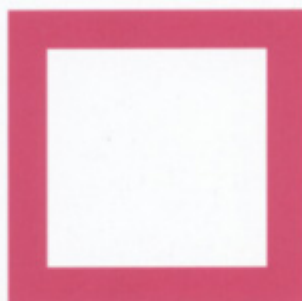




China
ENERSAVE

annual report **2003**



contents

- 1 Corporate Information
- 2 Chairman's Statement
- 6 CEO's Message
- 9 Board of Directors
- 12 Key Management



corporate
information

BOARD OF DIRECTORS

Chou Kong Seng, Non-Executive Chairman
Koo Ah Seang, Chief Executive Officer
Tay Wee Kwang, Executive Director
Chan Heng Fai
Tony Chan Tong Wan
Chiah Kok Khun
Lee Theng Kiat
Tan Chuan Thye

REGISTERED OFFICE

80 Raffles Place #21-20
UOB Plaza 2
Singapore 048624

REGISTRAR AND SHARE TRANSFER OFFICE

Lim Associates (Pte) Ltd

COMPANY SECRETARIES

Tan Chee Kian
Colin Yap Kim Cheong

AUDIT COMMITTEE

Lee Theng Kiat, Chairman
Chou Kong Seng
Tan Chuan Thye

NOMINATING COMMITTEE

Tan Chuan Thye, Chairman
Chiah Kok Khun
Tay Wee Kwang

REMUNERATION COMMITTEE

Chiah Kok Khun, Chairman
Chou Kong Seng
Tan Chuan Thye

AUDITORS

Moore Rowland
Partner In Charge: Angie Tan Mong Geok
(Appointed with effect from 30 May 2003)

ADVOCATES & SOLICITORS

Stamford Law Corporation

PRINCIPAL BANKER

United Overseas Bank Limited

chairman's *statements*



2003 has been an eventful year for the group as it grappled with the challenges brought about by global economic and political uncertainties, SARS and the depressed local building and construction sector.

2003 PERFORMANCE

The Group reported an after tax loss of \$3.7million (2002:\$3.9million) on turnover of \$25.7million (2002:\$45.2 million). The reduction in turnover was largely attributable to lower revenues seen for both the Manufacturing and Engineering Divisions.

A significant reduction in demand from a key customer of our Malaysia based contract manufacturing subsidiary contributed to weaker results for the Manufacturing Division which saw its loss before interest and tax increasing to \$1.2million (2002:\$0.8million).

In the case of the Engineering Division, it incurred a loss before interest and tax of \$1.4million against a marginal \$0.1million profit for 2002 on turnover of \$12.3million (2002:\$31.6 million). The loss was principally due to the loss of \$2.1million incurred in the settlement of a legal proceeding with a main contractor (in relation to a project completed in the prior year) whilst the lower turnover was due to management's decision in light of the poor economic environment for the building and construction industry, to adopt more stringent financial criteria when bidding for new contracts.

The Homes Furnishing Division recorded an increase in turnover from \$3.8million in 2002 to \$6.5million following the completion of its acquisition of its China-based manufacturing subsidiary, Shenzhen Calo-EnerSave Furnishing Co. Ltd ("Shenzhen Calo") in March 2003. However, the division recorded a small loss before interest and tax of \$0.5million in 2003 (2002: Nil) due to both the effects of SARS as well as start-up costs of Shenzhen Calo.

Though the Group continued to incur a loss of \$3.7 million for 2003 on a reduced turnover of \$25.7 million, the benefits of management's efforts to restructure the Group over the past several months have now become apparent. In this regard, I am pleased to report the Group's return to profitability in the 2nd-half of 2003 for which it achieved profit after tax before minority interests of \$0.5million as compared to a loss of \$4.5 million in the first half.

I am further glad to note that as at the end of 2003, Group's shareholders funds had, despite the loss recorded for the year, increased from \$18.7 million to \$28.5 million as a result of various initiatives taken by your Board to strengthen the Group's capital base.

GROUP RESTRUCTURING AND MAJOR TRANSACTIONS

Efforts to restructure the Group had been focused principally on rationalizing Group operating overheads, reducing the Group's dependency on the local building and construction sector, and strengthening the Group's capital base. The following were the major transactions effected by the Group during the year towards the above-stated objectives:-

March 2003	Completion of acquisition of 54% interest in Shenzhen Calo-EnerSave Furnishing Co. Ltd for RMB2.7 million (approximately \$0.5 million) for cash
July 2003	Completion of acquisition of 9% interest in Online Credit Card Limited, Online Discount Card Limited and China Credit Card Limited for \$6 million satisfied by an allotment of 40 million new shares in the Company at \$0.15 per share

October 2003	Entered agreement for the acquisition of 55% interest in the share capital of Richway Investment Management Limited (completed in January 2004) October 2003 placement of 12 million new shares in the Company at \$0.221 per share
November 2003	Placement of 12.642 million new shares in the Company at \$0.428 per share

The Group had also in September 2003 entered into an agreement for the proposed acquisition of 300 million shares in Hong Kong listed China Gas Holdings Limited ("China Gas") for \$68 million to be satisfied by the issue of 453.33 million shares of the Company at \$0.15 per share. However, the proposed transaction was terminated by mutual agreement due to the price volatility of the China Gas shares and the fact that the transaction would have required the Company to issue new shares at a significant discount to its then prevailing price.

CURRENT YEAR'S PROSPECTS

ENERGY DIVISION

Even though the Group was not able to complete the China Gas acquisition, it has acquired through Richway Investment key competitive advantages which would serve as a solid platform for the Group to develop its waste-to-energy ("WTE") business. The Group's first WTE project at Huizhou, People's Republic of China, is scheduled for test-firing at the end of the 2004 and when completed, should offer a steady revenue stream for the Group in the coming years. Management is targeting further WTE projects to be secured during the course of the year. In the longer term, the Group's target is for at least 20 plants across various cities in China particularly as the energy business is expected to provide a synergistic boost to the Engineering Division.

ENGINEERING DIVISION

Due to the continuing consolidation of the local building construction industry, the business environment for the Engineering Division remains tough. However, with the Group's entry into the WTE business in China, this division is expected to provide mechanical and electrical engineering services and contribute positively to the Group's results in 2004.

MANUFACTURING DIVISION

The Malaysian contract manufacturing operations and the other operating units of the Manufacturing Division have yet to see signs of any significant recovery. As such, the Division will therefore continue its cost cutting measures so as to mitigate losses expected to arise from its overall weak performance.

HOME FURNISHINGS DIVISION

As for the Home Furnishings Division, with SARS under control and a gradually improving outlook for the Singapore and global economies, consumers' confidence have by and large been restored. The bird flu problem appears also to have been contained and consequentially our Home Furnishings Division expects to show an improved set of results in 2004.

The Group therefore is expecting, barring unforeseen circumstances, to be profitable in the current year.

NAME CHANGE

On 23 March 2004, the Company in general meeting and by special resolution, changed its name to China EnerSave Limited. The name change would better reflect the geographical focus of the energy and infrastructure activities of the Group.

BOARD CHANGES AND ACKNOWLEDGEMENTS

In June 2003, Mr Simon Koo was brought into the Group as its Chief Executive Officer in July 2003 whilst Mr Chan Heng Fai and Mr Chan Tong Wan joined the Board as a non-executive directors in July 2003 and March 2004 respectively.

Dr Quek Sing Tong and Mr Winston Tan Tien Hin, both non-executive directors, retired from the Board in June and July 2003 respectively. Mr Tan Hang Kwang, stepped down as an executive director from the Board in November 2003 but remains with the Group to oversee the Engineering Division. On behalf of the Board, I wish to express our gratitude for the services each of them has rendered to the Group.

Last but not least, I would like to take this opportunity to thank our customers, shareholders and bankers for their continued support and confidence in our Group. I would also like to express my appreciation to the management and staff members for their commitment and hard work, and to my fellow directors for their contributions to the Board.

Chou Kong Seng

Non-executive Chairman



Huizhou WTE Site - WIP



CEO'S message



Until recently, the Group had a wide array of businesses ranging from contract manufacturing, construction, engineering to home furnishing and interior design. With no significant improvement in the near term for the local building/construction and electronic sector which the Group was highly dependent on, the shift to the Waste-to-Energy (WTE) business is timely as this sector has been identified as one with significant growth potential given the expected fast growing energy and infrastructural requirements of the PRC.

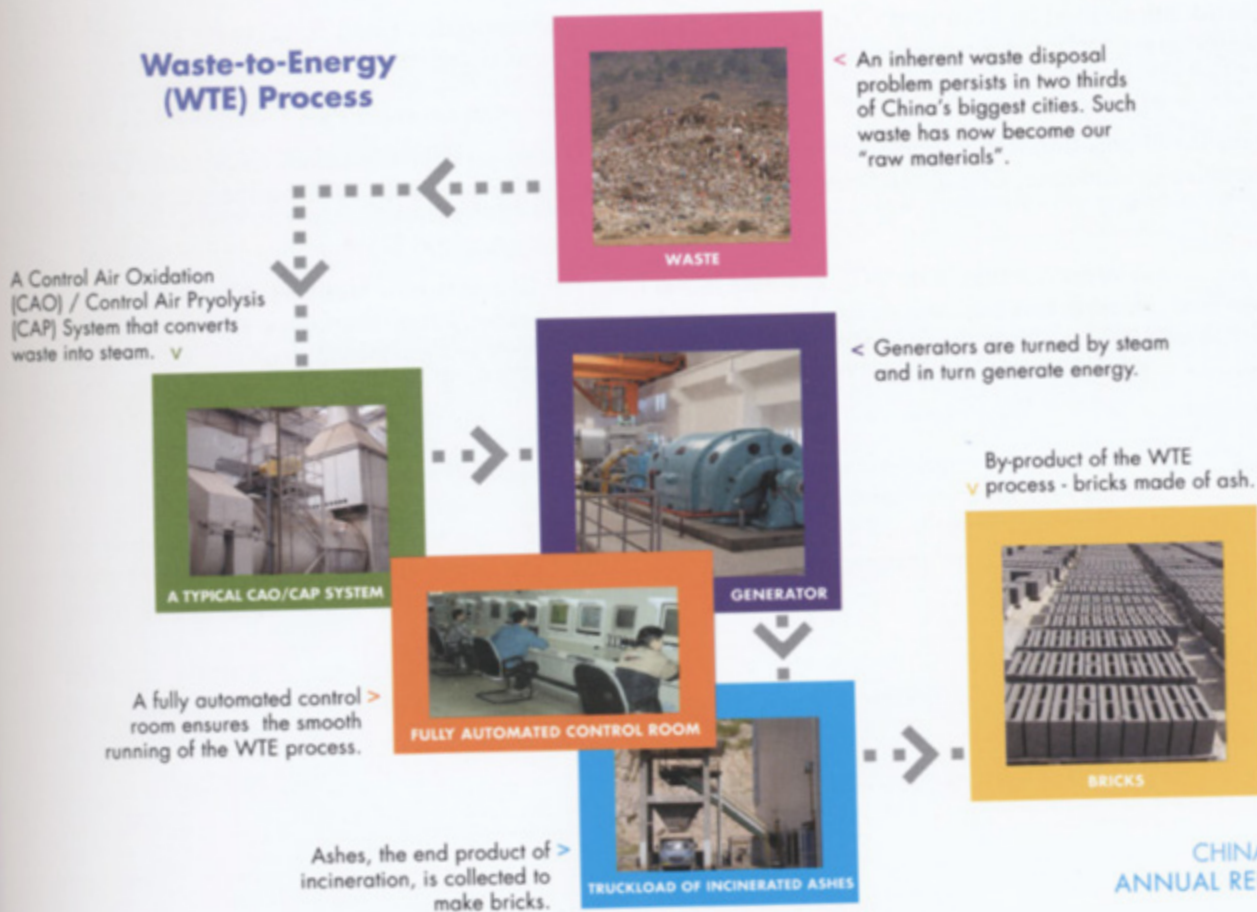
In January 2004, the Company acquired a 55% stake in Richway Investment Management Limited (RIML), a Canadian-based investment holding company that specialises in the design and operation of WTE power plants. RIML currently has one joint-venture project in progress in Huizhou. The Huizhou project comprises a 600 tonnes per day (TPD), 12 megawatt (MW) WTE plant. Construction activities for Huizhou project are on schedule and test firing of the WTE furnace is targeted to take place by the end of 2004.

