Notes to the Accounts

1. Principal accounting policies

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment, and in conformity with Hong Kong Financial Reporting Standards.

The principal accounting policies adopted in the preparation of these accounts are set out below.

(a) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st December. Subsidiaries are companies in which the Group has the power to exercise control governing the financial and operating policies of the company.

The consolidated accounts also include the Group's attributable share of post-acquisition results and reserves of its jointly controlled entities.

Results attributable to subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date on which control is transferred to the Group or to the date that control ceases, as applicable.

All significant inter-company transactions and balances between group companies are eliminated.

(b) Goodwill and capital reserve

Goodwill represents the difference between the cost of an acquisition over the fair values ascribed to the Group's share of the net assets of the acquired subsidiaries and jointly controlled entities at the effective date of acquisition. Goodwill on acquisitions is included in the balance sheet as a separate asset and amortised using the straight line method over its estimated useful life of not more than twenty years. Where the fair values ascribed to the net assets exceed the purchase consideration, such differences are recognised as income in the year of acquisition or over the weighted average useful life of the acquired non-monetary assets.

The carrying amount of goodwill is reviewed annually and provision is only made where, in the opinion of the Directors, there is impairment in value other than temporary in nature.

The profit or loss on disposal of subsidiaries and jointly controlled entities is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill which remains unamortised.

(c) Jointly controlled entities

A jointly controlled entity is a joint venture in respect of which a contractual arrangement is established between the participating venturers and whereby the Group together with the venturers undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity. Jointly controlled entities are accounted for under the equity method whereby the Group's share of profits less losses is included in the consolidated profit and loss account and the Group's share of net assets is included in the consolidated balance sheet.

1. Principal accounting policies (Continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and provision for significant permanent impairment in values.

No depreciation is provided for vessels under construction, the investment property and freehold land.

The investment property, being a commercial building, is held for long-term yields and is not occupied by the Group. The investment property is carried at fair value, representing open market value determined annually based on Directors' or independent valuation. A deficit in valuation is charged to the profit and loss account; an increase is first credited to the profit and loss account to the extent of valuation deficit previously charged and thereafter is credited to the assets revaluation reserve. Upon disposal of the investment property, any revaluation surplus is transferred to the profit and loss account.

Other assets are depreciated, using the straight line method, to write off their cost or valuation over their estimated useful lives or if shorter, the relevant finance lease periods, to their estimated residual values. Estimated useful lives are summarised as follows:

Container vessels	25 years
Containers	5 to 12 years
Chassis	10 to 12 years
Terminal equipment and improvements	10 to 15 years
Freehold buildings	Not exceeding 75 years
Medium-term leasehold land and buildings	Over period of the lease
Vehicles, furniture, computer and other equipment	5 to 10 years

Major costs incurred in restoring assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group. The carrying amounts of assets are reviewed regularly. Where the estimated recoverable amounts have declined permanently below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts.

Profits and losses on disposal are determined as the difference between the net disposal proceeds and the carrying amounts of the assets and are dealt with in the profit and loss account. Upon disposal of revalued assets, any revaluation reserve is transferred directly to retained profit.

1. Principal accounting policies (Continued)

(e) Investments

Debt securities expected to be held until maturity and equity shares intended to be held for the long term are included in the balance sheet under long-term investments and are carried at cost, as adjusted for the amortisation of the premiums and discounts on acquisition, less provisions. Provision is made when, in the opinion of the Directors, there is impairment in value other than temporary in nature.

Premiums or discounts on the acquisition of long-term debt securities are amortised through the profit and loss account over the period from the date of purchase to the expected date of maturity. Any profit or loss on the realisation of long-term investments is recognised as it arises and is included in the profit and loss account under other operating income.

Portfolio investments comprising mainly marketable securities, which are acquired principally for the purpose of generating a profit from short-term fluctuation in price and are readily convertible into cash, are included in the balance sheet under current assets and are carried at their realisable values. Income from portfolio investments, together with surplus or deficit, including exchange differences, arising from the sale or revaluation is included in the profit and loss account under net financing charges.

(f) Investments in finance leases

Assets leased to third parties under agreements that transfer substantially all the risks and rewards incident to ownership of the relevant assets to the lessees are classified as investments in finance leases. The present value of the lease payments is recognised as a receivable in the balance sheet. Gross earnings under finance leases are recognised over the term of the lease using the net investment method which reflects a constant periodic rate of return on the net investment in the leases.

