Accredited Mediator in 1999.

Senior Management

Mr. Chan Chung Yuk, aged 52, is the technical manager of the Group. He joined the Group in April 2001. He is responsible for the product research and development and quality control of the Group. He graduated from the Hong Kong Polytechnics in 1975 with a higher certificate in Chemical Technology. With more than 31 years of work experience in several big paints companies in Hong Kong, he has extensive knowledge in the paints industry and is well versed in related product research and development.

Mr. Yiu Po Wah, aged 49, is the production manager of the paints and coatings division of the Group. He joined the Group in April 1993 and is responsible for production management of the paints and coatings. He has over 31 years of experience in the paints industry. Prior to joining the Group, he worked for a big paints company in Hong Kong.

Mr. Wan Wai Shing, aged 44, is the sales manager and responsible for the sales and marketing of the Group's paints and coatings products. He joined the Group in January 1994. Prior to joining the Group, he worked in the field of commercial banking for more than 15 years.

Report of the Auditors



羅兵咸永道會計師事務所

PricewaterhouseCoopers

22nd Floor, Prince's Building,

Central

Hong Kong



劉歐陽會計師事務所有限公司

LAU & AU YEUNG C.P.A. LIMITED

Lau & Au Yeung C.P.A. Limited

Room 2701, 27th Floor, Wing On House,

71 Des Voeux Road,

Central,

Hong Kong

AUDITORS' REPORT TO THE SHAREHOLDERS OF WING SHING CHEMICAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the accounts on pages 24 to 63 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 accounts which give a true and fair view. In preparing accounts which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

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

BASIS OF OPINION

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

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

Consolidated Profit and Loss Account

For the year ended 31st March 2004

	<i>Note</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Turnover	2	291,598	265,789
Cost of sales		(227,970)	(205,360)
Gross profit		63,628	60,429
Other revenues	2	1,984	1,297
Distribution costs		(20,435)	(13,615)
Administrative expenses		(25,806)	(24,932)
Other operating expenses, net		(1,120)	(1,521)
Operating profit	3	18,251	21,658
Finance costs	4	(2,528)	(2,807)
Profit before taxation		15,723	18,851
Taxation	5	(584)	(730)
Profit after taxation		15,139	18,121
Minority interests		(110)	(618)
Profit attributable to shareholders		15,029	17,503
Dividends	7	4,160	—
Earnings per share - Basic	8	3.7 cents	4.7 cents

Consolidated Balance Sheet

As at 31st March 2004

	<i>Note</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Fixed assets	11	<u>53,427</u>	<u>45,521</u>
Intangible assets	12	<u>5,427</u>	<u>—</u>
Interests in an associated company	14	<u>150</u>	<u>150</u>
Other investment	15	<u>400</u>	<u>—</u>
Current assets			
Inventories	16	24,857	23,881
Due from shareholders		—	351
Prepaid tax		1,610	—
Trade and other receivables	17	88,604	71,346
Pledged bank deposits		—	9,049
Bank balances and cash	18	<u>17,868</u>	<u>17,455</u>
		<u>132,939</u>	<u>122,082</u>
Current liabilities			
Due to shareholders	19	418	91
Trade and other payables	20	36,062	28,324
Taxation payable		446	4,046
Current portion of long-term liabilities	21	14,242	14,154
Short-term bank loan - unsecured		7,503	2,703
Trust receipt loans - secured	29	27,447	27,831
Bank overdrafts - secured	29	<u>5,006</u>	<u>838</u>
		<u>91,124</u>	<u>77,987</u>
Net current assets		<u>41,815</u>	<u>44,095</u>
Total assets less current liabilities		<u>101,219</u>	<u>89,766</u>

Balance Sheet

As at 31st March 2004

	<i>Note</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Investments in subsidiaries	13	<u>94,099</u>	<u>71,570</u>
Current assets			
Prepayment	17	35	—
Bank balances and cash		<u>5,543</u>	<u>8,919</u>
		<u>5,578</u>	<u>8,919</u>
Current liabilities			
Due to shareholders	19	345	—
Other payables and accrued expenses	20	<u>116</u>	<u>246</u>
		<u>461</u>	<u>246</u>
Net current assets		<u>5,117</u>	<u>8,673</u>
Total assets less current liabilities		<u>99,216</u>	<u>80,243</u>
Financed by:			
Share capital	22	4,160	4,080
Reserves	23(b)		
Proposed final dividend		2,080	—
Others		<u>92,976</u>	<u>76,163</u>
		<u>99,216</u>	<u>80,243</u>

