


2003

*I n t e r i m R e p o r t*



E. BON



*F l u s h   f o r   b e t t e r   w o r l d*



The directors of E.Bon Holdings Limited ( the "Company") present the interim report and unaudited condensed results of the Company and its subsidiaries ( the "Group") for the six months ended 30 September 2003 are as follows:

## Interim Dividend

As a result of losses sustained for the six months ended 30 September 2003, the directors do not recommend any interim dividend be paid to shareholders for this period.

## Review of Operations

For the past six months ended 30 September 2003, the Group's unaudited accounts show that consolidated turnover was HK\$72.59 million 8% increased from the same period in 2002 (six months ended 30 September 2002 : HK\$67.23 million) and consolidated loss after taxation was HK\$5.46 million (six months ended 30 September 2002: HK\$4.31 million) respectively. The sales for first quarter of the current year was overshadowed by the SARS epidemic which saw a significant drop in wholesale and retail sales while the project sales remain at low level due to the change of the housing policy. However, the second quarter saw an increase in sales volume with retail sales picked up gradually. In fact the sales in second quarter constitute a significant portion of the sales in the said six months period.

During the period, about 50% of the sales was generated from the sales to building project (six months ended 30 September 2002 : 38%), while the remaining sales are from retail and wholesale operation reflecting impacts from the SARS epidemics in the first quarter of this accounting period.

At 30 September 2003, the sales to projects in China have been moving steadily and prudently and the building project sale includes Shangri La Hotel Zhongshan, and the Woodland in the same neighbourhood during the period. In addition, the Group has established over forty outlets for sales or offering for sale of its products in order to expand its presence and business into Mainland China. The group has conducted the business in China discreetly and circumspectly. The Group's workforce consists of 110 devoted employees all of whom are vital to our operation.

## Financial Position

Despite the fact that the dampening of local economy as a result of the SARS epidemic, the Group's overall financial position remains sound. We have been able to increase the sales volume during the current adverse operating environment. However, the gross profit margin lowered to 30.5% partly resulting from the weakening of Hong Kong Dollars against foreign currencies such as Euro and Japanese Yen which accounts for about 80% of payment of our imports, and these currencies have appreciated up to some 15% over the period. This is the price, as have been the case for other part of our economy, we have to paid under our PEG Dollar System. On the other hand, the competition in the market drives our price down in order to maintain the market share of our products during the quarter after the SARS epidemics. Despite of the narrowing of our profit margin in our sales, we are pleased to note that the Group remains strong in its cash position with HK\$33 million in deposit.



The Group has no bank borrowings as at 30 September 2003 (31 March 2003 - NIL) and the current ratio, which is calculated based on current assets over current liabilities of the Group, at 30 September 2003 was 7.08 (31 March 2003: 8.33). The Group has no significant exposure to foreign currency fluctuations. No asset of the Group was held under charge and there was no material capital commitment as at 30 September 2003.

## Future Prospects

The Group has taken a critical review on its retail operation which has become a major contributor to the Group business, with a view to widening our network and streamlining our operation, the Group has expanded its retail outlets with an addition store in Lockhart Road Wan Chai with retail floor space in excess of 3,000 square feet, but the showroom in Happy Valley with floor space of about 700 square feet will be closed down. The Closer Economic Partnership Arrangement (CEPA) with the Mainland China opens up further opportunity to our China operation and a further relaxation of individual travelers from China to Hong Kong has gradually improved the local economy which will stimulate the growth of our business to hotel improvement and development projects. The public awareness and worry of SARS epidemic is having a positive effect in our sales of bathroom and kitchen accessories. The Directors have shared the views of most business people that the Hong Kong economy is likely to bottom out in the first quarter of 2004 and continue to carry its momentum throughout next year. The gradual improvement of economy will reduce the number of owners of negative equity. The Group will identify business opportunity in quality lifestyle for products and services catered for the middle class both in Hong Kong and Mainland China.