(g) Leased assets

Assets leased from third parties under agreements that transfer substantially all the risks and rewards incident to ownership of the relevant assets to the Group are classified as finance leases. At the inception of a finance lease, the fair value of the asset or, if lower, the present value of the minimum lease payments, derived by discounting them at the interest rate implicit in the lease, is capitalised as an asset; the corresponding obligations, net of finance charges, is included under long-term liabilities. Assets held under finance leases are depreciated on the basis described in note (d) above. Gross rental payable in respect of finance leases are apportioned between interest charges and a reduction of the lease obligations based on the interest rates implicit in the relevant leases.

Leases where a significant portion of the risk and rewards of ownership are retained by the lessors are classified as operating leases. Rentals payable, net of incentives received from the lessors, under operating leases are charged to the profit and loss account over the periods of the respective leases on a straight line basis or another systematic basis which is representative of the time pattern of the benefit to the lessees.

1. Principal accounting policies (Continued)

(h) Computer software development costs

Costs that are directly associated with identifiable and unique software products controlled by the Group and have probable economic benefit exceeding the cost beyond one year are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads. Other costs associated with developing and maintaining computer software programmes are recognised as an expense as incurred.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised on completion of development using the straight line method over their estimated useful lives of five years.

(i) Deferred expenditure

Expenses incurred in connection with long-term financing and leasing arrangements are deferred and amortised on a straight line basis over the relevant tenure of the loan and lease periods. Expenditure associated with the leasing of the investment property is deferred and amortised on a straight line basis over a period of up to five years.

(j) Properties held for sale

Properties under development for sale are included under current assets and comprise land at cost, construction costs and any interest capitalised, less provisions for foreseeable losses. Completed properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(k) Provisions

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

Restructuring provisions mainly comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Group becomes legally or constructively committed to payment. Employee termination benefits are recognised only after either an agreement is in place with the appropriate employee representatives specifying the terms of redundancy and the number of employees affected, or after individual employees have been advised of the specific terms. Costs related to the ongoing activities of the Group are not provided in advance. Any property, plant and equipment that are no longer required for their original use are transferred to current assets and carried at the lower of the carrying amount or estimated net realisable value.

1. Principal accounting policies (Continued)

(l) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. The principal temporary differences arise from depreciation on property, plant and equipment, provisions for retirement benefits and tax losses carried forward. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred taxation assets relating to carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

(m) Employee benefits

The Group operates a number of defined benefit and defined contribution pension and retirement benefit schemes in the main countries in which the Group operates. These schemes are generally funded by payments from employees and by relevant group companies, taking into account of the recommendations of independent qualified actuaries where required.

Contributions under the defined contribution schemes are charged to the profit and loss account in the year to which the contributions relate.

For the defined benefit pension schemes, annual contributions are made in accordance with the advice of qualified actuaries for the funding of retirement benefits in order to build up reserves for each scheme member during the employee's service life and which are used to pay to the employee or dependent a pension after retirement. Such pension costs are assessed using the projected unit credit method, under which, the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries with full valuation of the plans every two to three years. The pension obligations are measured as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liabilities. Plan assets are measured at fair values. Actuarial gains and losses are recognised in the profit and loss account over the expected average remaining service lives of employees to the extent of the amount in excess of 10% of the greater of the present value of the plan obligations and the fair value of plan assets.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Provisions for bonus plans due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

1. Principal accounting policies (Continued)

(n) Revenue recognition

Freight revenues from the operation of the international containerised transportation business are recognised on a percentage of completion basis, which is determined on the time proportion method of each individual vessel voyage. Revenues from the operation of container terminals and provision of other services are recognised when services are rendered or on an accrual basis. Rental income under operating leases is recognised over the periods of the respective leases on a straight line basis. Sales of properties under construction are recognised over the course of development based on the proportion of construction work completed or if lower, the proportion of sales proceeds received. Sales of completed properties are recognised upon completion of the sale and purchase contracts.

(o) Vessel repairs and surveys

Dry-docking and special survey costs for vessels are charged to the profit and loss account as incurred.

(p) Borrowing costs

Interest and related costs on borrowings directly incurred to finance the construction or acquisition of an asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

(q) Financial instruments

The Group enters into financial instruments, including futures, forward, swap and option transactions, in order to hedge its exposure to fluctuations in foreign exchange, interest rates and other operating costs as part of the Group's risk management strategy against assets, liabilities, position or cash flows measured on an accrual basis. These financial instruments are accounted for on an equivalent basis to the underlying assets, liabilities or net positions at the balance sheet date. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or positions. Premiums on options are however charged to the profit and loss account as they are incurred. Unrealised gains and losses at the balance sheet date on open exchange contracts for future obligations are dealt with in the profit and loss account.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks and financial institutions repayable within three months from the date of placement and portfolio investments which are readily convertible into cash, net of bank overdrafts and advances from banks and financial institutions repayable within three months from the date of advance.