Poon Sum
Director

Mok Yu Kong
Director

Consolidated Statement of Changes in Equity

For the year ended 31st March 2004

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2002	5	—	3,248	32,668	35,921
Issuance of shares	4,075	29,988	—	—	34,063
Share issuance expenses	—	(7,486)	—	—	(7,486)
Capitalisation issue	—	(3,463)	—	—	(3,463)
Profit for the year	—	—	—	17,503	17,503
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2003	4,080	19,039	3,248	50,171	76,538
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At 1st April 2003	4,080	19,039	3,248	50,171	76,538
Exercise of share options	80	2,328	—	—	2,408
Profit for the year	—	—	—	15,029	15,029
Dividends	—	—	—	(2,080)	(2,080)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2004	4,160	21,367	3,248	63,120	91,895
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Consolidated Cash Flow Statement

For the year ended 31st March 2004

	<i>Note</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Net cash inflow generated from operations	25(a)	14,529	3,494
Interest paid		(2,528)	(2,807)
Hong Kong profits tax paid		(5,973)	(595)
PRC income tax refund/(paid)		179	(96)
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		6,207	(4)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Investing activities			
Repayment of advances to related companies		—	7,627
Purchase of fixed assets		(14,101)	(16,310)
Proceeds from sale of fixed assets		83	431
Payment for other investment		(400)	—
Purchase of minority interests in subsidiaries		(8,978)	—
Research and development expenses capitalised		(259)	—
Interest received		128	223
		<hr/>	<hr/>
Net cash outflow from investing activities		(23,527)	(8,029)
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Net cash outflow before financing		(17,320)	(8,033)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Financing activities	25(b)		
Issuance of shares		2,408	23,114
Decrease/(increase) in pledged bank deposits		9,049	(6,326)
Capital elements of finance lease payments		(2,776)	(1,756)
Proceeds from sale and lease back arrangement		—	5,920
Inception of bank loans		15,465	23,678
Repayment of bank loans		(7,617)	(24,490)
(Decrease)/increase in trust receipt loans		(384)	8,286
Repayment of loan to a minority shareholder		—	(1,918)
Dividend paid		(2,080)	—
Dividend paid to minority shareholders		(500)	—
		<hr/>	<hr/>
Net cash inflow from financing		13,565	26,508
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
(Decrease)/increase in cash and cash equivalents		(3,755)	18,475
Cash and cash equivalents at 1st April		16,617	(1,858)
		<hr/>	<hr/>
Cash and cash equivalents at 31st March		12,862	16,617
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Notes to the Accounts

1 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

Pursuant to a group reorganisation (the “Reorganisation”) in preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company acquired the entire issued share capital of Wing Shing Group Limited through a share swap and became the holding company of the Group. Details of the Reorganisation are set out in the Prospectus of the Company dated 31st October 2002. The Company’s shares were listed on the Stock Exchange on 13th November 2002.

The Reorganisation is accounted for using merger accounting as permitted by Statement of Standard Accounting Practice (“SSAP”) 2.127 “Accounting for group reorganisations” issued by the Hong Kong Society of Accountants (“HKSA”). The consolidated accounts of the Group for the year ended 31st March 2003 are prepared as if the Company had been the holding company of the Group from the beginning of the earliest period presented.

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”). They have been prepared under the historical cost convention.

In the current year, the Group adopted the following revised SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2003:

SSAP 12 (revised)	:	Income taxes
SSAP 34 (revised)	:	Employee’s benefits

The adoption of the above revised SSAPs does not have any material effect on the consolidated accounts of the Group for the year ended 31st March 2004 and the prior year.

The principal accounting policies adopted in the preparation of these accounts and the changes to the Group’s accounting policies and the effect of adopting these revised SSAPs are set out in the following paragraphs.

(b) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of Directors; or to cast majority of votes at the meetings of the board of Directors.

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

Notes to the Accounts

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(b) Consolidation *(continued)*

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

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

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

(c) Associated company

An associated company is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated company for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated company on acquisition.