## Purchase, Sales or Redemption of Shares

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

## Directors' Interest in Equity Securities

At 30 September 2003, the interests of the directors in the shares of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

### Interests in shares of the Company

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

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

## Interests in shares of associated corporations

### (i) BHGL

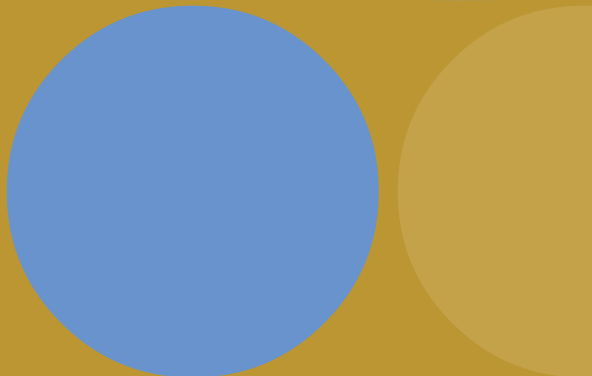
Director	Personal interest	Number of ordinary shares held			Total
		Family interest	Corporate interest	Other interest	
Mr. TSE Sun Fat, Henry (Note 2)	–	–	–	30,491	30,491
Mr. TSE Sun Po, Tony (Note 2)	–	30,491	–	30,491	30,491
Mr. TSE Sun Lung, Alan	3,025	–	–	–	3,025
Mr. LEE Chi Wah, Rhodes (Mr. Lee resigned on 17 July 2003)	965	–	–	–	965
Mr. WONG Tin Cheung, Ricky	1,265	–	–	–	1,265

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

### (ii) Negotiator Consultants Limited

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

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



## Directors' Benefits from Rights to Acquire Shares or Debentures

Under the terms of the Company's share option scheme adopted on 22 March 2000, which is in accordance with the Listing Rules governing share option schemes, the Board of Directors of the Company may, at their discretion, invite any full-time employees or executive directors of the Company or any of its subsidiaries to subscribe for ordinary shares of HK\$0.10 each in the Company. The maximum number of shares in respect of which options may be granted under the scheme may not exceed 10% of the issued share capital of the Company. No options have been granted to the directors since its adoption.

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

## Substantial shareholders

The register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that as at 30 September 2003, the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

Name of Shareholder	Number of Shares
BHGL	140,000,000
Tse Brothers Assets Management Limited (Note 4)	140,000,000
Messrs. Kelvin KW Cheung & Chu Hei Chun (Note 4)	140,000,000

Note 4: BHGL is held as to approximately 60.98% by Tse Brothers Assets Management Limited, the entire issued share capital of which is in turn held by Messrs. Kelvin KW Cheung & Chu Hei Chun (who are the trustees of the Tse's Family Trust). Tse Brothers Assets Management Limited and Messrs. Kelvin KW Cheung & Chu Hei Chun are respectively taken to be interested in these shares under Section 8(2) of the SDI Ordinance.

## Compliance with the Code of Best Practice of the Listing Rules

None of the directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 in the Listing Rules of The Stock Exchange of Hong Kong Limited at any time during the six months ended 30 September 2003.

## Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adapted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30 September 2003.

## CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

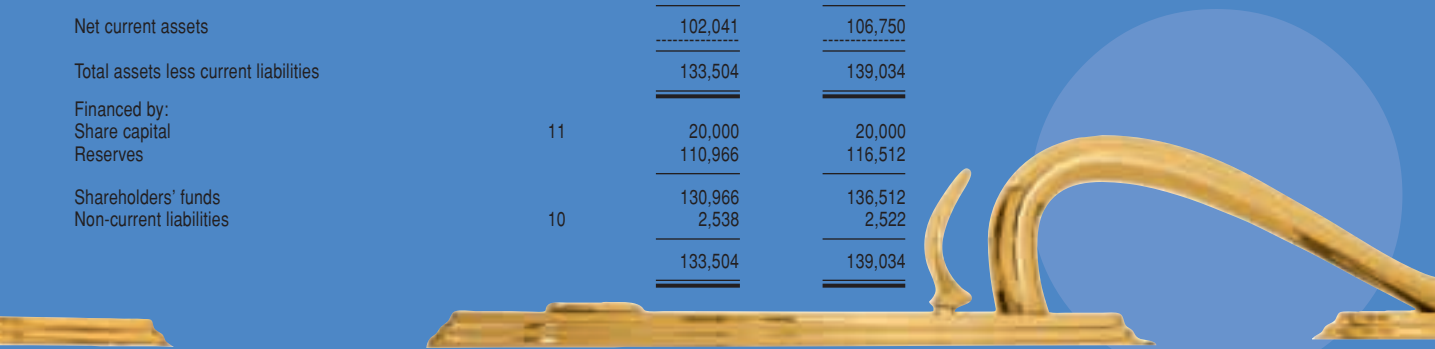
	Note	Unaudited Six months ended 30 September	
		2003 HK\$'000	2002 HK\$'000 As restated
Turnover	2	72,585	67,229
Cost of sales		(50,468)	(42,710)
Gross profit		<u>22,117</u>	<u>24,519</u>
Other revenue	2	165	216
Selling and distribution expenses		(17,609)	(16,271)
Administrative expenses		(10,795)	(13,502)
Operating loss	3	(6,122)	(5,038)
Finance costs	4	(35)	(21)
Loss before taxation		<u>(6,157)</u>	<u>(5,059)</u>
Taxation	5(b)	689	744
Loss attributable to shareholders		<u>(5,468)</u>	<u>(4,315)</u>
Basic loss per share	6	<u>(HK 3 cents)</u>	<u>(HK 2 cents)</u>



## CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2003

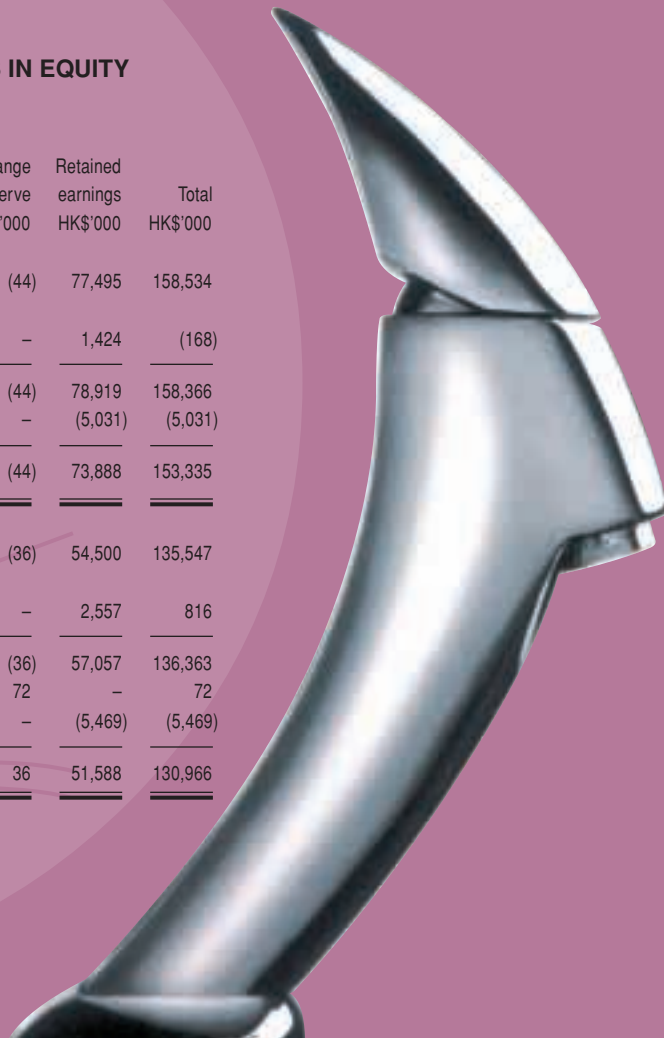
		Unaudited 30 September 2003 HK\$'000	Audited 31 March 2003 HK\$'000 As restated
	Note		
Fixed assets	7	28,264	29,763
Deferred tax assets	5(b)	3,199	2,521
Current assets			
Inventories		35,292	43,178
Trade receivables, other receivables, deposits and prepayments	8	49,941	37,512
Cash and bank balances		33,585	40,618
		<u>118,818</u>	<u>121,308</u>
Current liabilities			
Trade payables, accruals and deposits received	9	12,572	10,030
Bills payable		3,259	3,571
Current portion of obligations under finance leases	10	246	246
Tax payable		700	711
		<u>16,777</u>	<u>14,558</u>
Net current assets		<u>102,041</u>	<u>106,750</u>
Total assets less current liabilities		<u>133,504</u>	<u>139,034</u>
Financed by:			
Share capital	11	20,000	20,000
Reserves		110,966	116,512
Shareholders' funds		130,966	136,512
Non-current liabilities	10	2,538	2,522
		<u>133,504</u>	<u>139,034</u>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	Unaudited							
	Share capital HK\$'000	Share premium HK\$'000	Revaluation reserve HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2002								
As previously reported	20,000	41,261	9,947	6,979	2,896	(44)	77,495	158,534
Effect of adopting SSAP 12 (Note 1)	–	–	(1,592)	–	–	–	1,424	(168)
As restated	20,000	41,261	8,355	6,979	2,896	(44)	78,919	158,366
Loss for the period	–	–	–	–	–	–	(5,031)	(5,031)
At 30 September 2002	<u>20,000</u>	<u>41,261</u>	<u>8,355</u>	<u>6,979</u>	<u>2,896</u>	<u>(44)</u>	<u>73,888</u>	<u>153,335</u>
At 1 April 2003								
As previously reported	20,000	41,261	9,947	6,979	2,896	(36)	54,500	135,547
Effect of adopting SSAP 12 (Note 1)	–	–	(1,741)	–	–	–	2,557	816
As restated	20,000	41,261	8,206	6,979	2,896	(36)	57,057	136,363
Exchange difference	–	–	–	–	–	72	–	72
Loss for the period	–	–	–	–	–	–	(5,469)	(5,469)
At 30 September 2003	<u>20,000</u>	<u>41,261</u>	<u>8,206</u>	<u>6,979</u>	<u>2,896</u>	<u>36</u>	<u>51,588</u>	<u>130,966</u>