(s) Foreign currencies

The functional currency of the Group is US dollar.

Transactions in other currencies during the year are converted at rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in other currencies at the balance sheet date are translated at rates of exchange ruling at that date. Exchange differences arising are dealt with in the profit and loss account.

Profit and loss accounts of subsidiaries expressed in other currencies are translated at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising from the translation of net investment in foreign subsidiaries are taken directly to reserves.

2. Turnover

US$'000	2003	2002
International transportation and logistics	**2,969,554**	2,218,120
Container terminals	**251,025**	215,748
Property investment and development	**20,534**	24,084
	3,241,113	2,457,952

The principal activities of the Group are international transportation and logistics, container terminals, property investment and development.

Turnover represents gross freight, charterhire, service and other income from the operation of the international containerised transportation, logistics and container terminal businesses, sales of properties and rental income from the investment property.

3. Operating costs

US$'000	2003	2002
Cargo	**1,253,669**	1,013,763
Vessel and voyage	**630,005**	476,820
Equipment and repositioning	**446,877**	368,111
Terminal operating	**180,727**	171,542
Property management and development	**8,924**	8,676
	2,520,202	2,038,912

4. Other operating income

US$'000	2003	2002
Long-term investment income, listed	**2**	30
Profit on disposal of long-term investments	**17**	31
Write back of provision for diminution in value of long-term investments	**—**	222
Profit on disposal of a jointly controlled entity	**—**	4
Profit on disposal of property, plant and equipment	**1,914**	—
Exchange gain	**8,095**	1,625
Others	**4,847**	910
	14,875	2,822

5. Other operating expenses

US$'000	2003	2002
Business and administrative	**366,692**	320,815
Corporate	**9,710**	7,815
Loss on disposal of property, plant and equipment	**—**	2,386
	376,402	331,016

6. Operating profit before financing

US$'000	**2003**	2002
Operating profit before financing is arrived at after crediting:		
Operating lease rental income		
Land and buildings	**20,046**	18,510
Reduction in terminal lease rental payments	**14,254**	—
Gross earnings on finance leases	**—**	259
and after charging:		
Depreciation		
Owned assets	**68,074**	63,172
Leased assets	**46,666**	38,776
Operating lease rental expense		
Vessels and equipment	**362,566**	292,978
Land and buildings	**21,759**	27,919
Staff costs		
General and administrative staff	**292,891**	233,752
Terminal workers	**151,325**	126,639
Crew and seamen	**19,631**	18,257
Amortisation of intangible assets	**11,752**	12,120
Auditors' remuneration	**1,825**	1,679

7. Directors' remuneration

US$'000	**2003**	2002
Fees	**324**	266
Salaries and other emoluments	**1,709**	1,674
Discretionary bonuses	**317**	560
Retirement benefits	**177**	191
	2,527	2,691

7. Directors' remuneration (Continued)

The emoluments of individual Directors fall within the following bands:

Emoluments bands (US$)		Number of Directors 2003	2002
Nil ~ 128,200	(Nil ~ HK$1,000,000)	**5**	3
320,501 ~ 384,600	(HK$2,500,001 ~ HK$3,000,000)	**1**	1
384,601 ~ 448,700	(HK$3,000,001 ~ HK$3,500,000)	**1**	—
448,701 ~ 512,800	(HK$3,500,001 ~ HK$4,000,000)	**—**	1
769,231 ~ 833,300	(HK$6,000,001 ~ HK$6,500,000)	**2**	—
833,301 ~ 897,400	(HK$6,500,001 ~ HK$7,000,000)	**—**	1
897,401 ~ 961,500	(HK$7,000,001 ~ HK$7,500,000)	**—**	1
		9	7

None of the Directors has waived the right to receive their emoluments. Fees and other emoluments paid to non-executive directors amount to US$14,400 (2002: US$13,000) and US$35,200 (2002: US$32,000), respectively.