LONGER TERM PROSPECTS OF WTE BUSINESS

The WTE business in China is fully scalable. The PRC government is actively promoting the WTE business and renders support by providing up to 25 years tax free status, 25 to 30 years of rent-free land, import duty exemption for foreign imported equipment and connection to the national electric grid line at minimal cost.

The WTE business is a sector which is highly sought-after by investors in view of the potentially attractive pay back. China EnerSave's goal is to own and operate up to 20 WTE plants within the next five years.

Waste-to-Energy (WTE) Process



OUR KEY COMPETITIVE ADVANTAGES

RIML has an established track record in the WTE business having set up plants in different parts of the world, including China where it had set-up and managed a 300 TPD, 6MW WTE plant in Longgang, Shenzhen on behalf of the local government since 1999.

RIML also has a "head-start" in the WTE business in the PRC in that it has to-date completed pre-feasibility studies on 50 cities in the PRC. The company is now in advance negotiation with five major cities, namely Shantou (600 TPD), ShangYu (300 TPD), Beijing (2400 TPD), Shanghai (2000 TPD) and Tianjin (1200 TPD).

Backed by track record of RIML in the PRC, the Group is confident of securing project financing for its other WTE projects. China EnerSave's engineering division is able to handle the mechanical and engineering aspects of the projects which typically constitute up to about 10% of the value of each project and this would enhance the Group's ability to compete for new WTE projects.

Through the network established by RIML and China EnerSave's principal shareholder, Heng Fung, in the PRC, China EnerSave is able to secure WTE business opportunities without having to incur significant cost premiums.

SUMMARY

The WTE business is not only financially viable with strong cash flow, it is also an environmentally responsible project. Given our competitive advantages, China EnerSave is well placed to secure the numerous WTE business opportunities in the PRC.

With the initial successful inroads made in its WTE business in the PRC, the Group is now focusing its resources to expand its power and infrastructure business as the key to increasing shareholder value. The Group is expected to turnaround in 2004 and revenue from its new WTE business and other divisions will contribute positively to the group.

Koo Ah Seang
CEO

BOARD OF DIRECTORS

CHOU KONG SENG

Mr Chou was first appointed as a Director in December 1997 and was last re-elected as a Director at the Annual General Meeting held on May 29, 2002. He is the Chairman of the Board. He serves as a member of each of the Audit and Remuneration Committees.

Mr Chou was admitted as an associate member of the Institute of Chartered Accountants in England and Wales in 1981 and is a member of the Institute of Certified Public Accountants of Singapore. He is presently the Finance Director of Acma Ltd, which at the end of 2002, had a 40.2% interest in the share capital of the Company.

Prior to joining the Acma Group, he was a senior manager with an international public accounting firm in Singapore which he joined in 1981.

KOO AH SEANG

Mr. Koo is the Group's Chief Executive Officer and was appointed a Director in June 2003. He is responsible for the overall business developments of the Group and focuses on formulating and implementing the Group's operations towards regionalization. He also re-engineered and spear headed the Group's diversifications into waste-to-energy power plant as a new business segment.

Mr. Koo holds a Bachelor of Commerce from the University of Auckland (New Zealand). He is also a CPA and a member of the Institute of Certified Public Accountants of Singapore.

TAY WEE KWANG

Mr Tay is the Executive Director of the Company, responsible for the business development of the Group. He is also responsible for both the Manufacturing as well as the Homes Furnishing Divisions of the Group.

He joined the Admiralty Group in 1991 and was largely responsible for developing the Admiralty Group's mechanical and electrical engineering business in the PRC. He has more than 16 years of engineering and project management experience in Singapore and the PRC. Prior to joining the Admiralty Group, he worked as the technical director of a Singapore company involved in engineering projects in Beijing, PRC from 1989 to 1991

Mr Tay holds a Master of Business Administration from the University of Hull, United Kingdom and a Bachelor of Science in Electrical & Electronic Engineering from Robert Gordons University,



Scotland, United Kingdom. He also holds a post-graduate Diploma in Building Science from the National University of Singapore. Mr Tay is a member of the Chartered Institute of Building Services Engineer, United Kingdom and the Institute of Engineers Singapore. He is a Chartered Building Services Engineer, United Kingdom and a licensed Electrical Worker with the Public Utilities Board in Singapore.

As at December 31, 2002, Mr Tay holds 5,914,810 ordinary shares in the Company. Mr Tay was first appointed as a Director in September 1997 and was last re-elected as a Director at the Annual General Meeting held on June 23, 2000. He also serves as a member of the Nominating Committee.

CHAN HENG FAI

Mr Chan was appointed as a Director in July 2003. Mr Chan is the Managing Chairman of Heng Fung Holdings Limited, a Hong Kong Stock Exchange publicly listed merchant banking, and consumer and corporate finance company whose various interests include Online Credit Card Limited, one of Hong Kong's only two non-bank credit card providers in the region as a MasterCard licensee and issuer; eBanker USA.com, Inc., a global merchant bank with the mission of identifying, targeting and serving high-margin, underserved financial services niches offering structured financial products and planning to clients globally; and Global Med Technologies, Inc. Recently Heng Fung Holdings Limited completed the disposal of China Gas Holdings Limited, a Hong Kong Stock Exchange publicly listed company which under Mr. Chan's guidance and direction, was restructured from a formerly failing fashion retail company to become one of a few large participants in the growing natural gas pipeline network infrastructure design, construction and operation sector with strong governmental ties in China through numerous acquired city rights to distribute natural gas to domestic users. Mr. Chan has also been chairman and director of American Pacific Bank, a commercial bank publicly listed on NASDAQ since 1988 and a director of Futuristic Image Builder Ltd. since 2003.

TONY CHAN TONG WAN

Tony Chan Tong Wan was appointed as a Director in March 2004. He has more than 8 years experience in investment banking related vocations. Mr. Chan has specialised in Asian equity financial products for two international investment banking firms, originating and dealing in listed and over-the-counter structured products. Mr. Chan has also acted as a securities' principal in a NASD licensed brokerage house. As the Managing Director of Heng Fung Holdings Limited Mr. Chan's duties include overseeing Heng Fung Holdings Limited group's principal strategic investments activities in both publicly listed and private companies.

CHIAH KOK KHUN

Mr Chiah was appointed as a Director in June 2002. He is the Chairman of the Remuneration Committee.

He is an advocate & solicitor and a partner of a law firm in Singapore. Prior to this, he had worked as a judicial officer and counsel, and also served in the Singapore Legal Service as a Magistrate, Deputy Registrar of the Subordinate Courts, Coroner, President of the Juvenile Court and Referee of the Small Claims Tribunal.

Mr Chiah holds a Bachelor of Laws from the National University of Singapore.

LEE THENG KIAT

Mr Lee was first appointed as a Director in July 1998 and was last re-elected as a Director at the Annual General Meeting held on June 23, 2000. He is also the Chairman of the Audit Committee.

Mr Lee has been with the Singapore Technologies group since 1985. He is currently the President of Singapore Technologies Telemedia Pte Ltd. Previously, he was a Director (Legal) of Singapore Technologies Holdings Pte Ltd and concurrently a Director of Strategic Development of the then Singapore Technologies Ventures Pte Ltd, now renamed as Singapore Technologies Pte Ltd.

Mr Lee holds directorships in STT Communications Ltd, Horizon Education & Technologies Limited and Elipva Ltd.

Mr Lee holds a Bachelor of Laws from the National University of Singapore.

TAN CHUAN THYE

Mr Tan was first appointed as a Director in July 1998 and was last re-elected as a Director in the Annual General Meeting held on May 18, 2001. He is a member of the Audit Committee and the Chairman for the Nominating Committee.

Mr Tan is an advocate & solicitor and a partner of a law firm in Singapore. He has been with the firm since 1993. Prior to that, he was a justice law clerk with the Supreme Court of Singapore from July 1991 to 1992.

Mr Tan qualified as a barrister-at-law at the Middle Temple, London and holds a Bachelor of Arts from the University of Oxford, England.



TAN HANG KWANG

Mr. Tan is responsible for the Group's construction and engineering division, which includes the Admiralty Group of which Mr. Tan was one of the founders. He has more than 20 years of experience in project management and design in building services and mechanical systems having established the mechanical & electrical engineering expertise of the Admiralty Group since 1989 and having worked in various engineering positions in other companies prior to 1989.

Mr. Tan holds a Bachelor of Science in Mechanical Engineering from the University of Aberdeen, Scotland, United Kingdom. He is a member of the Institute of Engineers Singapore, the Institute of Fire Engineers (United Kingdom), the Institute of Fire Safety Managers Association (Singapore) and the National Fire Protection, USA. He is qualified as a Professional Mechanical Engineer and a Registered Inspector with Singapore Civil Defence Force.

TAN CHEE KIAN

Mr. Tan is the Group's General Manager in charge of the Group's financial affairs and administration function. He is also the joint Company Secretary of the Company.

He joined the Group in 2001 January. He had since 1993 held the position of Financial Controller with various listed companies in Singapore. He graduated in 1980 from Nanyang University with a Bachelor of Commerce (Accountancy) degree and is also a member of ICPAS.

WANG PENG

Ms. Wang is the Executive Director of Beijing Admiralty Construction Engineering Company. She joined the company in 1997 and brought along with her more than fifteen years of management experience having worked in various management positions in other companies prior to 1997. She specializes in executing contract engineering projects.

Ms. Wang holds a BSc. in Gas Engineering from ChongQing Institute of Architecture & Civil Engineering and also holds an MBA from Aston University United Kingdom.



Report of the Directors	14
Statement by the Directors	17
Report of the Auditors	18
Balance Sheets	20
Profit and Loss Accounts	22
Statements of Changes in Equity	23
Statements of Cash Flows	25
Notes to the Financial Statements	30
Corporate Governance	74
Statistics of Shareholdings	82
Notice of Annual General Meeting	84
Proxy Form	

report of the directors

The Directors have pleasure in presenting this report together with the audited financial statements of the Company and of the Group for the year ended 31st December 2003.

DIRECTORS

The names of the Directors in office at the date of this report are:-

Chou Kong Seng	(Non-Executive Chairman)
Koo Ah Seang	(Appointed on 18/06/2003) (Chief Executive Officer)
Tay Wee Kwang	(Executive Director)
Ambrose Chan Heng Fai	(Appointed on 02/07/2003)
Lee Theng Kiat	
Tan Chuan Thye	
Chiah Kok Khun	
Chan Tong Wan	(Appointed on 01/03/2004)

DIRECTORS' INTEREST

According to the register kept by the company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share option in the company and in related corporations (other than wholly-owned subsidiaries) are as follows:-

Name of the directors and corporation in which interest held	Held in the name of the Directors or nominees		Deemed interest	
	At beginning of the year/ At date of appointment, if later	At end of the year	At beginning of the year/ At date of appointment, if later	At end of the year
	The Company EnerSave Holdings Limited	Ordinary shares of S\$0.10 each		
Tay Wee Kwang	5,914,810	6,144,810	-	-
Ambrose Chan Heng Fai	-	-	40,000,000	40,000,000
Koo Ah Seang	12,518,000	12,518,000	173,000	173,000

DIRECTORS' INTEREST (CONT'D)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the company between the end of the financial year and 21 January 2004.