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

Equity accounting is discontinued when the carrying amount of the investment in the associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

(d) Goodwill

Goodwill arose on the acquisition of minority interests of certain subsidiaries by the Group. Goodwill represents the excess of the cost of acquisition over the share of the net assets attributable to the acquired minority equity interests of these subsidiaries at the date of acquisition.

Goodwill on acquisitions is amortised using the straight-line method over its estimated useful life. Goodwill arising on major strategic acquisitions of the Group to expand its product or geographical market coverage is amortised over a maximum period of 10 years.

Where an indication of impairment exists, the carrying amount of goodwill on acquisitions is assessed and written down immediately to its recoverable amount.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Other investments

Other investments are carried at cost less any provision for impairment losses. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the profit and loss account. Profits or losses on disposal of other investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(f) Fixed assets

(i) Properties under development

Properties under development are interests in leasehold land and buildings on which construction work has not been completed and which, upon completion, will be held for intended use. Properties under development are included in fixed assets and are carried at cost which includes development and construction expenditure incurred and other direct costs attributable to the development, less accumulated impairment losses. On completion, the properties are transferred to other fixed asset categories at cost less accumulated impairment losses.

(ii) Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leasehold land and buildings are depreciated over the shorter of the period of the lease and their estimated useful lives while other fixed assets are depreciated at rates sufficient to write off their costs less accumulated impairment losses and residue value over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold land and buildings	2 - 2.38%
Plant and machinery	9 - 20%
Furniture, fixtures and equipment	18 - 20%
Motor vehicles	9 - 30%

Major costs incurred in restoring the fixed assets to their normal working condition to allow continued use of the overall asset are charged to the profit and loss account.

(iii) Impairment of fixed assets

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that the fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

Notes to the Accounts

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(g) **Assets under leases**

(i) *Finance leases*

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

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

(ii) *Operating leases*

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

(h) **Inventories**

Inventories comprise raw materials, work in progress and finished goods and are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(i) **Account receivables**

Provision is made against account receivables to the extent they are considered to be doubtful. Account receivables in the balance sheet are stated net of such provision.

(j) **Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise bank balances and cash and bank overdrafts.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(k) **Deferred taxation**

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

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

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively. The adoption of revised SSAP 12 has no significant effect on the Company's results for the prior accounting years.

(l) **Borrowing costs**

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

(m) **Translation of foreign currencies**

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

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

(n) **Provisions**

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

Notes to the Accounts

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(o) **Employee benefits**

(i) *Employee leave entitlements*

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

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

(ii) *Pension obligations*

The Group operates a number of defined contribution plans in Hong Kong and the PRC, the assets of which are held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred and, if allowed under the scheme, are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(p) **Contingent liabilities**

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

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

(q) **Revenue recognition**

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

Handling income is recognised when the underlying services are rendered.

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

Rental income is recognised on a straight-line basis over the terms of the lease.

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

(r) **Research and development costs**

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of not more than 5 years to reflect the pattern in which the related economic benefits are recognised. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(s) **Segmental reporting**

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

Unallocated costs represent corporate expenses. Segment assets consist primarily of intangible assets, fixed assets, inventories, receivables and operating cash, and mainly exclude certain corporate assets, investment in associated company and other investment. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to intangible assets and fixed assets, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

Notes to the Accounts

2 TURNOVER AND REVENUES

The Group is principally engaged in the manufacturing and trading of paints, blended solvents, plastic colorants and chemical materials. Revenues recognised during the year are as follows:

	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Sale of goods	291,598	265,789
Other revenues		
Handling income	1,171	280
Interest income from		
- banks	128	93
- a related company	—	130
Rental income	93	47
Other income	592	747
	1,984	1,297
Total revenues	293,582	267,086

2 TURNOVER AND REVENUES (continued)

Primary report format - business segment

	Paints and blended solvents 2004 HK\$'000	Plastic colorants 2004 HK\$'000	Chemical materials 2004 HK\$'000	Elimination 2004 HK\$'000	Group total 2004 HK\$'000
Segment revenues					
Turnover					
External revenues	264,309	8,478	18,811	—	291,598
Inter segment revenues	—	—	1,139	(1,139)	—
Other revenues excluding interest income	1,921	82	1,164	(1,311)	1,856
	<u>266,230</u>	<u>8,560</u>	<u>21,114</u>	<u>(2,450)</u>	<u>293,454</u>
Segment results	<u>16,905</u>	<u>636</u>	<u>1,808</u>		19,349
Unallocated costs					(1,226)
Interest income					128
Operating profit					18,251
Finance costs					(2,528)
Profit before taxation					15,723
Taxation					(584)
Profit after taxation					<u>15,139</u>
Segment assets	146,238	6,097	5,880		158,215
Unallocated corporate assets					34,128
					<u>192,343</u>
Segment liabilities	94,223	1,700	2,130		98,053
Unallocated corporate liabilities					1,344
					<u>99,397</u>
Capital expenditure	13,523	578	—		14,101
Depreciation charge	5,605	584	6		6,195
Amortisation charge	112	—	—		112