Details of the emoluments paid to the five individuals, including three (2002: two) Directors, whose emoluments were the highest in the Group are:

US$'000	2003	2002
Salaries and other emoluments	**2,419**	2,262
Discretionary bonuses	**562**	1,012
Retirement benefits	**266**	303
	3,247	3,577

7. Directors' remuneration (Continued)

The emoluments of the five individuals fall within the following bands :

		Number of individuals	
Emoluments bands (US$)		2003	2002
384,601 ~ 448,700	(HK$3,000,001 ~ HK$3,500,000)	1	—
448,701 ~ 512,800	(HK$3,500,001 ~ HK$4,000,000)	—	1
512,801 ~ 576,900	(HK$4,000,001 ~ HK$4,500,000)	1	—
576,901 ~ 641,000	(HK$4,500,001 ~ HK$5,000,000)	—	1
705,101 ~ 769,200	(HK$5,500,001 ~ HK$6,000,000)	1	—
769,201 ~ 833,300	(HK$6,000,001 ~ HK$6,500,000)	2	1
833,301 ~ 897,400	(HK$6,500,001 ~ HK$7,000,000)	—	1
897,401 ~ 961,500	(HK$7,000,001 ~ HK$7,500,000)	—	1
		5	5

The Group usually determines and pays discretionary bonuses to employees around May each year based on the actual financial results of the Group for the previous year. The discretionary bonuses shown above therefore represent actual payments to the Directors and individuals during the current financial year in relation to performance for the preceding year.

8. Net financing charges

US$'000	**2003**	2002
Interest expense		
Bank loans, overdrafts and other loans wholly repayable within five years	**18,182**	22,677
Finance lease obligations		
Wholly payable within five years	**8,911**	11,798
Not wholly payable within five years	**6,435**	4,670
	33,528	39,145
Amount capitalised under assets	**(2,636)**	(2,213)
	30,892	36,932
Interest income	**(14,020)**	(11,079)
Net interest expense	**16,872**	25,853
Dividend on preference shares (note 26)	**6,794**	2,793
Financing charges	**2,498**	3,499
Portfolio investment income	**(7,424)**	(1,511)
	18,740	30,634

Financing charges include the funding costs reimbursed to TAPCO (note 20) amounting to US$1.6 million (2002: US$2.6 million).

9. Taxation

US$'000	2003	2002
Current (overseas)		
Company and subsidiaries	**16,349**	3,301
Jointly controlled entities	**6,047**	3,727
	22,396	7,028
Deferred		
Company and subsidiaries	**1,749**	3,926
	24,145	10,954

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the year. These rates range from 10% to 53% and the rate applicable for Hong Kong profits tax is 17.5% (2002: 16%).

The tax of the Group's profit before taxation differs from the theoretical amount that would arise using the applicable tax rate, being the weighted average of rates prevailing in the territories in which the Group operates, as follows:

US$'000	2003	2002
Profit before taxation	**353,306**	62,902
Tax calculated at applicable tax rate	**76,579**	16,585
Income not subject to tax	**(63,490)**	(16,322)
Expenses not deductible for tax purposes	**14,695**	6,807
Tax losses not recognised	**3,756**	2,010
Temporary differences not recognised	**2,813**	2,629
Utilisation of previously unrecognised tax losses	**(11,043)**	(113)
Recognition of previously unrecognised deferred tax assets	**(523)**	(26)
Recognition of previously unrecognised temporary differences	**(254)**	(403)
Withholding tax	**935**	415
Increase in tax rate	**40**	—
Other items	**637**	(628)
	24,145	10,954

10. Earnings per ordinary share

The calculation of earnings per ordinary share is based on the profit attributable to ordinary shareholders of US$329.0 million (2002: US$51.7 million) and the weighted average number of 504.5 million (2002: 517.1 million) ordinary shares in issue during the year.

11. Dividends

US$'000	**2003**	2002
Interim paid of US3.85 cents (2002: nil) per ordinary share	**18,099**	—
Proposed final of US12.8 cents (2002: US2.5 cents) per ordinary share	**60,184**	12,929
	78,283	12,929

The Board of Directors proposes a final dividend in respect of 2003 of US12.8 cents (2002: US2.5 cents) per ordinary share. This dividend will be accounted for as an appropriation of retained profit in the year ending 31st December 2004.