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

Except as disclosed in this report and in notes 26 and 34 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

AUDIT COMMITTEE

The members of the Audit Committee at the date of this report are as follows:-

Lee Theng Kiat (Chairman)
Tan Chuan Thye
Chou Kong Seng

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Companies Act, Cap. 50, the Listing Manual and the Best Practices Guide of Singapore Exchange, and the Code of Corporate Governance and performs the following:-

- (a) reviews with the external auditors, their audit plan, evaluation of the accounting controls, audit reports and any matters which the external auditors wish to discuss;
- (b) reviews the half-yearly and annual financial statements, including announcements to shareholders and the Singapore Exchange Securities Trading Ltd prior to the submission to the Board;

AUDIT COMMITTEE (CONT'D)

- (c) makes recommendations to the Board on the appointment of external auditors;
- (d) reviews the assistance given by the Company's officers to the external auditors; and
- (e) reviews related party transactions to ensure that internal control procedures approved by the shareholders are adhered to.

It held two meetings during the financial year.

The Audit Committee has recommended to the Board of Directors the re-appointment of Moores Rowland, Certified Public Accountants, as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

AUDITORS

Moores Rowland, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board

.....
Chou Kong Seng
Non-Executive Chairman

.....
Koo Ah Seang
Chief Executive Officer

Dated: 11 March 2004

In the opinion of the Directors of **EnerSave Holdings Limited**:-

- (a) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and statements of cash flows set out on pages 20 to 73 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 2003 and of the results of the business, changes in equity and cash flows of the Group and of the Company for the financial year ended 31st December 2003; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

.....
Chou Kong Seng
Non-Executive Chairman

.....
Koo Ah Seang
Chief Executive Officer

Dated: 11 March 2004



report of the auditors

to the members of EnerSave Holdings Limited

We have audited the financial statements of ENERSAVE HOLDINGS LIMITED and the consolidated financial statements of the Group for the year ended 31st December 2003 as set out on pages 20 to 73. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2003 and of the results, changes in equity and cash flows of the Company and of the Group for the financial year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.



report of the
auditors

to the members of EnerSave Holdings Limited

We have considered the financial statements and auditors' reports of all the subsidiaries of which we have not acted as auditors, and whose financial statements have been included in the consolidated financial statements. The names of these subsidiaries are listed in Note 7 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

.....
MOORES ROWLAND
CERTIFIED PUBLIC ACCOUNTANTS

Singapore: 11 March 2004

balance sheets

as at 31st December 2003

	Note	Group		Company	
		2003	2002	2003	2002
		S\$'000	S\$'000	S\$'000	S\$'000
CAPITAL AND RESERVES					
Share capital	3	18,785	12,321	18,785	12,321
Share premium	4	15,433	8,302	15,433	8,302
Reserves/(Losses)	5	(6,893)	(3,047)	(1,664)	1,674
Shareholders' funds		27,325	17,576	32,554	22,297
Minority interests		1,278	1,121	-	-
		28,603	18,697	32,554	22,297
NON-CURRENT ASSETS					
Property, plant and equipment	6	2,352	2,175	46	45
Interest in subsidiaries	7	-	-	22,297	19,699
Other financial assets	8	6,787	1,061	6,071	71
Intangible assets	9	335	559	-	-
CURRENT ASSETS					
Other financial assets	8	402	35	-	-
Inventories	10	6,742	6,362	-	-
Contract work-in-progress	11	1,715	521	-	-
Trade and other receivables	12	18,539	20,916	2,888	3,041
Amounts owing by affiliated companies	15	79	6	3	3
Cash and cash equivalents	16	3,726	2,837	1,619	6
		31,203	30,677	4,510	3,050

	Note	Group		Company	
		2003	2002	2003	2002
		S\$'000	S\$'000	S\$'000	S\$'000
CURRENT LIABILITIES					
Trust receipts and bills payable	17	309	1,242	-	-
Excess of progress billings over work-in-progress	11	151	179	-	-
Trade and other payables	18	7,181	9,701	364	201
Amounts owing to affiliated companies	15	83	93	6	8
Provision for taxation		29	40	-	-
Current portion of obligations under finance leases	19	65	70	-	-
Amounts due to bankers	20	3,859	3,886	-	338
		11,677	15,211	370	547
NET CURRENT ASSETS					
		19,526	15,466	4,140	2,503
		29,000	19,261	32,554	22,318
NON-CURRENT LIABILITIES					
Obligations under finance leases	19	(197)	(262)	-	-
Term loans (secured)	21	(162)	(184)	-	-
Deferred taxation	22	(38)	(118)	-	(21)
		28,603	18,697	32,554	22,297

The annexed notes form an integral part of and should be read in conjunction with these financial statements

profit and loss accounts

for the year ended 31st december 2003

	Note	Group		Company	
		2003 S\$'000	2002 S\$'000	2003 S\$'000	2002 S\$'000
REVENUE	23	25,665	45,210	745	922
Other revenue	24	788	324	182	158
Changes in inventories of finished goods and work-in-progress		(1,344)	(3,870)	-	-
Changes in contract costs and contract work-in-progress		(7,780)	(24,749)	-	-
Raw materials and consumables used		(7,995)	(6,633)	-	-
Cost of quoted shares sold		(817)	(94)	-	-
Staff costs	25	(5,553)	(5,329)	(463)	(423)
Other operating expenses		(6,749)	(5,884)	(950)	(743)
LOSS FROM OPERATIONS	26	(3,785)	(1,025)	(486)	(86)
Finance costs	27	(288)	(302)	(3)	(9)
Exceptional items	28	(250)	(2,510)	(2,857)	(533)
LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION		(4,323)	(3,837)	(3,346)	(628)
Taxation	29	274	(434)	8	(394)
LOSS FROM ORDINARY ACTIVITIES AFTER TAXATION		(4,049)	(4,271)	(3,338)	(1,022)
Minority interests		334	399	-	-
NET LOSS FOR THE YEAR		(3,715)	(3,872)	(3,338)	(1,022)
Loss per share (in cents)	30	2.50	3.31	-	-

The annexed notes form an integral part of and should be read in conjunction with these financial statements

statement of changes in equity

for the year ended 31st december 2003

	Share Capital	Share Premium	Capital Reserve	Exchange Realignment Reserve	Statutory Reserve	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group							
At 31st December 2001	10,821	7,823	267	806	304	(107)	19,914
Issue of shares	1,500	479	-	-	-	-	1,979
Exchange realignment reserve	-	-	-	(445)	-	-	(445)
Transfer to statutory reserve	-	-	-	-	7	(7)	-
Net loss for the year	-	-	-	-	-	(3,872)	(3,872)
At 31st December 2002	12,321	8,302	267	361	311	(3,986)	17,576
Issue of shares	6,464	7,131	-	-	-	-	13,595
Exchange realignment reserve	-	-	-	(131)	-	-	(131)
Net loss for the year	-	-	-	-	-	(3,715)	(3,715)
At 31st December 2003	18,785	15,433	267	230	311	(7,701)	27,325

The annexed notes form an integral part of and should be read in conjunction with these financial statements

statement of changes in equity

for the year ended 31st december 2003

Company	Share Capital	Share Premium	(Accumulated Losses)/ Retained Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
At 31st December 2001	10,821	7,823	2,696	21,340
Issue of shares	1,500	479	-	1,979
Net loss for the year	-	-	(1,022)	(1,022)
At 31st December 2002	12,321	8,302	1,674	22,297
Issue of shares	6,464	7,131	-	13,595
Net loss for the year	-	-	(3,338)	(3,338)
At 31st December 2003	18,785	15,433	(1,664)	32,554

The annexed notes form an integral part of and should be read in conjunction with these financial statements

statement of cash flows

for the year ended 31st december 2003

	Group	
	2003	2002
	S\$'000	S\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(4,323)	(3,837)
Adjustments for :-		
Depreciation of property, plant and equipment	629	616
Amortisation of deferred development expenditure	178	178
Gain on disposal of investments	(10)	(25)
Investment written off	1	-
Property, plant and equipment written off	70	2
Provision for impairment of quoted investments	6	11
Provision for impairment of property, plant and equipment	142	-
Provision for impairment of unquoted investments	250	2,510
Provision for impairment loss of development expenditure	50	200
Provision for foreseeable losses for contract works written back	-	(600)
Loss/(Gain) on disposal of property, plant and equipment	2	(14)
Positive goodwill on acquisition	-	63
Amortisation of goodwill	16	13
Interest income	(15)	(248)
Interest expense	288	302
Exchange realignment	(67)	(366)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(2,783)	(1,195)
Increase/(Decrease) in working capital:-		
Trade and other receivables	2,658	(3,693)
Inventory and work-in-progress	(897)	3,439
Trade and other payables	(3,972)	(696)
CASH USED IN OPERATIONS	(4,994)	(2,145)
Interest received	15	248
Interest paid	(288)	(302)
Income taxes refunded/(paid)	143	(96)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(5,124)	(2,295)

statement of cash flows

for the year ended 31st december 2003

	Group	
	2003	2002
	S\$'000	S\$'000
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of interest in subsidiaries	(403)	(71)
Purchase of property, plant and equipment	(456)	(415)
Purchase of quoted investment	(379)	(77)
Proceeds from sale of investment	40	119
Proceeds from disposal of property, plant and equipment	163	28
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1,035)	(416)
CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of additional shares	2,464	1,500
Increase in share premium	5,131	479
Repayment of short-term borrowings	(424)	(1,200)
Repayment of long-term borrowings	(22)	(28)
(Repayment to)/Proceeds from finance leases creditors	(70)	19
NET CASH INFLOW FROM FINANCING ACTIVITIES	7,079	770
Net increase/(decrease) in cash and cash equivalents	920	(1,941)
Cash and cash equivalents at beginning of year	(1,034)	907
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 16)	(114)	(1,034)

The annexed notes form an integral part of and should be read in conjunction with these financial statements

statement of cash flows

for the year ended 31st december 2003

(A) ACQUISITION OF SUBSIDIARIES

The attributable net assets of a subsidiary acquired and a subsidiary with additional interest acquired during the year are as follows:-

	Group	
	2003	2002
	S\$'000	S\$'000
Acquisition		
Property, plant and equipment	780	4
Inventory and work-in-progress	676	8
Receivables	355	26
Cash and bank balance	173	167
Payables	(482)	(11)
Short-term borrowing	(428)	-
Provision for taxation	(40)	-
Minority interest	(477)	-
Interest already held by the Company	-	(34)
Net assets acquired	557	160
Positive goodwill on acquisition	19	63
Purchase consideration	576	223
Less : Cash and cash equivalents of a subsidiary acquired	(173)	(152)
NET CASH OUTFLOW ON ACQUISITION OF SUBSIDIARIES	403	71

The annexed notes form an integral part of and should be read in conjunction with these financial statements

statement of cash flows

for the year ended 31st december 2003

	Company	
	2003	2002
	S\$'000	S\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(3,346)	(628)
Adjustments for :-		
Depreciation of property, plant and equipment	9	14
Provision for impairment of investments	2,857	533
Loss on disposal of property, plant and equipment	-	2
Interest income	(166)	(158)
Interest expense	3	9
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(643)	(228)
Increase/(Decrease) in working capital:-		
Trade and other receivables	(4,339)	1,144
Trade and other payables	161	(199)
CASH (USED IN)/GENERATED FROM OPERATIONS	(4,821)	717
Interest received	166	158
Interest paid	(3)	(9)
Income taxes paid	-	(14)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(4,658)	852
CASH FLOW FROM INVESTING ACTIVITIES:		
Increase in investment in subsidiaries	(976)	(2,928)
Purchase of property, plant and equipment	(10)	(1)
Proceeds from disposal of property, plant and equipment	-	1
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(986)	(2,928)

statement of cash flows

for the year ended 31st december 2003

	Company	
	2003	2002
	S\$'000	S\$'000
CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of additional shares	2,464	1,500
Increase in share premium	5,131	479
Repayment of short-term borrowings	-	(300)
NET CASH INFLOW FROM FINANCING ACTIVITIES	7,595	1,679
Net increase/(decrease) in cash and cash equivalents	1,951	(397)
Cash and cash equivalents at beginning of year	(332)	65
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 16)	1,619	(332)

The annexed notes form an integral part of and should be read in conjunction with these financial statements

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to its subsidiaries. The principal activities of subsidiaries are listed in Note 7 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

EnerSave Holdings Limited is a Company incorporated in Singapore with its registered office at 17 Jurong Port Road, Singapore 619092. The consolidated financial statements of the Company for the year ended 31st December 2003 related to the Company and its subsidiaries (together referred to as the "Group").

a) Statement of compliance

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") issued by the Council on Corporate Disclosure and Governance and the disclosure requirements of the Singapore Companies Act, Chapter 50.

b) Basis of financial statements preparation

The financial statements, expressed in Singapore dollars, are prepared in accordance with the historical cost convention.