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

	Unaudited	
	Six months ended 30 September	
	2003	2002
	HK\$'000	HK\$'000
Net cash (outflow) / inflow from operating activities	(6,515)	3,114
Net cash outflow from investing activities	(396)	(2,686)
Net cash outflow from financing activities	(122)	(103)
(Decrease) / increase in cash and cash equivalents	(7,033)	325
Cash and cash equivalents at 1 April	40,618	30,817
Cash and cash equivalents at 30 September	33,585	31,142

Cash and cash equivalents represent cash and bank balances at the respective period end dates.

### NOTES TO THE UNAUDITED CONDENSED INTERIM ACCOUNTS

#### 1. Basis of preparation and accounting policies

These unaudited consolidated condensed interim accounts ("interim accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA").

These condensed interim accounts should be read in conjunction with the 2003 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31 March 2003 except that the Group has changed certain of its accounting policies following its adoption of SSAP 12 "Income Taxes" issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2003.

The changes to the Group's accounting policies and the effect of adopting SSAP 12 are set out below:



## (a) Deferred taxation

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

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

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

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

As detailed in the Condensed Consolidated Statement of Changes in Equity, opening retained earnings at 1 April 2002 and 2003 have been increased by HK\$1,424,000 and HK\$2,557,000, respectively, which represent the unprovided net deferred tax assets. This change has resulted in an increase in deferred tax assets and deferred tax liabilities at 31 March 2003 by HK\$2,521,000 and HK\$1,556,000, respectively. The loss for the six months ended 30 September 2002 have been decreased by HK\$716,000.

## 2. Turnover, revenue and segment information

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

	Six months ended 30 September	
	2003	2002
	HK\$'000	HK\$'000
Turnover - sales of goods	72,585	67,229
Other revenue		
Interest income	165	216
Total revenues	<u>72,750</u>	<u>67,445</u>



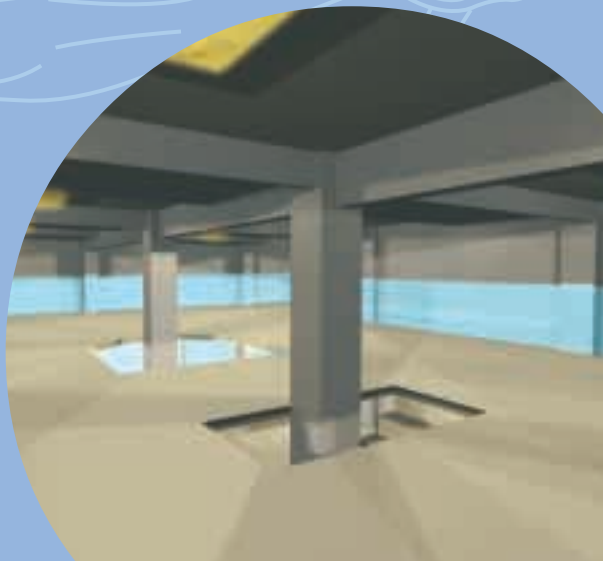
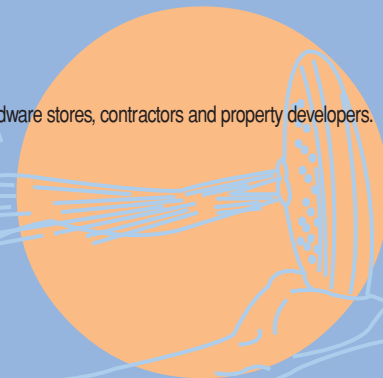
## Primary reporting format - business segments