12. Property, plant and equipment

US$'000	Container vessels	Vessels under construction	Containers	Chassis	Terminal equipment and improvements	Land and buildings outside Hong Kong Freehold	Land and buildings outside Hong Kong Medium-term leasehold	Vehicles, furnitures, computer and other equipment	**Total**
Group									
Cost or valuation									
At 31st December 2002	929,253	164,836	344,377	109,931	223,053	143,368	28,429	102,827	**2,046,074**
Changes in exchange rates	—	—	—	1,043	23,455	239	422	3,607	**28,766**
Additions	984	219,105	115,720	9,204	49,397	10,000	—	19,363	**423,773**
Reclassification	211,657	(211,657)	—	—	—	—	—	—	**—**
Disposals	(98,082)	—	(17,232)	—	(8,044)	—	(2,711)	(17,478)	**(143,547)**
At 31st December 2003	1,043,812	172,284	442,865	120,178	287,861	153,607	26,140	108,319	**2,355,066**
Accumulated depreciation									
At 31st December 2002	285,657	—	139,023	76,867	86,276	23,188	8,766	83,859	**703,636**
Changes in exchange rates	—	—	—	579	8,568	39	95	2,127	**11,408**
Charge for the year	35,863	—	44,037	7,039	17,657	1,645	1,812	6,687	**114,740**
Disposals	(14,074)	—	(14,522)	—	(6,829)	—	(1,866)	(17,225)	**(54,516)**
At 31st December 2003	307,446	—	168,538	84,485	105,672	24,872	8,807	75,448	**775,268**
Net book amount									
At 31st December 2003	736,366	172,284	274,327	35,693	182,189	128,735	17,333	32,871	**1,579,798**
At 31st December 2002	643,596	164,836	205,354	33,064	136,777	120,180	19,663	18,968	**1,342,438**
Net book amount of leased assets									
At 31st December 2003	153,073	—	125,867	26,913	77,620	—	—	607	**384,080**
At 31st December 2002	—	—	156,760	24,181	57,882	—	—	465	**239,288**

12. Property, plant and equipment (Continued)

(a) Freehold land and buildings include the investment property, "Wall Street Plaza", a commercial property located at 88, Pine Street, New York, USA. The property is situated on three parcels of freehold land, two of which are wholly owned by the Group. The freehold interest in the third parcel, representing approximately 10% of the site, is owned 50% by the Group and under a long-term lease to the Group expiring in the year 2066 (2002: 2 parcels of about 34% were held under leases). The property is stated at Directors' valuation of US$100.0 million (2002: US$90.0 million), by reference to a professional valuation made in December 2003 on an open market basis.

(b) Container vessels include three (2002: three) vessels which were previously operated under finance lease terms and direct ownership was acquired by the Group in May 1990. These vessels are carried at Directors' valuation, representing the then purchase consideration which was determined by reference to professional valuations on a cum-charter open market basis of US$87.0 million. Subsequent revaluations of these vessels are not required to be made in accordance with paragraph 72 of Hong Kong Statement of Standard Accounting Practice 17 "Property, plant and equipment". Had these vessels been carried at cost, the net book amount of the container vessels would have been reduced by US$2.7 million (2002: US$3.1 million).

(c) Apart from the investment property and container vessels mentioned under (a) and (b) above, all other property, plant and equipment are carried at cost.

(d) The aggregate net book amount of assets pledged as securities for loans amounts to US$999.0 million (2002: US$976.7 million). Specific charges on vessels of the Group include legal mortgages and assignments of insurance claims and charterhire income relating to these vessels.

(e) Interest costs of US$1.6 million (2002: US$1.7 million) during the year were capitalised as part of vessels under construction.

13. Subsidiaries

US$'000	2003	2002
Company		
Unlisted shares, at cost less provision	**169,482**	169,482
Amounts receivable	**688,368**	465,994
Amounts payable	**(528,013)**	(217,098)
	329,837	418,378

Particulars of the principal subsidiaries at 31st December 2003 are shown on pages 114 to 123. The amounts receivable and payable are unsecured, interest free and have no specific repayment terms.

14. Jointly controlled entities

US$'000	2003	2002
Group		
Unlisted shares, at cost less provision	**12,905**	22,520
Share of retained post-acquisition (losses)/profits	**(347)**	2,111
Share of net assets	**12,558**	24,631
Amounts receivable	**11,740**	10,945
	24,298	35,576

Particulars of the principal jointly controlled entities at 31st December 2003 are shown on page 123. The amounts receivable are unsecured, interest free and have no specific repayment terms.

15. Long-term investments

US$'000	2003	2002
Group		
Investment in Hui Xian, at cost	**93,601**	93,601
Unlisted, at cost less provisions	**5,617**	7,162
	99,218	100,763

The investment in Hui Xian represents the Group's approximately 8% (2002: 8%) unlisted equity interest in and advances to Hui Xian Holdings Limited ("Hui Xian"), incorporated in Hong Kong and the holding company for the Beijing Oriental Plaza, which comprises a commercial, retail and residential complex of approximately six million square feet, the development of which was completed in mid 2003.