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power directly or indirectly to govern the financial and operating policies of a Company so as to obtain benefits from its activities. The results of the subsidiaries' operations acquired or disposed off during the year are included in or excluded from the consolidated financial statements from the respective dates that control commences or ceases. All significant intra-group transactions, balances and unrealised gains/losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

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

Assets and liabilities and results of overseas subsidiaries are translated into Singapore dollars on the basis set out in paragraph (m) below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Goodwill/Negative goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill is amortised from the date of initial recognition over its estimated useful life.

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

e) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and related expenses. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

f) Subsidiaries

Shares in subsidiaries are stated at cost unless, in the opinion of the directors, there has been an impairment, where they are written down to a valuation fixed by the directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Investments

Quoted and unquoted investments held on a long term basis are stated at cost less impairment loss.

Investment in quoted shares held as current assets are stated at the lower of cost, calculated on the weighted average cost basis and market value.

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established. Interest income is accrued on a time basis.

h) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of property, plant and equipment by the straight line method over their estimated useful lives at the following annual rates, except for freehold land which is not depreciated.

Buildings	50 years
Plant and machinery	5 - 10 years
Furniture and equipment	3 - 10 years
Office renovation	10 - 20 years
Motor vehicles	5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

i) Leased assets

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets acquired by finance leases are stated at amounts equal to the lower of its fair values and the present values of the minimum lease payments at the inception of the leases based on the interest rate implicit in the leases at the inception of the leases, less accumulated depreciation and impairment losses.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the cost of materials calculated on a weighted average basis and for work-in-progress and finished goods, cost also includes labour and certain proportions of fixed and variable factory overheads. In arriving at net realisable value, due allowance is made for any obsolete and slow-moving inventories.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Inventories (Cont'd)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

k) Contract work-in-progress

Contract work-in-progress comprises uncompleted contracts. Contract work-in-progress is valued at cost plus a proportion of estimated profits earned to date, less progress billings. Cost comprises direct labour, materials and sub-contract costs. The proportion of profits earned to date is arrived at having regard to the nature and stage of completion of each contract. Full provision is made for anticipated losses to completion where applicable.

l) Affiliated company

An affiliated company is one, other than a subsidiary which directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with the Company.

m) Translation of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date and transactions in foreign currencies during the year are translated at rates closely approximate to those ruling on transaction dates. Translation differences are dealt with through the profit and loss account.

The results of foreign subsidiaries are translated at average exchange rate for the period.

Assets and liabilities of foreign subsidiaries are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. Exchange differences arising from such currency translation are included in the Exchange Realignment Reserve Account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Deferred taxation

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

Deferred tax benefits are recognised in the financial statements only to the extent of any deferred tax liability or when such benefits are reasonably expected to be realisable in the near future.

o) Trade and other receivables

Trade and other receivables are stated at their estimated recoverable amounts.

In estimating the recoverable amounts, known bad debts are written off and specific provisions are made for accounts considered to be doubtful.

p) Trade and other payables

Trade and other payables are stated at cost.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Company's cash management.

r) Impairment

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

s) Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the profit and loss account.

t) Financial instruments

Financial assets and financial liabilities carried on the balance sheet include cash and cash equivalents, trade and other receivables and payables, loans and borrowings. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in these Notes.

u) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event where it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

v) Borrowing costs

Borrowing costs are expensed off in the profit and loss account in the period in which they are incurred.

w) Employee benefits

Contributions to defined contribution plans are recognised as an expense in the profit and loss account as incurred.

x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (industry segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's industry and geographical segments. The primary format, industry segments, is based on the Group's management and internal reporting structure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

x) Segment reporting (Cont'd)

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment. Segment assets consist primarily of property, plant and equipment, inventories, contract work-in-progress, receivables and operating cash and exclude items such as tax assets and interest receivables.

Segment liabilities consist of operating liabilities and exclude items such as taxation and corporate borrowings. Unallocated items mainly comprise interest-bearing loans, borrowings, finance lease creditors and expenses, tax assets and liabilities and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

i) Industry segments

The Group comprises the following main industry segments :-

- | | |
|---------------------|---|
| Engineering :- | This relates to the provision of mechanical and electrical engineering services, sale and maintenance of fire protection and security equipment and systems as well as construction related activities. |
| Manufacturing :- | This relates to the manufacture and sale of electrical and electronic products as well as research and development activities in this area. |
| Home Furnishings :- | This relates to the furniture and home lifestyle products retailing and trading as well as the provision of design, interior decoration and consulting services. |

ii) Geographical segments

The engineering, manufacturing and home furnishings segments are managed on a regional basis but operate in three principal geographical areas. Singapore is a major market for the provision of engineering services, manufacturing, sale of electrical and electronic products and as well as related construction activities.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

y) Revenue recognition

Revenues from the sale of products are recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Revenues and results from contract works are recognised on the percentage of completion method measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract and any losses are provided for in the year in which they become known. Claims for additional contract compensation are not recognised until resolved.

Revenue from services rendered is recognised upon acceptance by customers.

3. SHARE CAPITAL

	<u>Group and Company</u>	
	<u>2003</u>	<u>2002</u>
	<u>S\$'000</u>	<u>S\$'000</u>
<u>Authorised:-</u> 250,000,000 ordinary shares of S\$0.10 each	25,000	25,000
<u>Issued and fully paid:-</u> 187,852,000 (2002: 123,210,000) ordinary shares of S\$0.10 each	18,785	12,321

During the financial year, the following shares were issued:-

- (a) A total of 40,000,000 new ordinary shares of par value S\$0.10 each in the Company ("Consideration Shares") had been issued on completion of the acquisition of 9% equity interest in each of Online Credit Card Limited, Online Discount Card Limited and China Credit Card Limited at S\$0.15 per share as purchase consideration of S\$6,000,000.
- (b) The Company issued 12,000,000 new ordinary shares and 12,642,000 new ordinary shares of par value S\$0.10 each at S\$0.221 per share and S\$0.428 per share respectively to raise additional working capital.

4. SHARE PREMIUM

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning	8,302	7,823	8,302	7,823
Premium from issue of shares	7,598	525	7,598	525
Less: Issue expenses	(467)	(46)	(467)	(46)
Balance at end	15,433	8,302	15,433	8,302

5. RESERVES/(LOSSES)

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
(Accumulated losses)/Retained profits carried forward	(7,701)	(3,986)	(1,664)	1,674
Statutory reserve	311	311	-	-
Exchange realignment reserve	230	361	-	-
Capital reserve arising on consolidation	267	267	-	-
	(6,893)	(3,047)	(1,664)	1,674

Statutory reserve

Statutory reserve is an amount of S\$311,000 set aside from retained profits by a subsidiary, Beijing Admiralty Home Products Co. Ltd. The subsidiary is required to appropriate 10% of its profits arrived at under The People's Republic of China's accounting principle and relevant financial regulations for each year to a statutory reserve. The appropriation is required until the statutory reserve reaches 50% of the registered capital of the subsidiary. This statutory reserve is not distributable in the form of cash dividends.

6. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land and Buildings	Plant and Machinery	Furniture and Equipment	Office Renovation	Motor Vehicles	Total
2003	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost						
At 1st January 2003	433	2,771	1,851	398	1,070	6,523
Due to acquisition of subsidiary	-	1,484	74	324	124	2,006
Currency realignment	(7)	(28)	(10)	(2)	(5)	(52)
Additions	-	195	84	161	16	456
Disposals/written off	-	(1,163)	(321)	(98)	(61)	(1,643)
Reclassification	-	-	(152)	-	-	(152)
At 31st December 2003	426	3,259	1,526	783	1,144	7,138
Accumulated Depreciation						
At 1st January 2003	36	2,313	1,143	194	662	4,348
Due to acquisition of subsidiary	-	1,098	37	38	111	1,284
Currency realignment	(4)	(37)	(6)	(3)	(7)	(57)
Charge for the year	5	229	141	102	152	629
Disposals/written off	-	(1,136)	(264)	(98)	(61)	(1,559)
Reclassification	-	-	(1)	-	-	(1)
Impairment loss	142	-	-	-	-	142
At 31st December 2003	179	2,467	1,050	233	857	4,786
Net Book Value						
At 31st December 2003	247	792	476	550	287	2,352

Included in property, plant and equipment for the Group are motor vehicles acquired on finance lease agreements, the net book values as at 31st December 2003 totalled S\$216,355 (2002: S\$332,633).

The freehold land and buildings with net book value of S\$247,242 (2002: S\$397,167) have been charged to a financial institution for term loan facilities granted to a subsidiary (Note 21).

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold Land and Buildings	Plant and Machinery	Furniture and Equipment	Office Renovation	Motor Vehicles	Total
2002	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost						
At 1st January 2002	462	3,723	1,714	368	1,133	7,400
Currency realignment	(29)	(180)	(39)	(10)	(12)	(270)
Additions	-	50	226	40	99	415
Disposals/written off	-	(822)	(50)	-	(150)	(1,022)
At 31st December 2002	433	2,771	1,851	398	1,070	6,523
Accumulated Depreciation						
At 1st January 2002	33	3,076	1,026	127	667	4,929
Currency realignment	(2)	(162)	(18)	(2)	(7)	(191)
Charge for the year	5	218	176	69	148	616
Disposals/written off	-	(819)	(41)	-	(146)	(1,006)
At 31st December 2002	36	2,313	1,143	194	662	4,348
Net Book Value						
At 31st December 2002	397	458	708	204	408	2,175

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and Equipment	Office Renovation	Total
2003	S\$'000	S\$'000	S\$'000
Cost			
At 1st January 2003	79	46	125
Additions	10	-	10
Disposals	(5)	-	(5)
At 31st December 2003	84	46	130
Accumulated Depreciation			
At 1st January 2003	60	20	80
Charge for the year	4	5	9
Disposals	(5)	-	(5)
At 31st December 2003	59	25	84
Net Book Value			
At 31st December 2003	25	21	46

notes to the financial statements

31 st december 2003

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and Equipment	Office Renovation	Motor Vehicles	Total
2002	S\$'000	S\$'000	S\$'000	S\$'000
Cost				
At 1st January 2002	78	46	7	131
Additions	1	-	-	1
Disposals	-	-	(7)	(7)
At 31st December 2002	79	46	-	125
Accumulated Depreciation				
At 1st January 2002	51	15	4	70
Charge for the year	9	5	-	14
Disposals	-	-	(4)	(4)
At 31st December 2002	60	20	-	80
Net Book Value				
At 31st December 2002	19	26	-	45

7. INTEREST IN SUBSIDIARIES

	Company	
	2003	2002
	S\$'000	S\$'000
Unquoted shares, net of provision for impairment loss	14,539	15,063
Amounts owing by subsidiaries:-		
- Trade	506	7,530
- Non-trade	10,121	987
	10,627	8,517
Amounts owing to subsidiaries:-	25,166	23,580
- Trade	-	(3,881)
- Non-trade	(2,869)	-
	22,297	19,699

The amounts owing by/(to) subsidiaries are unsecured and with no fixed terms of repayment.