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

**Wholesale** - importing and wholesale of architectural builders hardware and bathroom collections to dealers, traditional hardware stores, contractors and property developers.

**Retail** - sale of architectural builders hardware and bathroom collections through the Group's retail outlets.

	Unaudited Six months ended 30 September	
	2003 HK\$'000	2002 HK\$'000 As restated
<b>Segment results</b>		
<b>Turnover</b>		
Wholesale	66,540	60,935
Retail	18,424	17,101
Inter-segment elimination	(12,379)	(10,807)
<b>Total turnover</b>	<b>72,585</b>	<b>67,229</b>
<b>Cost of goods sold</b>		
Wholesale	49,240	42,476
Retail	13,607	11,041
Inter-segment elimination	(12,379)	(10,807)
<b>Total cost of goods sold</b>	<b>50,468</b>	<b>42,710</b>
<b>Gross profit</b>		
Wholesale	17,300	18,459
Retail	4,817	6,060
<b>Total gross profit</b>	<b>22,117</b>	<b>24,519</b>
<b>Other costs, net of other revenues and other income</b>		
Wholesale	(15,874)	(22,954)
Retail	(12,365)	(6,603)
<b>Total other costs, net of other revenues and other income</b>	<b>(28,239)</b>	<b>(29,557)</b>
<b>Segment operating profit/(loss)</b>		
Wholesale	1,426	(4,495)
Retail	(7,548)	(543)
<b>Total operating loss</b>	<b>(6,122)</b>	<b>(5,038)</b>
<b>Finance costs</b>	<b>(35)</b>	<b>(21)</b>
<b>Total operating loss after finance cost</b>	<b>(6,157)</b>	<b>(5,059)</b>
<b>Taxation</b>	<b>689</b>	<b>744</b>
<b>Loss attributable to shareholders</b>	<b>(5,468)</b>	<b>(4,315)</b>





### Secondary reporting format - geographical segments

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

### 3. Operating loss

	Six months ended 30 September	
	2003	2002
	HK\$'000	HK\$'000
Operating loss is stated after charging/(crediting) the following:		
Depreciation:		
Owned fixed assets	1,918	1,767
Leased fixed assets	125	125
Net exchange loss	60	229
Payments under operating leases for leasehold land and buildings	7,160	6,216
Provision / (write-back of provision) for slow-moving inventories, included in cost of inventories	3,068	(3,004)
Staff costs, including directors' emoluments	12,611	14,728
	<u>12,611</u>	<u>14,728</u>

### 4. Finance costs

	Six months ended 30 September	
	2003	2002
	HK\$'000	HK\$'000
Interest on bank borrowings	18	7
Interest element of finance leases	17	14
	<u>35</u>	<u>21</u>

## 5. Taxation

- (a) No provision for Hong Kong profits tax has been made in the accounts as the Group has no assessable profits for the period (six months ended 30th September 2002: Nil).
- (b) Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2002: 16%).

The movement on the deferred tax liabilities/(assets) account is as follows:

	30 September 2003 HK\$'000	31 March 2003 HK\$'000 As restated
At beginning of period/year	(633)	1,175
Deferred taxation credited to profit and loss account	(689)	(1,808)
Taxation charged to equity	149	–
At the end of the period/year	<u>(1,173)</u>	<u>(633)</u>
Represented by:		
Deferred tax assets	(3,199)	(2,521)
Deferred tax liabilities	<u>2,026</u>	<u>1,888</u>
	<u>(1,173)</u>	<u>(633)</u>

## 6. Loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$5,468,000 (six months ended 30 September 2002 (as restated): loss of HK\$4,315,000) and 200,000,000 shares (30 September 2002: 200,000,000 shares) in issue during the period. Diluted earnings per share for the periods was not disclosed as there were no dilutive potential ordinary shares.