The major shareholder of Hui Xian, which holds approximately 52% of the issued equity, has also been appointed the project manager of the development. Under the Hui Xian shareholders' agreement, the shareholders agreed to finance the development costs up to US$1.9 billion in proportion to their shareholdings. If the development costs exceed US$1.9 billion and any shareholders decide not to provide their share of the finance, the Group's percentage of shareholding in Hui Xian will be adjusted in accordance with the proportion of finance provided by the shareholders. In addition to the finance from the shareholders, Hui Xian has arranged a bank loan of US$275 million (2002: RMB3,460 million and US$120 million), over which the Group has provided a proportionate guarantee (note 32 (a)).

16. Intangible assets

US$'000	2003	2002
Group		
Computer software development costs	**48,336**	42,123
Property leasing expenses	**24,936**	20,129
Financing charges	**6,295**	3,287
	79,567	65,539
Accumulated amortisation	**(49,750)**	(37,998)
Net book value	**29,817**	27,541
Net book value at beginning of year	**27,541**	32,568
Changes in exchange rates	**—**	5
Additions	**14,028**	7,088
Amortisation	**(11,752)**	(12,120)
Net book value at end of year	**29,817**	27,541

17. Other non-current assets

US$'000	2003	2002
Group		
Restricted bank balances and deposits (note 21)	**20,802**	21,580
Deferred taxation assets (note 27)	**10,960**	6,541
Pension and retirement assets (note 28)	**5,145**	5,122
	36,907	33,243
Company		
Restricted bank balances and deposits (note 21)	**57**	55

18. Properties under development and for sale

Interest costs of US$1.0 million (2002: US$0.5 million) during the year were capitalised as part of properties under development.

19. Debtors and prepayments

US$'000	**2003**	2002
Group		
Trade debtors (note 20)	**115,650**	81,865
Other debtors	**26,901**	28,027
Prepayments	**48,611**	36,501
Utility and other deposits	**29,126**	21,681
Bunker	**24,257**	19,483
Tax recoverable	**2,099**	6,804
	246,644	194,361
Company		
Other debtors	**—**	2
Prepayments	**53**	55
	53	57

20. Trade debtors

In 1998, the Group entered into a receivables purchase agreement (the "Agreement") under which the Group agreed to assign, from time to time, certain specific trade receivables to The Rhino Receivables Company Limited ("Rhino"), a Channel Island unrelated special purpose company. The Group can offer to sell, at the time of each aforesaid assignment, a certain portion of those receivables, subject to a specified accumulated maximum amount, to Tulip Asset Purchase Company BV ("TAPCO"), a Netherlands unrelated special purpose company. Rhino holds all such trade receivables on trust for the benefit of the Group and TAPCO. Under the Agreement, TAPCO will settle in cash on the date of sale a fixed portion of the purchase price of the trade receivables, representing approximately 91% of those trade receivables on the date of sale with the balance on final settlement. TAPCO funds the purchases of the receivables by cash advances from Tulip Funding Corporation, a United States unrelated special purpose company, which in turn issues US dollar floating rate commercial papers backed by such receivables, supplemented by letter of credit and liquidity arrangements from a bank. The Group continues to manage the trade receivables and acts as collection agent for Rhino. The Group also agrees to reimburse all funding costs incurred by TAPCO in relation to the purchases of the trade receivables from the Group. Upon collection of all trade receivables sold, TAPCO will settle the balance of the purchase price, after deducting any funding costs not yet reimbursed and bad debts arising from those trade receivables.

20. Trade debtors (Continued)

As at 31st December 2003, trade debtors of the Group include the following trade receivables:

US$'000	2003	2002
Gross trade receivables assigned to Rhino	**164,067**	128,350
Less non-returnable proceeds received from TAPCO	**(99,500)**	(99,500)
	64,567	28,850

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 45 days. Debtors with overdue balances are requested to settle all outstanding balances before any further credit is granted. The ageing analysis of the Group's trade debtors, including those assigned to Rhino but net of provision for bad and doubtful debts, prepared in accordance with the due date of invoices, is as follows:

US$'000	2003	2002
Below one month	**194,084**	152,137
Two to three months	**19,575**	24,621
Four to six months	**1,162**	4,329
Over six months	**329**	278
	215,150	181,365

21. Bank balances and deposits

US$'000	2003	2002
Group		
Restricted	**127,825**	153,312
Not restricted	**536,791**	304,858
	664,616	458,170
Less restricted and included in		
Non-current assets (note 17)	**(20,802)**	(21,580)
Non-current liabilities (note 26)	**(91,975)**	(100,000)
	551,839	336,590
Company		
Restricted	**57**	55
Not restricted	**15,728**	18,398
	15,785	18,453
Less restricted and included in		
Non-current assets (note 17)	**(57)**	(55)
	15,728	18,398

Restricted bank balances and deposits are funds which are pledged as securities for banking facilities and performance under leasing arrangements or required to be utilised for specific purposes. A restricted deposit of the Group amounting to US$15.0 million (2002: US$30.4 million), which has been pledged as security for a short-term bank loan of the same amount (note 23), is not classified as a non-current asset.