Included in amounts owing by subsidiaries is an amount of S\$1,953,284 (2002: S\$1,068,643) which bears interest of 5.5% (2002: 5.5%) per annum.

Details of subsidiaries as at 31st December 2003 are:-

Name of Company	Principal activities	Place of business / Country of incorporation	Percentage of equity held		Cost of investment	
			2003	2002	2003	2002
			%		S\$'000	
Held by the Company						
Admiralty Engineering Pte Ltd	Mechanical and electrical engineering services	Singapore	100	100	3,041	3,041
Admiralty Technologies Pte Ltd	Maintenance of fire prevention and protection systems and trading in related products	Singapore	100	100	399	399

7. INTEREST IN SUBSIDIARIES (CONT'D)

Name of Company	Principal activities	Place of business / Country of incorporation	Percentage of equity held		Cost of investment	
			2003	2002	2003	2002
			%		S\$'000	
Held by the Company						
Feiton Marketing Pte Ltd	Trading in cement and other related products	Singapore	100	100	473	473
Ideas Electronics (S) Pte Ltd	Manufacture and sale of electrical and electronic control systems	Singapore	100	100	5,018	5,018
*IDSM Electronics Sdn Bhd	Contract manufacturing of electronic products	Malaysia	86	86	2,036	2,036
Hivern Investments Pte Ltd	Investment holding	Singapore	97	60	1,418	60
Louisson Investments Pte Ltd	Investment holding and trading	Singapore	100	100	#	#
EnerSave Power Builders Pte Ltd (formerly known as United Constrade Pte Ltd)	General and renovation contractors	Singapore	100	100	2,865	1,891
EnerSave Power Pte Ltd	Investment holding	Singapore	100	-	#	-
*Room Interior NZ Limited	Furniture and home life style products retailing and trading	New Zealand	100	-	1	-
*Beijing Admiralty Home Products Co. Ltd	Design, assemble, manufacture furniture home products and sale of self made products	China	100	100	2,309	2,309
Embryo Design Pte Ltd	Designers, interior decorators and consultants	Singapore	55	55	300	300

7. INTEREST IN SUBSIDIARIES (CONT'D)

Name of Company	Principal activities	Place of business / Country of incorporation	Percentage of equity held		Cost of investment	
			2003	2002	2003	2002
			%		S\$'000	
Held by the Company						
*i) Beijing Embryo Limited	Designers, interior decorators and consultants	China	25	25	69	69
					17,929	15,596
Less: Provision for impairment loss					(3,390)	(533)
					14,539	15,063

Analysis of provision for impairment loss:

	2003	2002
	S\$'000	S\$'000
Balance at beginning	533	-
Charge to profit and loss account	2,857	533
Balance at end	3,390	533

7. INTEREST IN SUBSIDIARIES (CONT'D)

Name of Company	Principal activities	Place of business / Country of incorporation	Percentage of equity held		Cost of investment	
			2003	2002	2003	2002
			%		S\$'000	
Held by subsidiaries						
Held by Ideas Electronics (S) Pte Ltd						
*IDS Industries Sdn Bhd	Trading of electronic ballasts and accessories	Malaysia	100	100	64	64
*Ideas Electronics (Shanghai) Co. Ltd	Manufacture and trading of electronic ballasts and accessories	China	100	100	348	348
Held by Admiralty Engineering Pte Ltd						
*Admiralty Engineering (M) Sdn Bhd	Dealing in fire protection and security equipment and systems	Malaysia	90	90	13	13
Held by Embryo Design Pte Ltd						
Cream Homestore Pte Ltd	Furniture and home life style products retailing and trading	Singapore	80	80	240	240
Room Interior Pte Ltd	Furniture and home life style products retailing and trading	Singapore	100	100	100	100
*Beijing Embryo Limited	Designers, interior decorators and consultants	China	50	50	139	139
Held by Beijing Admiralty Home Products Co. Ltd						
*Shenzhen Calo-EnerSave Furnishing Co. Ltd	Design, assemble, manufacture furniture home products and sale of self made products	China	54	-	576	-

7. INTEREST IN SUBSIDIARIES (CONT'D)

Note: * **Subsidiaries audited by other firms**

Beijing Admiralty Home Products Co. Ltd
Beijing Embryo Limited
Ideas Electronics (Shanghai) Co. Ltd
IDS M Electronics Sdn Bhd
IDS Industries Sdn Bhd
Admiralty Engineering (M) Sdn Bhd
Shenzhen Calo-EnerSave Furnishing Co. Ltd
Room Interior NZ Limited

2 ordinary shares of S\$1 each fully paid, held by the Company

i) 25% is held by the Company and 50% is held by Embryo Design Pte Ltd resulting in an effective interest of 52.5% held by the Group.

Auditors

Great Wall CPAs
Great Wall CPAs
Shanghai Linfang CPAs
Ernst & Young
Yew Kian Lek & Co
AL Lee & Co
Yue Hua Certified Public Accountants
Moores Rowland, New Zealand

notes to the financial statements

31st december 2003

8. OTHER FINANCIAL ASSETS

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Non-current financial assets				
Unquoted shares, at cost	7,037	5,227	6,071	71
Less: Impairment loss	(250)	(4,166)	-	-
	6,787	1,061	6,071	71
(b) Current financial assets				
Quoted shares, at cost	408	323	-	-
Less: Impairment loss	(6)	(288)	-	-
Total	402	35	-	-
Market value of quoted shares at 31st December	402	40	-	-
Analysis of movement in impairment loss:-				
Balance at beginning of year	4,454	1,950	-	-
Provision utilised	(4,454)	(17)	-	-
Charge to profit and loss account	256	2,521	-	-
Balance at end of year	256	4,454	-	-

9. INTANGIBLE ASSETS

Group	Goodwill on Consolidation	Expenditure Carried Forward	Development Costs	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Cost				
At 1st January 2003	63	178	1,211	1,452
Additions	19	-	-	19
Written off	-	-	(324)	(324)
At 31st December 2003	82	178	887	1,147
Amortisation				
At 1st January 2003	13	178	239	430
Amortisation charge for the year	16	-	178	194
Written off	-	-	(62)	(62)
At 31st December 2003	29	178	355	562
Impairment loss				
At 1st January 2003	-	-	463	463
Impairment loss for the year	-	-	50	50
Written off	-	-	(263)	(263)
At 31st December 2003	-	-	250	250
Amortisation charge for 2002	13	-	178	191
Impairment loss for 2002	-	-	200	200
At 31st December 2003	53	-	282	335
At 31st December 2002	50	-	509	559

notes to the financial statements

31 st december 2003

10. INVENTORIES

	Group	
	2003	2002
	S\$'000	S\$'000
Raw materials	2,409	2,355
Work-in-progress	246	374
Finished goods	4,589	4,211
	<u>7,244</u>	<u>6,940</u>
Less : Provision for obsolete inventories - finished goods	(502)	(578)
	<u>6,742</u>	<u>6,362</u>
Analysis of provision for obsolete inventories :-		
Balance at beginning	578	431
Charge to profit and loss account	(10)	224
Provision utilised	(66)	(77)
Balance at end	<u>(502)</u>	<u>578</u>

11. CONTRACT WORK-IN-PROGRESS

	Group	
	2003	2002
	S\$'000	S\$'000
Costs plus attributable profits	17,752	10,152
Less : Progress payments received and receivable	(16,188)	(9,810)
	<u>1,564</u>	<u>342</u>
Comprising :-		
Work-in-progress	1,715	521
Excess of progress billings over work-in-progress	(151)	(179)
	<u>1,564</u>	<u>342</u>

12. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2003	2002	2003	2002
		S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	13	7,533	16,052	32	17
Other receivables, deposits and prepayments	14	11,006	4,864	2,856	3,024
		18,539	20,916	2,888	3,041

13. TRADE RECEIVABLES

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	11,367	22,227	32	17
Less : Provision for doubtful debts	(3,834)	(6,175)	-	-
	7,533	16,052	32	17
Analysis of provision for doubtful debts :-				
Balance at beginning	6,175	4,106	-	-
Charge to profit and loss account	2,249	2,238	-	-
Write back to profit and loss account	(415)	(111)	-	-
Provision utilised	(4,171)	-	-	-
Exchange realignment	(4)	(58)	-	-
Balance at end	3,834	6,175	-	-
Bad debts written off directly to profit and loss account (Note 26)	215	15	-	-

notes to the financial statements

31st december 2003

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Tax recoverable	253	36	338	586
i) Other receivables	6,979	588	29	60
Deposits	407	308	108	45
Prepayments	93	417	11	3
Advances	154	-	-	-
Amount recoverable in respect of profit guarantee arrangement by:				
- previous shareholders of a subsidiary	750	1,185	-	-
Amounts owing by minority shareholders of a subsidiary	2,370	2,330	2,370	2,330
	11,006	4,864	2,856	3,024
i) Other receivables	7,111	635	58	60
Less: Provision for doubtful debts	(132)	(47)	(29)	-
	6,979	588	29	60
Analysis of provision for doubtful debts:-				
Balance at beginning	47	47	-	-
Charge to profit and loss account	85	-	29	-
Balance at end	132	47	29	-

Included in other receivables is an advance loan of S\$6,585,300 intended for the purpose of funding the acquisition of an investment as disclosed in Note 35 to the financial statements.

15. AMOUNTS OWING BY/(TO) AFFILIATED COMPANIES

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Amounts owing by :-				
Trade	-	6	-	-
Non-trade	79	-	3	3
	79	6	3	3
Amounts owing to :-				
Non-trade	(83)	(93)	(6)	(8)
	(83)	(93)	(6)	(8)

The amounts owing by/(to) affiliated companies are unsecured, interest-free and with no fixed terms of repayment.

16. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2003	2002	2003	2002
		S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank and in hand		2,013	1,768	619	6
Deposits with financial institutions		1,713	1,069	1,000	-
Bank overdrafts	20	3,726 (3,840)	2,837 (3,871)	1,619 -	6 (338)
Cash and cash equivalents included in the consolidated statements of cash flows		(114)	(1,034)	1,619	(332)

Included in the deposits with financial institutions is an amount of S\$17,357 (2002: S\$12,328) pledged to a bank for bank facilities granted to a subsidiary.

The deposits of the Group with financial institutions are renewable on monthly to yearly basis.

notes to the financial statements

31st december 2003

17. TRUST RECEIPTS AND BILLS PAYABLE

The trust receipts and bills payable are due to banks.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	4,148	5,695	172	53
Advances from customers	335	-	-	-
Other payables	351	266	-	-
Accrued contract costs	1,250	3,081	-	-
Accrued operating expenses	908	659	192	148
Amounts owing to minority shareholders of a subsidiary	189	-	-	-
	7,181	9,701	364	201

19. OBLIGATIONS UNDER FINANCE LEASES

At 31st December 2003, the Group had obligations under finance leases that are repayable as follows:-

	Payments	Interest	Principal	Payments	Interest	Principal
	2003	2003	2003	2002	2002	2002
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Within 1 year	80	15	65	86	16	70
After 1 year but within 5 years	236	45	191	294	55	239
After 5 years	7	1	6	28	5	23
	243	46	197	322	60	262
	323	61	262	408	76	332

The finance lease interest rates range from 3% to 3.3% (2002: 3% to 3.3%) per annum.

20. AMOUNTS DUE TO BANKERS

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Secured :-				
Term loan repayable within 1 year (Note 21)	19	15	-	-
Unsecured :-				
Overdraft	3,840	3,871	-	338
	<u>3,859</u>	<u>3,886</u>	<u>-</u>	<u>338</u>

21. TERM LOANS (SECURED)

	Group	
	2003	2002
	S\$'000	S\$'000
Repayable as follows:-		
Within 1 year (Note 20)	19	15
After 1 year but within 5 years	117	98
After 5 years	45	86
	<u>162</u>	<u>184</u>
Total	<u>181</u>	<u>199</u>

The term loans are secured by a first fixed charge over a subsidiary's freehold land and buildings (Note 6). The loans bear an interest at 7.25% (2002: 8.7%) per annum.