## 7. Capital expenditure

	Fixed assets HK\$'000
Net book amount as at 31 March 2003	29,763
Additions	544
Depreciation	<u>(2,043)</u>
Net book amount as at 30 September 2003	<u>28,264</u>



## 8. Trade receivables, other receivables, deposits and prepayments

Included in the balance are trade receivables, net of provision, and their aging analysis is as follows:

	0-30 days	31-60 days	61-90 days	Over 90 days	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 30 September 2003	<u>11,359</u>	<u>8,605</u>	<u>5,873</u>	<u>13,194</u>	<u>39,031</u>
Balance at 31 March 2003	<u>6,181</u>	<u>3,346</u>	<u>3,982</u>	<u>14,173</u>	<u>27,682</u>

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

## 9. Trade payables, accruals and deposits received

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

	0-30 days	31-60 days	61-90 days	Over 90 days	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 30 September 2003	<u>6,411</u>	<u>2,664</u>	<u>1,604</u>	<u>294</u>	<u>10,973</u>
Balance at 31 March 2003	<u>4,541</u>	<u>877</u>	<u>584</u>	<u>422</u>	<u>6,424</u>

## 10. Non-current liabilities

	30 September 2003 HK\$'000	31 March 2003 HK\$'000 As restated
Obligations under finance leases	758	880
Current portion	<u>246</u>	<u>246</u>
	512	634
Deferred tax liabilities (Note 5(b))	<u>2,026</u>	<u>1,888</u>
	<u>2,538</u>	<u>2,522</u>

At 30 September 2003, the Group's obligations under finance leases were repayable as follows:

	30 September 2003 HK\$'000	31 March 2003 HK\$'000
Within one year	246	246
In the second year	246	246
In the third to fifth year inclusive	<u>266</u>	<u>388</u>
	<u>758</u>	<u>880</u>





## 11. Share capital

	Authorised ordinary shares of HK\$0.1 each	
	No. of shares	HK\$'000
At 1 April 2002 and 30 September 2003	<u>1,000,000,000</u>	<u>100,000</u>
	Issued and fully paid ordinary shares of HK\$0.1 each	
	No. of shares	HK\$'000
At 1 April 2002 and 30 September 2003	<u>200,000,000</u>	<u>20,000</u>

## 12. Contingent liabilities

- (a) In August 2001, a subsidiary of the Company (“the Subsidiary”) sued one of its customers (the “Customer”) for recovery of an amount of approximately HK\$5,333,000 in respect of goods sold and delivered. In September 2001, the Customer filed a counter-claim in a sum of approximately HK\$6,148,000 against the Subsidiary for the alleged losses and damages as a result of the alleged breach of the supply agreement entered into between the Customer and the Subsidiary. The proceedings are still in the pleadings stage and the directors of the Company, on the basis of independent legal advice obtained, consider the Subsidiary has a good arguable case against the Customer for the counter-claim and accordingly no provision in respect of the amount of the counter-claim has been made in the accounts of the Group.
- (b) As at 30 September 2003, the Group had indemnities in respect of performance bonds amounting to approximately HK\$351,000 (31 March 2003: HK\$322,000) given to certain customers in respect of commitments for the supply of goods to such customers.

Apart from the above, the Group had no material litigation or contingent liabilities as at 30 September 2003 and up to the date of the approval of these condensed interim accounts.

### 13. Commitments

Commitments under operating leases

At 30 September 2003, the Group had total future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases as follows:

	30 September 2003 HK\$'000	31 March 2003 HK\$'000
No later than one year	15,847	13,730
Later than one year and not later than five years	17,009	20,428
	<u>32,856</u>	<u>34,158</u>

### 14. Related party transactions

During the period, the Group paid rental expenses of HK\$1,234,800 (six months ended 30th September 2002: HK\$1,368,000) to Negotiator Consultants Limited ("NCL"), a company in which Mr Tse Sun Fat, Henry, Mr Tse Sun Po, Tony, Mr Tse Sun Lung, Alan and Mr Wong Tin Cheung, Ricky, have beneficial interests, in the normal course of business at terms mutually agreed between the Group and NCL.

### 15. Ultimate holding company

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

On behalf of the Board

**TSE, Sun Fat, Henry**

Chairman

Hong Kong, 3 December 2003