22. Creditors and accruals

US$'000	**2003**	2002
Group		
Trade creditors	**141,199**	118,613
Other creditors	**30,877**	26,177
Accrued operating expenses	**278,095**	223,263
Deferred revenue	**36,073**	15,497
	486,244	383,550
Company		
Accrued operating expenses	**1,219**	1,163

The ageing analysis of the Group's trade creditors, prepared in accordance with date of invoices, is as follows:

US$'000	**2003**	2002
Below one month	**82,741**	65,155
Two to three months	**52,559**	49,255
Four to six months	**2,402**	2,237
Over six months	**3,497**	1,966
	141,199	118,613

23. Bank overdrafts and short-term loans

US$'000	2003	2002
Group		
Short-term loans		
Secured	**29,283**	35,998
Unsecured	**9,625**	8,000
Bank overdrafts		
Unsecured	**50**	16
	38,958	44,014

A secured bank loan of US$15.0 million (2002: US$30.4 million) is secured by a bank deposit of the same amount (note 21).

24. Long-term liabilities

US$'000	2003	2002
Group		
Bank loans		
Secured	**594,334**	590,788
Unsecured	**51,405**	—
Other loans wholly repayable within five years		
Secured	**15,541**	21,606
Unsecured	**2,580**	—
Finance lease obligations		
Wholly payable within five years	**190,317**	189,079
Not wholly payable within five years	**205,027**	50,121
	1,059,204	851,594
Current portion included in current liabilities	**(218,527)**	(168,835)
	840,677	682,759

24. Long-term liabilities (Continued)

(a) The maturity of the Group's bank loans, other loans and finance lease obligations is as follows:

US$'000	Bank loans	Other loans	Finance leases Present value	Finance leases Minimum payments
As at 31st December 2003				
2004	160,053	7,271	51,203	65,892
2005	80,818	5,268	34,727	47,748
2006	63,478	4,659	73,647	84,364
2007	64,833	487	44,823	51,507
2008	66,302	430	8,735	13,550
2009 onwards	210,255	6	182,209	227,387
	645,739	18,121	395,344	490,448
As at 31st December 2002				
2003	125,017	6,819	36,999	51,109
2004	124,643	7,882	45,249	56,993
2005	60,106	3,718	30,274	39,691
2006	51,652	3,150	68,349	75,308
2007	48,838	37	40,355	43,258
2008 onwards	180,532	—	17,974	19,859
	590,788	21,606	239,200	286,218

(b) The bank loans, other loans and finance lease obligations carry interest at fixed rates, ranging from 3.5% to 10.6% per annum, or variable rates, varying from 0.3% to 2.2% over stipulated market rates per annum.

25. Other non-current liabilities

US$'000	**2003**	2002
Group		
Redeemable preference shares (note 26)	**—**	—
Deferred taxation liabilities (note 27)	**37,624**	29,141
Pension and retirement liabilities (note 28)	**11,117**	8,740
	48,741	37,881

26. Redeemable preference shares

US$'000	2003	2002
Group		
Redeemable preference shares and premium	**91,975**	100,000
Less restricted deposits under the put options (note 21)	**(91,975)**	(100,000)
	—	—

In June 2002, the Group entered into, inter alia, a Shareholders Agreement with, inter alios, two unrelated third parties (together the "Preference Shareholders") in relation to a subsidiary. Under the Shareholders Agreement, the Preference Shareholders acquired from the Group 90 cumulative preference shares (the "Preference Shares") of €150 each in this subsidiary and contributed an aggregate of US$100.0 million less the nominal value of the Preference Shares as share premium (the "Premium"). The Preference Shareholders are entitled to receive annual dividends of 7.08% per annum on the aggregate amount of the nominal value of the Preference Shares and Premium (collectively "Preference Shares Contributions") outstanding from time to time. To the extent permitted by local law, the Preference Shareholders may propose a repayment of the Premium annually, provided that such repayment does not exceed a maximum percentage specified in the Shareholders Agreement. During the year, Premium amounting to US$8.0 million was repaid to the Preference Shareholders.