22. DEFERRED TAXATION

Group

The movement in the Group's deferred tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) during the year is as follows:-

Deferred tax liabilities

	Accelerated tax depreciation	Provisions	Unrealised exchange gain	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At beginning of year	(38)	-	(3)	(274)	(315)
Transfer to/(from) profit and loss	(23)	-	3	135	115
At end of year	(61)	-	-	(139)	(200)

Deferred tax assets

	Unrealised exchange loss	Provisions	Unutilised tax loss and capital allowances	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At beginning of year	-	100	75	22	197
Transfer to/(from) profit and loss	-	(13)	(7)	(15)	(35)
At end of year	-	87	68	7	162

22. DEFERRED TAXATION (CONT'D)

Group (Cont'd)

Deferred tax assets are netted against deferred tax liabilities when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:-

	2003	2002
	S\$'000	S\$'000
Deferred tax assets	162	197
Deferred tax liabilities	(200)	(315)
	<u>(38)</u>	<u>(118)</u>

Deferred tax assets have not been recognised in the balance sheet as it is not probable that future taxable profit will be available against which the Group can utilise the benefits. Unrecognised deferred tax assets are as follows:-

Unrecognised deferred tax assets

	2003	2002
	S\$'000	S\$'000
Tax losses	2,429	1,180
Capital allowance	180	662
Others	39	-
	<u>2,648</u>	<u>1,842</u>

In addition to the unutilised tax losses and unabsorbed capital allowances as disclosed above, the Group has as at the balance sheet date, unutilised reinvestment allowances amounting to approximately S\$113,000 (2002: S\$20,000) to offset future taxable profits.

Tax losses are available for set-off against future taxable profits subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. These deferred tax assets arising from tax losses do not have expiry date, except for approximately S\$223,000 (2002: S\$159,000) which will expire between 2005 and 2008 (2002: 2005 and 2007).

22. DEFERRED TAXATION (CONT'D)

Company

The movement in the company's deferred tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) during the year is as follows:-

Deferred tax liabilities

	Accelerated tax depreciation	Provisions	Unrealised exchange gain	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At beginning of year	(10)	-	-	(44)	(54)
Transfer to/(from) profit and loss	-	-	-	20	20
At end of year	(10)	-	-	(24)	(34)

Deferred tax assets

	Unrealised exchange loss	Provisions	Unutilised tax loss and capital allowances	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At beginning of year	-	-	15	18	33
Transfer to/(from) profit and loss	-	-	19	(18)	1
At end of year	-	-	34	-	34

22. DEFERRED TAXATION (CONT'D)

Company (Cont'd)

Deferred tax assets are netted against deferred tax liabilities when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:-

	2003	2002
	S\$'000	S\$'000
Deferred tax assets	34	33
Deferred tax liabilities	(34)	(54)
	<u>-</u>	<u>(21)</u>

Deferred tax assets have not been recognised in the balance sheet as it is not probable that future taxable profit will be available against which the Company can utilise the benefits. Unrecognised deferred tax assets are as follows:-

Unrecognised deferred tax assets

	2003	2002
	S\$'000	S\$'000
Tax losses	45	-

23. REVENUE

Group

Revenue represents trading sales and services after allowance for goods returned and trade discounts, revenue recognised on contract works under the percentage of completion method, dividend income and proceeds from sale of investments and excluding intra-group transactions.

notes to the financial statements

31st december 2003

23. REVENUE (CONT'D)

Company

Revenue represents rental, accounting and administration and management fees.

Details as follows:-

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Sale of goods	12,361	13,793	-	-
Revenue recognised on contract works	10,147	29,514	-	-
Rendering of services	2,260	1,778	-	-
Dividend income	7	-	-	-
Sale of quoted investments	890	125	-	-
Accounting and administration fees	-	-	195	195
Rental	-	-	230	230
Management fees	-	-	320	497
	25,665	45,210	745	922

24. OTHER REVENUE

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Interest income :-				
Amounts owing by subsidiaries	-	-	162	158
Banks	15	52	4	-
Others	358	196	16	-
Doubtful debts recovered	415	-	-	-
Sundry income	-	76	-	-
	788	324	182	158

25. STAFF COSTS

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Salaries and allowances	4,007	3,525	368	336
Bonus	179	355	32	32
CPF/SOCSO	340	350	47	51
Medical fees	18	13	2	2
Recruitment	13	5	6	1
Staff benefits	7	4	2	-
Staff welfare and training	60	95	6	1
	4,624	4,347	463	423
Directors' remuneration				
Directors of the company	455	267	-	-
Other directors of subsidiaries	410	648	-	-
CPF - directors of the company	26	25	-	-
- other directors of subsidiaries	38	42	-	-
	929	982	-	-
	5,553	5,329	463	423
The number of persons employed at the end of the financial year:-				
Full time (include salaried directors)	341	267	11	9

notes to the financial statements

31 st december 2003

26. LOSS FROM OPERATIONS

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
After charging:-				
Amortisation of development expenditure	178	178	-	-
Amortisation of goodwill	16	13	-	-
Audit fees :-				
Auditors of the Company	67	72	21	18
Other auditors of subsidiaries	16	22	-	-
Bad debts written off (Note 13)	215	15	-	-
Non-audit fees paid to auditors :-				
Auditors of the Company	14	18	3	3
Other auditors of subsidiaries	-	-	-	-
Depreciation of property, plant and equipment	629	616	9	14
Directors' fees:-				
Current year	100	76	100	76
Over provision in prior year	(4)	(19)	(4)	(19)
Directors' remuneration other than fees:-				
Directors of the Company	481	372	-	-
Other directors of subsidiaries	448	610	-	-
Exchange loss, net	214	42	99	-
Impairment loss of development expenditure	50	200	-	-
Impairment loss in value of quoted investments	6	11	-	-
Impairment loss in value of unquoted investments	250	2,510	-	-
Impairment loss of property, plant and equipment	142	-	-	-
Inventories written off	10	23	-	-
Investment written off	1	-	-	-
Loss on disposal of property, plant and equipment	10	-	-	2
Operating lease expenses	1,187	1,038	299	408
Provision for doubtful debts (trade)	2,249	2,238	-	-
Provision for doubtful debts (non-trade)	85	47	29	-
Property, plant and equipment written off	70	2	-	-
Provision for impairment loss in value of investment in subsidiaries	-	-	2,857	533
Provision for obsolete inventories	-	224	-	-

26. LOSS FROM OPERATIONS (CONT'D)

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
And after crediting:-				
Exchange gain, net	17	-	-	-
Gain on disposal of property, plant and equipment	8	14	-	-
Gain on disposal of quoted investments	10	25	-	-
Write back of provision for foreseeable loss	-	600	-	-
Write back of provision for obsolete inventories	10	-	-	-
Write back of provision for doubtful debts	415	111	-	-

27. FINANCE COSTS

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Interest on trust receipts	7	35	-	-
Interest on term loans	16	19	-	-
Interest on bank overdraft	200	188	3	9
Interest on finance leases	16	14	-	-
Bank acceptances interest	27	46	-	-
Others	22	-	-	-
	288	302	3	9

notes to the financial statements

31st december 2003

28. EXCEPTIONAL ITEMS

Provision for impairment in value of long-term investments

Group		Company	
2003	2002	2003	2002
S\$'000	S\$'000	S\$'000	S\$'000
250	2,510	2,857	533

29. TAXATION

Tax expense attributable to loss is made up of:

Current tax

Current year

(Over)/Under provision in prior years

Group		Company	
2003	2002	2003	2002
S\$'000	S\$'000	S\$'000	S\$'000
30	60	-	-
(224)	360	13	380
(194)	420	13	380
Deferred taxation			
Origination and reversal of temporary differences	(80)	-	(21)
	(80)	(21)	-
Overseas tax/Foreign tax suffered	-	14	-
	-	-	14
Tax (write back)/expense	(274)	434	(8)
	(274)	434	(8)

29. TAXATION (CONT'D)

The tax expense on the results for the financial year differs from the amount of income tax determined by applying the Singapore standard rate of income tax to loss before taxation due to the following factors:-

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Loss before tax	(4,323)	(3,837)	(3,346)	(628)
Tax at the applicable tax rate of 22%	(951)	(844)	(736)	(138)
Tax effect of:				
- non-deductible expense	150	586	659	118
- change in tax rate	-	(3)	-	-
- deferred tax benefits not recognised	806	406	45	34
- utilisation of deferred tax benefits not previously recognised	(15)	(73)	-	-
Effects of different tax rates in other countries	(42)	14	-	-
Tax exemptions	-	(12)	-	-
(Over)/Under provision of income tax in prior years	(224)	360	13	380
Others	2	-	11	-
Tax (write back)/expense	(274)	434	(8)	394

notes to the financial statements

31 st december 2003

30. LOSS PER SHARE

	2003	Group	2002
Loss attributable to shareholders	(\$3,715,172)		(\$3,872,169)
Weighted average of ordinary shares in issue	148,317,000		116,960,000
Loss per share	(2.50 cts)		(3.31 cts)

31. DIRECTORS' REMUNERATION

Number of directors of the Company in remuneration bands is as follows:-

	2003	2002
Below S\$250,000	8	8

32. OPERATING LEASE COMMITMENTS

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Lease payments due within 1 year	406	724	74	151
Lease payments due after 1 year but within 5 years	430	689	259	-
Lease payments due after 5 years	-	444	-	-

33. SEGMENTAL INFORMATION

BY INDUSTRY	Engineering		Manufacturing		Home Furnishings		Others		Eliminations		Consolidated Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
REVENUE												
Sales to third parties	12,296	31,569	5,927	9,759	6,545	3,757	897	125	-	-	25,665	45,210
Inter-segment revenue	260	814	324	503	138	21	745	723	(1,467)	(2,061)	-	-
Total revenue	12,556	32,383	6,251	10,262	6,683	3,778	1,642	848	(1,467)	(2,061)	25,665	45,210
RESULT												
Segment (loss)/profit	(1,047)	120	(1,019)	(861)	(459)	6	(1,241)	(347)			(3,766)	(1,082)
Unallocated items (net)											(19)	57
Loss from operations											(3,785)	(1,025)
Finance costs											(288)	(302)
Taxation											274	(434)
Exceptional items											(250)	(2,510)
Loss for the year before minority interests											(4,049)	(4,271)
Minority interests											334	399
Net loss for the year											(3,715)	(3,872)

notes to the financial statements

31 st december 2003

33. SEGMENTAL INFORMATION (CONT'D)

BY INDUSTRY	Engineering		Manufacturing		Home Furnishings		Others		Consolidated Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
OTHER SEGMENTAL INFORMATION										
Segment assets	7,724	13,574	9,247	13,250	5,349	4,315	18,224	1,459	40,544	32,598
Unallocated assets									133	1,874
Consolidated total assets									40,677	34,472
Segment liabilities	6,638	9,197	2,844	4,293	2,132	894	378	587	11,992	14,971
Unallocated liabilities									82	804
Consolidated total liabilities									12,074	15,775
Capital expenditure	38	112	211	79	186	223	21	1	456	415
Depreciation and amortisation expenses	206	212	384	506	206	62	27	27	823	807
Impairment loss	-	-	192	200	-	-	256	2,521	448	2,721

33. SEGMENTAL INFORMATION (CONT'D)

BY GEOGRAPHICAL LOCATION	Singapore		Asia		Others		Eliminations		Consolidated Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
REVENUE										
Sales to third parties	17,749	36,630	4,727	1,891	3,189	6,689	-	-	25,665	45,210
Inter-segment sales	1,011	1,952	456	109	-	-	(1,467)	(2,061)	-	-
Total revenue	18,760	38,582	5,183	2,000	3,189	6,689	(1,467)	(2,061)	25,665	45,210
OTHER SEGMENTAL INFORMATION										
Segment assets	34,201	19,824	11,989	12,774	70	-	(5,716)	-	40,544	32,598
Capital expenditure	87	334	363	81	6	-	-	-	456	415

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company and the Group had the following significant related party transactions on terms agreed between both parties:-

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Professional fees paid to a firm in which a director of the Company has substantial interest	6	6	-	-
Sales to affiliated company	2	2	-	-
Sales of goods to directors	220	-	-	-
Purchases from affiliated companies	13	30	3	3

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group		Company	
	2003	2002	2003	2002
	S\$'000	S\$'000	S\$'000	S\$'000
Rental paid to affiliated company	258	371	258	371
Transactions with companies where directors of the subsidiaries have substantial interest:-				
- Purchases	-	130	-	-
- Rental paid	54	58	41	42

35. POST BALANCE SHEET EVENTS

On 22nd October 2003, a wholly-owned subsidiary of the Company entered into a subscription agreement to subscribe 122 new common shares, representing 55% of the enlarged share capital of Richway Investment Management Limited for an aggregate subscription price of US\$5,000,000 approximately S\$8,505,000. The subscription of the new common shares was completed in January 2004.