Notes to the Accounts

2 TURNOVER AND REVENUES (continued)

Primary report format - business segment (continued)

	Paints and blended solvents 2003 HK\$'000	Plastic colorants 2003 HK\$'000	Chemical materials 2003 HK\$'000	Elimination 2003 HK\$'000	Group total 2003 HK\$'000
Segment revenues					
Turnover					
External revenues	235,488	11,344	18,957	—	265,789
Inter segment revenues	781	1	980	(1,762)	—
Other revenues excluding interest income	2,382	27	32	(1,367)	1,074
	<u>238,651</u>	<u>11,372</u>	<u>19,969</u>	<u>(3,129)</u>	<u>266,863</u>
Segment results	<u>21,389</u>	<u>193</u>	<u>751</u>		22,333
Unallocated costs					(898)
Interest income					223
Operating profit					21,658
Finance costs					(2,807)
Profit before taxation					18,851
Taxation					(730)
Profit after taxation					<u>18,121</u>
Segment assets	120,248	7,121	6,277		133,646
Unallocated corporate assets					34,107
					<u>167,753</u>
Segment liabilities	76,218	2,867	2,261		81,346
Unallocated corporate liabilities					4,730
					<u>86,076</u>
Capital expenditure	16,903	98	—		17,001
Depreciation charge	4,667	559	6		<u>5,232</u>

2 TURNOVER AND REVENUES *(continued)***Secondary reporting format - geographical segment**

No geographical segment analysis is presented as less than 10% of the Group's turnover and contribution to operating profit is attributable to customers located outside the PRC.

3 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2004	2003
	HK\$'000	HK\$'000
Crediting		
Gain on disposal of fixed assets	83	129
Net exchange gain	92	17
	<u> </u>	<u> </u>
Charging		
Auditors' remuneration	721	825
Amortisation of intangible assets	112	—
Bad debts written off	44	796
Cost of inventories sold	206,738	184,116
Depreciation		
- owned fixed assets	4,615	4,586
- leased fixed assets	1,580	646
Operating leases in respect of land and buildings	1,347	769
Provision for doubtful debts	1,139	1,260
Research and development costs <i>(see note below)</i>	1,494	1,780
Staff costs (including directors' emoluments) <i>(Note 9)</i>	37,522	33,580
	<u> </u>	<u> </u>

Note: Included in the research and development costs were staff costs of HK\$1,400,000 (2003: HK\$1,229,000) which had also been included in staff costs disclosed above.

Notes to the Accounts

4 FINANCE COSTS

	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans and overdrafts	984	1,481
Interest element of finance leases	405	213
Interest on trust receipt loans	1,139	1,113
	<u>2,528</u>	<u>2,807</u>

5 TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profit for the year. In 2003, the government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current taxation:		
- Hong Kong profits tax (<i>Note (a)</i>)	801	260
- PRC income tax (<i>Note (b)</i>)	—	470
- Over provisions for PRC income tax in prior year	(285)	—
- Under provisions in prior year	68	—
	<u>584</u>	<u>730</u>
Taxation charges	<u>584</u>	<u>730</u>

(a) Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profit for the year.