On 13th November 2003, a subsidiary entered into two Sale and Purchase Agreements with third parties to dispose the properties of a subsidiary at a total cash consideration of RM552,000. Thereafter, the subsidiary will rent these properties from the buyers.

36. CONTINGENT LIABILITY (UNSECURED)

The Company has given corporate guarantees against banking facilities of its subsidiaries totalling:-

	2003	2002
	S\$'000	S\$'000
Corporate Guarantee	5,184	3,751

37. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. The Group has in its overall business strategies, taken into consideration its tolerance of risks and its general risk management philosophy and has processes to monitor and control such risks, where appropriate.

The Group does not enter into derivative financial instruments as exposure to fluctuations in foreign exchange rates and interest rates are not considered significant.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's borrowings from banks such as bank overdrafts and term loans.

Foreign currency risk

The Group incurs foreign currency risk on revenue and costs that are denominated in a currency other than Singapore dollars for its local subsidiaries and in respect of subsidiaries operating in foreign countries, the revenue and costs denominated in foreign currencies. The currencies giving rise to this risk are primarily Chinese Renminbi, Euro, US Dollars and Malaysian Ringgit.

The Group does not hedge trade receivables, trade payables and borrowings denominated in a foreign currency.

notes to the financial statements

31st december 2003

37. FINANCIAL INSTRUMENTS (CONT'D)

2003	Note	Effective Interest Rate	Total S\$'000	Within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000
Group						
Financial Assets						
Cash and cash equivalents	16	1.08%	1,713	1,713	-	-
Financial Liabilities						
Secured bank loans	21	8.53%	(181)	(19)	(117)	(45)
Finance lease liabilities	19	6.11%	(262)	(65)	(191)	(6)
Bank overdrafts	20	5.64%	(3,840)	(3,840)	-	-
Trust receipts	17	5%	(309)	(309)	-	-
			(4,592)	(4,233)	(308)	(51)
Net balance			(2,879)	(2,520)	(308)	(51)

37. FINANCIAL INSTRUMENTS (CONT'D)

2002	Note	Effective Interest Rate	Total S\$'000	Within 1 year S\$'000	1 to 5 years S\$'000	After 5 years S\$'000
Group						
Financial Assets						
Cash and cash equivalents	16	1.38%	1,069	1,069	-	-
Financial Liabilities						
Secured bank loans	21	8.70%	(199)	(15)	(98)	(86)
Finance lease liabilities	19	6.11%	(332)	(70)	(239)	(23)
Bank overdrafts	20	6.19%	(3,871)	(3,871)	-	-
Trust receipts	17	5%	(1,242)	(1,242)	-	-
			(5,644)	(5,198)	(337)	(109)
Net balance			(4,575)	(4,129)	(337)	(109)
Company						
Financial Liabilities						
Unsecured bank overdraft	20	5%	(338)	(338)	-	-

Fair values

The carrying amounts of the financial assets and liabilities of the Company and the Group approximate their fair values except for the unquoted shares held for long-term where it is not practicable to determine with sufficient reliability the fair values.

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.



corporate governance

China EnerSave Limited is committed to high standards of corporate governance to ensure effective self-regulation practices for the protection of our shareholders. This report outlines the main corporate governance practices adopted by the Company in relation to the Code of Corporate Governance.

Board of Directors

Principle 1: An effective Board to lead and control the Company

The Board has identified the following as the material functions for which the Board will assume direct decision making responsibility:

1. reviewing corporate strategy, business plans, key operational initiatives, major investment commitments and funding initiatives, and major acquisitions and disposals;
2. reviewing business results and overseeing the business conduct and affairs of the Company and of the Group through the management;
3. reviewing and approving the financial results, and approving any interim dividend and recommendation of final dividend;
4. identifying major risks, and assessing the internal controls and internal risk management processes;
5. ensuring regulatory compliance, and approving announcements, releases, circulars and other reporting of the Company; and
6. approving Board, key executive and other officer appointments and removals, approving appointments to boards of subsidiaries of the Company, reviewing and approving terms of any such appointment or removal, and reviewing and approving key executive and auditor remuneration.

The Board conducts at least 2 regular scheduled meetings a year. Ad-hoc meetings are convened when circumstances require. The Articles of the Company permit the Board to hold its meetings via telephone conference and other electronic or telegraphic means. The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings, in respect of the financial year 2003 is disclosed below in this report. Between meetings, any decision which has to be made by the Board on an urgent basis, may be approved by way of written resolutions of the Board.

To assist the Board in carrying out its responsibilities, the Board has established the following Board committees: the Audit Committee, the Nomination Committee, and the Remuneration Committee.

Principle 2: Strong and independent element on the Board

As at the date of this report, the Board comprises three independent non-executive directors, two non-executive directors and three executive directors.

The particulars of the Directors are set down below.

Non-Executive Directors

Chou Kong Seng (Chairman)
Chan Heng Fai
Tony Chan Tong Wan
Lee Theng Kiat (Independent)
Tan Chuan Thye (Independent)
Chiah Kok Khun (independent)

Executive Directors

Koo Ah Seang (Chief Executive Officer)
Tay Wee Kwang

The profiles of the Directors as at the date of this report are set out on pages 9, 10 and 11 of this Annual Report.

Principle 3: Clear division of responsibility between the working of the Board and the executive responsibility of the Company's business

The Chairman of the Company is Mr Chou Kong Seng, who is a non-executive Director. The Group's executive team comprises Mr Koo Ah Seang who is the Chief Executive Officer and Mr Tay Wee Kwang, who is the Executive Director, assisted by their respective team of managers. The executive team is responsible for the day-to-day operations and management of the Group.

The Chairman schedules the Board and general meetings and sets the agenda for the meetings in consultation with the Chief Executive Officer and the Executive Director, and the company secretaries. The Chairman assists in ensuring compliance with the Company's guidelines on corporate governance, and in the administration of the procedural requirements for Board and general meetings working in consultation with the company secretaries.

Principle 6: Access to Information

All Directors have unrestricted access to the Company's records and information and receive the Company's management accounts. The non-executive Directors have access to senior executives in the Company and other employees to seek additional information if required. Contact particulars of the Company's senior management and the company secretaries have been provided to the Directors to facilitate such access.

The company secretaries have responsibility to ensure that Board procedures are followed and that all applicable rules and regulations are complied with. One or both of the company secretaries are in attendance at Board and members' meetings.

Board Committees

Nominating Committee

Principle 4: Formal and transparent process for appointment of new Directors

Principle 5: Formal assessment of the effectiveness of the Board

The Board has formed the Nominating Committee ('NC') which comprises the following Directors:

Tan Chuan Thye (Chairman) (appointed on 25 March 2003)

Tay Wee Kwang (appointed on 25 March 2003)

Chiah Kok Khun (appointed on 10 June 2003)

Mr Tan Chuan Thye and Mr Chiah Kok Khun, are each independent Directors while Mr Tay Wee Kwang is an executive Director. The Chairman of the NC is Mr Tan Chuan Thye.

The NC's written terms of reference describe its responsibilities, and these include:

1. to identify candidates and make recommendations for all Board appointments, to make recommendations on the re-nomination or continuation in office of any Director
2. to regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
3. to determine annually whether or not a Director is independent;
4. to decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations; and to propose internal guidelines in relation to multiple board representations;
5. to decide how the Board's performance may be evaluated and propose objective performance criteria; and
6. to recommend procedures for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board.

Pursuant to the articles of the Company, one-third of the Directors (except the Managing Director) must retire from office at an Annual General Meeting of the Company. Therefore all the Directors must retire and, may submit themselves for re-election at regular intervals at least every three years.

The NC, in considering the nomination of any Director for re-election, will evaluate the performance of that Director. An assessment on each Director's performance will be carried out by the NC for the Company's financial year 2003 and thereafter annually for year to year.

Remuneration Committee

Principle 7: Formal and transparent procedure to fix remuneration

Principle 8: Appropriate level of remuneration

Principle 9: Provide clear disclosure of the remuneration policy

The Board has formed the Remuneration Committee ('RC') which comprises the following Directors:

Chiah Kok Khun (Chairman) (appointed on 25 March 2003)

Chou Kong Seng (appointed on 25 March 2003)

Tan Chuan Thye (appointed on 26 July 2003)

Mr Chiah Kok Khun, Mr Chou Kong Seng and Mr Tan Chuan Thye are each independent Directors. The Chairman of the RC is Mr Chiah Kok Khun.

The RC's written terms of reference describe its responsibilities, and these include:

1. to review and recommend a framework of remuneration for the Directors and key executives, and determine specific remuneration packages for each executive Director and the chief executive officer (or equivalent), and the implementation of any appropriate performance-related element to be incorporated in the remuneration framework and packages;
2. to review and recommend the remuneration packages of all managerial staff in the Company or any of its principal subsidiaries that are related to any of the Directors, the chief executive officer or any substantial shareholder of the Company; and the implementation of any appropriate share option schemes or any long term incentive scheme for Directors, executives and employees of the Company; and
3. to recommend whether in any year circumstances are such that the Company in Annual General Meeting should be invited to approve the remuneration policy.

The remuneration of the Directors and key executives for 2003 is set out below:

Remuneration Bands	Fees & Salary %	Bonus %	Other benefits %	Total %
Directors				
<i>\$250,000 and above</i>				
Nil				
<i>Below \$250,000</i>				
Koo Ah Seang	93	7	-	100
Tay Wee Kwang	93	7	-	100
Chou Kong Seng	100	-	-	100
Lee Theng Kiat	100	-	-	100
Tan Chuan Thye	100	-	-	100
Chiah Kok Khun	100	-	-	100
Chan Heng Fai	100	-	-	100
Key Executives				
<i>Below \$250,000</i>				
Tan Hang Kwang	93	7	-	100
<i>Below \$150,000</i>				
Tan Chee Kian	92	8	-	100
Wang Peng	92	8	-	100

Directors' fees are set in accordance with a remuneration framework comprising basic fees and committee fees. These are subject to the approval of the Company in general meeting. The Chairman and other members of the Audit Committee received additional fees in 2003 to take into account the nature of their responsibilities and the additional time spent on the matters of the Company.

The Company adopts a remuneration policy for employees comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company's and the individual's performance.

There are no employees who are immediate family members of a Director or the chief executive officer, and whose remuneration exceeded \$250,000 during 2003.

Audit Committee

Principle 11: Formation of Audit Committee

The Audit Committee ('AC') was formed by the Board in July 1998 and comprises three Directors, all of whom are non-executive Directors. They are:

Lee Theng Kiat (Chairman)
Chou Kong Seng
Tan Chuan Thye

Mr Lee Theng Kiat, Mr Chou Kong Seng and Mr Tan Chuan Thye are each independent Directors. The Chairman of the AC is Mr Lee Theng Kiat.

The Board is satisfied that each of the members of the AC has got sufficient accounting or related financial management expertise and experience to discharge their responsibilities.

The AC meets at least twice a year to perform the following key functions:

1. to review the effectiveness of the material internal controls and procedures for the identification, assessment and reporting of risks;
2. to review the adequacy of and the procedures for the internal audit function, including the staffing of and resources made available for the internal audit function, and make such recommendations as it may think fit;
3. to review the financial management and the freedom allowed to the internal auditors;
4. to review and make recommendations to the Board on the appointment and re-appointment of the external auditors;
5. to review the scope and results of the audit, the independence of the external auditors and the cost-effectiveness of the audit;
6. to review the financial statements and results;
7. to review interested party transactions.

The AC has been given full access to and obtained the co-operation of the Company's management. The AC has reasonable resources to enable it to discharge its functions properly.

The AC has met with the external auditors without the presence of the management. The AC also met with the external auditors to discuss the results of their examinations and their evaluations of the systems of internal accounting controls.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Principle 12: Internal Controls

Principle 13: Internal Audits (IA)

The Board is cognizant of its responsibility for maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets and business. The Company's external auditors carry out, in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls, annually to the extent of their scope as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit, and the auditors' recommendations, are reported to the AC members. For FY 2003, the Board is of the view that based on the reports from the auditors, the system of internal controls that has been maintained by the Company's management throughout the financial year is adequate to meet the needs of the Company. The Board shall consider expanding its internal audit resources as and when the need arises.

Communication with Shareholders

Principle 10: Accountability

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Company does not practise selective disclosure. Price sensitive information is always released on MASNET after trading hours. Results and annual reports are announced or issued within the mandatory periods and are available on the Company's website.

All shareholders of the Company receive the Annual Report and the Notice of Annual General Meeting, as well as circulars and notices pertaining to extraordinary general meetings of the Company. To facilitate participation by the shareholders, the Articles of the Company allow the shareholders to attend and vote at general meetings of the Company by proxies. Separate resolutions on each distinct issue are requisite.

At the Annual General Meetings, the external auditors as well as the Directors attend to answer queries from shareholders. Shareholders are given the opportunity at general meetings of the Company to air their views and query the Directors and management on matters relating to the Group and its operations.

Dealings in Securities

The Company has adopted internal codes pursuant to the SGX-ST Best Practices Guide applicable to all its officers in relation to dealings in the Company's securities. Its officers are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's financial results and ending on the date of the announcement of the results.

Directors' Attendance at Board and Audit Committee meetings for the financial period commencing January 1 2003 and up to the date of this report.

Directors' Attendance at Board and specialised meetings in 2003 are as follows:

Name	Attendance at 8 Board Meetings	Attendance at 2 Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings	Directors who retired by rotation in the last AGM
Chou Kong Seng	7	2	-	-	
Tan Hang Kwang (resigned on 14-11-2003)	8		-	-	X
Tan Chuan Thye	5	2	-	-	
Winston Tan Tien Hin (resigned on 25-07-2003)	1		-	-	X
Lee Theng Kiat	1	1	-	-	
Tay Wee Kwang	6	NA	-	-	
Chiah Kok Khun	7	NA	-	-	
Quek Sing Tong (resigned on 04-06-2003)	1	NA	-	-	X
Koo Ah Seang (appointed 18-06-2003)	7	NA	-	-	
Chan Heng Fai (appointed 02-07-2003)	3	NA	-	-	
Tony Chan Tong Wan (appointed on 01-03-2004)	NA	NA	-	-	

The NC and RC did not hold any meetings during the financial year 2003.

statistics of shareholdings

AS AT 17TH MARCH 2004

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	5	0.18	1,550	0.00
1,000 - 10,000	1,447	51.22	8,810,370	4.69
10,001 - 1,000,000	1,355	47.96	75,341,810	40.11
1,000,001 and above	18	0.64	103,698,270	55.20
TOTAL:	2,825	100.00	187,852,000	100.00

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	%
1. UOB Kay Hian Pte Ltd	47,152,000	25.10
2. Kim Eng Securities Pte Ltd	7,603,000	4.05
3. Acma Ltd	6,929,650	3.69
4. Koo Ah Seang	6,000,000	3.19
5. SBS Nominees Pte Ltd	5,959,000	3.17
6. Phillip Securities Pte Ltd	4,391,000	2.34
7. OCBC Securities Private Ltd	3,651,000	1.94
8. Tay Wee Kwang	3,144,810	1.67
9. United Overseas Bank Nominees Pte Ltd	2,936,000	1.56
10. DBS Vickers Securities (S) Pte Ltd	2,699,000	1.44
11. DBS Nominees Pte Ltd	2,379,000	1.27
12. Janet LC Tan	2,280,000	1.21
13. G K Goh Stockbrokers Pte Ltd	2,146,000	1.14
14. Lai Kong Fei (Lai Guanghui)	2,000,000	1.06
15. Oversea-Chinese Bank Nominees Pte Ltd	1,227,000	0.65
16. Lee Mui Tiang	1,122,000	0.60
17. Lim Swee Hock	1,050,000	0.56
18. Kek Chai Seng	1,028,810	0.55
19. Chiam Tau Ming	956,000	0.51
20. Lim Sai Geok	923,000	0.49
TOTAL :	105,577,270	56.19

SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2004

(As shown in the Registrar of Substantial Shareholders)

Substantial Shareholders	Number of Shares of S\$0.10 each	
	Direct Interest	Deemed Interest
Koo Ah Seang	12,518,000 (a)	173,000
Online Credit Limited	46,000,000 (b)	
Heng Fung Holdings Limited		46,000,000 (b)
Heng Fung Singapore Pte Ltd		46,000,000 (b)
Chan Heng Fai		46,000,000 (b)
Chan Yoke Keow		46,000,000 (b)

(a) This includes 385,000 shares, 288,000 shares, 2,959,000 shares, 1,370,000 shares, 1,321,000 shares and 270,000 shares of S\$0.10 each held in the name of DBS Nominees Pte Ltd, DBS Vickers Secs (S) Pte Ltd, SBS Nominees Pte Ltd, Kim Eng Ong Asia Securities Pte Ltd, GK Goh Stockbrokers Pte Ltd, and Philip Securities Pte Ltd respectively of which Koo Ah Seang is the beneficial owner.

(b) The deemed interests are held through Online Credit Limited.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

64.44% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual.

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at the Boardroom of China EnerSave Limited, 80 Raffles Place, #21-20, UOB Plaza 2, Singapore 048624, on Wednesday, 30 April 2004 at 10.00 a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31 December 2003 and the Directors' Reports and the Auditors' Report thereon. **Resolution 1**
2. To approve Directors' fees of S\$100,000 for financial year ended 31 December 2003. (2002: S\$76,000)
Resolution 2
3. To re-elect the following Directors retiring pursuant to Article 77 of the Company's Articles of Association:-
 - (i) Mr Chan Heng Fai, Ambrose **Resolution 3(i)**
 - (ii) Mr Chan Tong Wan **Resolution 3(ii)**
4. To re-elect the following Directors retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association:-
 - (i) Mr Tan Chuan Thye (*See Explanatory Note*) **Resolution 4(i)**
 - (ii) Mr Chou Kong Seng (*See Explanatory Note*) **Resolution 4(ii)**
5. To re-appoint Messrs Moores Rowland as Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:-

6. THAT authority be and is hereby given to the Directors of the Company to:
 - (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

notice of annual general meeting

- (b) notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:
- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the issued share capital of the Company (as calculated in accordance with subparagraph
 - (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the issued share capital of the Company (as calculated in accordance with subparagraph (2) below); (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (ii) any subsequent consolidation or subdivision of shares;
 - (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
 - (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. *(See Explanatory Note)* **Resolution 6**
7. THAT, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised (i) to offer and grant options in accordance with the provisions of the China EnerSave Employee Share Option Scheme 2004 ("ESOS Scheme") and (ii) to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options under the ESOS Scheme, provided always that the aggregate number of shares to be issued pursuant to the ESOS Scheme shall not exceed fifteen percent (15%) of the total issued share capital of the Company at any time. *(See Explanatory Note)* **Resolution 7**

OTHER BUSINESS

8. To transact any other business.

notice of annual general meeting

BY ORDER OF THE BOARD

Colin Yap Kim Cheong
Company Secretary

Explanatory Notes:

Resolution 4(i)

Mr Tan Chuan Thye, Chairman of the Nominating Committee and member of the Audit Committee and of the Remuneration Committee will continue in office as Chairman of the Nominating Committee and member of the Audit Committee and of the Remuneration Committee upon his re-election as a Director of the Company and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of The Singapore Exchange Securities Trading Limited.

Resolution 4(ii)

Mr Chou Kong Seng, Non-executive Chairman of the Company and member of the Audit Committee and of the Remuneration Committee will continue in office as Non-executive Chairman of the Company and member of the Audit Committee and of the Remuneration Committee upon his re-election as a Director of the Company. He is to be considered independent for the purposes of Rule 704(8) of the Listing Manual of The Singapore Exchange Securities Trading Limited.

Resolution 6

The Ordinary Resolution no. 6, if passed, will empower the Directors of the Company to issue shares in the capital of the Company up to an amount not exceeding in aggregate fifty percent (50%) of the issued share capital of the Company at the time of the passing of this resolution, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty percent (20%) of the issued share capital of the Company.

Resolution 7

The Ordinary Resolution no. 7, if passed, will empower the Directors of the Company to offer and grant options, and to issue shares in of the issued share capital of the Company pursuant to the exercise of the options under the China EnerSave Employee Share Option Scheme 2004 provided that the aggregate number of shares to be issued does not exceeding fifteen percent (15 %) of the issued share capital of the Company at any time.

Notes:

- (1) A member of the Company entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) The instrument appointing the proxy must be deposited at the registered office of the Company at 17 Jurong Port Road, Singapore 619092, not less than 48 hours before the time set for holding the meeting.

CHINA ENERSAVE LIMITED

(Incorporated in the Republic of Singapore)

PROXY FORM - ANNUAL GENERAL MEETING

IMPORTANT: FOR CPF INVESTORS ONLY

1. This Annual Report is forwarded to you at the request of your CPF Approved Nominee and is sent solely for your information only.
2. The Proxy Form is therefore not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____
of _____

being a member/members of CHINA ENERSAVE LIMITED (the "Company") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or failing him/her (delete as appropriate)

--	--	--	--

or failing him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at the Boardroom of 80 Raffles Place #21-20 UOB Plaza 2, Singapore 048624, on 30 April 2004 at 10.00 a.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of the AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM).

Ordinary Resolutions		To be used on a show of hands		To be used in the event of a poll	
		For *	Against*	No. of votes for**	No. of votes against**
1	To receive and adopt the Audited Accounts, Directors' Reports and Auditors' Report				
2	To approve Directors' fees of S\$100,000				
3(i)	To re-elect Mr Chan Heng Fai, Ambrose as a Director				
3(ii)	To re-elect Mr Chan Tong Wan as a Director				
4(i)	To re-elect Mr Tan Chuan Thye as a Director				
4(ii)	To re-elect Mr Chou Kong Seng as a Director				
5	To appoint Messrs Moores Rowland Auditors and authorise the Directors to fix their remuneration.				
6	To authorise the Directors to allot/issue shares				
7	To authorise the Directors to grant options and to allot/issue shares in accordance with the China EnerSave Employee Share Option Scheme 2004				

* Please indicate your vote "For" or "Against" within the box provided.

** If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise please indicate the number of votes.

Dated this _____ day of _____ 2004

Signature(s) of Member(s) or Common Seal

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 17 Jurong Port Road, Singapore 619092, not less than 48 hours before the time set for the meeting.
4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
5. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be either under its seal or under the hand of any officer or attorney duly authorised.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Shares entered on the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name on the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.