5 TAXATION (continued)

- (b) PRC income tax has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the People's Republic of China (the "PRC"). In accordance with the relevant tax laws applicable, the Company's subsidiary operating in the PRC is entitled to full exemption from income tax for two years from 1st January 1997, followed by a 50% reduction of the PRC income tax for the three years ended 31st December 2001. The reduced income tax rate applicable to that subsidiary is 12%. Commencing 1st January 2002, the PRC income tax has been provided at the rate of 24% on the estimated assessable profit.
- (c) The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Profit before taxation	<u>15,723</u>	<u>18,851</u>
Calculated at a taxation rate of 17.5% (2003: 16%)	2,752	3,016
Effect of different taxation rates in other countries	—	146
Timing differences not recognised	(9)	(27)
Under/(over) provision for profits tax	108	(68)
Income not subject to taxation	(3,040)	(2,929)
Expenses not deductible for taxation purpose	787	611
Increase in opening net deferred tax liabilities resulting from an increase in tax rate	—	(2)
Others	<u>(14)</u>	<u>(17)</u>
Taxation charge	<u><u>584</u></u>	<u><u>730</u></u>

6 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of profit of HK\$18,645,000 (2003: loss of HK\$812,000), including dividends received from subsidiaries of HK\$20,000,000 (2003: Nil).

Notes to the Accounts

7 DIVIDENDS

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Interim, paid, of HK\$0.005 (2003: Nil) per ordinary share	2,080	—
Final, proposed, of HK\$0.005 (2003: Nil) per ordinary share	2,080	—
	<u>4,160</u>	<u>—</u>

At a meeting held on 26th July 2004, the Directors proposed a final dividend of HK\$0.005 per ordinary share. The Directors have also recommended that final dividend be paid in cash, with shareholders being given the option to receive scrip in lieu of cash in respect of part or all such dividend. The proposed option to elect for scrip in lieu of cash dividend is conditional upon The Stock Exchange of Hong Kong Limited, granting listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend option. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31st March 2005.

8 EARNINGS PER SHARE

The calculation of basis earnings per share is based on the Group's profit attributable to shareholders of HK\$15,029,000 (2003: HK\$17,503,000) and the weighted average number of 409,884,932 (2003: 369,938,630) shares in issued during the year.

Diluted earnings per share for the year ended 31st March 2004 and 2003 is not presented as the exercise of the outstanding options and warrants of the Company would have an anti-dilutive effect.

9 STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION)

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Wages and salaries	37,052	33,156
Pension cost - defined contribution plans (<i>see note below</i>)	470	424
	<u>37,522</u>	<u>33,580</u>

Note: The details of pension cost for the Directors and employees are as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Gross scheme contributions	470	480
Less: Forfeited contributions utilised to offset contributions for the year	—	(56)
Net scheme contributions	<u>470</u>	<u>424</u>

10 EMOLUMENTS FOR DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The aggregate amount of emoluments paid and payable to the Directors of the Company are as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Fees	240	100
Salaries, allowances and benefits in kind	3,482	2,866
Retirement benefit scheme contributions	52	82
Other emoluments	—	245
	<u>3,774</u>	<u>3,293</u>

Directors' fees disclosed above include HK\$240,000 (2003: HK\$100,000) paid to the independent non-executive Directors.

None of the Directors of the Company waived any emoluments paid by the Group during the year (2003: Nil).

The emoluments of the Directors fell within the following bands:

	Number of directors	
	2004	2003
Emolument bands		
Nil to HK\$1,000,000	5	5
HK\$1,500,001 to HK\$2,000,000	—	1
HK\$2,000,001 to HK\$2,500,000	1	—
	<u>6</u>	<u>6</u>

Notes to the Accounts

10 EMOLUMENTS FOR DIRECTORS AND HIGHEST PAID INDIVIDUALS *(continued)*

(b) Five highest paid individuals

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

	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees	—	—
Salaries, allowances and benefits in kind	2,610	3,377
Retirement benefit scheme contributions	49	86
	<u>2,659</u>	<u>3,463</u>

The emoluments of these individuals fell within the following bands:

	Number of individuals	
	2004	2003
Emolument bands		
Nil to HK\$1,000,000	2	2
HK\$1,500,001 to HK\$2,000,000	1	—
HK\$2,000,001 to HK\$2,500,000	—	1
	<u>3</u>	<u>3</u>

- (c) During the current and prior years, no emoluments were paid by the Group to any of the above Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Five Year Financial Summary

	2004	2003	2002	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	291,598	265,789	197,933	157,437	143,693
Profit attributable to shareholders	15,029	17,503	28,709	19,614	12,679
Assets and liabilities					
Total assets	192,343	167,753	118,255	85,472	85,814
Total liabilities	(100,448)	(91,215)	(82,334)	(78,513)	(49,038)
Shareholders' funds	91,895	76,538	35,921	6,959	36,776