The Preference Shareholders have been granted irrevocable options to sell their Preference Shares to the Group under certain circumstances. As securities for the options, the Group has placed certain bank deposits (the "Deposits") equivalent to the outstanding Preference Shares Contributions, amounting to US$92.0 million (2002: US$100.0 million), and has pledged the Deposits in favour of the Preference Shareholders. The consideration for the Preference Shares under the options is equal to the Preference Shares Contributions outstanding plus the accrued interest from the Deposits. The Group has also given irrevocable instructions to the banks to pay the Deposits and accrued interest to the Preference Shareholders upon receiving relevant notices from them. In view of the various arrangements, the Directors consider it fair and appropriate to deduct the Deposits from the redeemable Preference Shares Contributions in the accounts.

27. Deferred taxation assets/(liabilities)

US$'000	2003	2002
Group		
Deferred taxation assets (note 17)	**10,960**	6,541
Deferred taxation liabilities (note 25)	**(37,624)**	(29,141)
	(26,664)	(22,600)

Deferred taxation assets and liabilities are offset when there is a legal right to set off current taxation assets with current taxation liabilities and when the deferred taxation relates to the same authority. The above assets/(liabilities) shown in the consolidated balance sheet are determined after appropriate offsetting of the relevant amounts and include the following:

US$'000	2003	2002
Group		
Deferred taxation assets to be recovered after more than twelve months	**4,455**	5,771
Deferred taxation liabilities to be settled after more than twelve months	**(37,396)**	(28,291)

27. Deferred taxation assets/(liabilities) (Continued)

Deferred taxation is calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the countries in which the Group operates. Movements on the deferred taxation account are as follows:

US$'000	Accelerated depreciation allowances	Revenue expenditure	Tax losses	Pensions	Total
Deferred taxation assets					
At 31st December 2001	590	5,077	2,037	1,857	9,561
Changes in exchange rates	—	(2)	—	—	(2)
Credited/(charged) to profit and loss account	(497)	479	1,095	(905)	172
At 31st December 2002	93	5,554	3,132	952	9,731
Changes in exchange rates	—	255	8	—	263
Credited/(charged) to profit and loss account	(93)	1,521	740	589	2,757
At 31st December 2003	—	7,330	3,880	1,541	12,751

27. Deferred taxation assets/(liabilities) (Continued)

US$'000	Accelerated depreciation allowances	Investment property	Pensions	Total
Deferred taxation liabilities				
At 31st December 2001	10,301	17,362	674	28,337
Changes in exchange rates	(104)	—	—	(104)
Charged to profit and loss account	2,490	1,474	134	4,098
At 31st December 2002	12,687	18,836	808	32,331
Changes in exchange rates	2,489	—	89	2,578
Charged/(credited) to profit and loss account	4,095	577	(166)	4,506
At 31st December 2003	19,271	19,413	731	39,415

Deferred taxation assets of US$33.2 million (2002: US$30.0 million) arising from unused tax losses of US$164.2 million (2002: US$145.5 million) have not been recognised in the accounts. Unused tax losses of US$162.0 million (2002: US$132.3 million) have no expiry date and the balance will expire at various dates up to and including 2009.

Deferred taxation liabilities of US$7.0 million (2002: US$5.4 million) on temporary differences associated with investments in subsidiaries of US$105.5 million (2002: US$93.4 million) have not been recognised as there is no current intention of remitting the retained profits of these subsidiaries to the holding companies.

28. Pension and retirement benefits

The Group operates a number of defined benefits and defined contribution pension and retirement schemes in the main countries in which the Group operates. The total charges to the profit and loss account for the year were US$16.2 million (2002: US$11.7 million).

The principal defined contribution schemes are operated in Hong Kong, the USA and Canada. These schemes cover approximately 72% of the Group's employees. Contributions to the defined contribution schemes, all the assets of which are held in trust funds separate from the Group, are based on a percentage of employee salary, depending upon the length of service of the employee, but the Group's contributions to certain schemes may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in those contributions. The charges for the defined contribution schemes to the profit and loss account during the year are as follows:

US$'000	**2003**	2002
Contributions to the schemes	**11,332**	10,773
Forfeitures utilised	**(49)**	(89)
	11,283	10,684

The principal defined benefit schemes are operated in the USA, United Kingdom and Canada. The defined benefit schemes cover approximately 14% of the Group's employees and are fully funded, with the exception of two smaller schemes and certain post retirement benefits. The assets of the funded schemes are held in trust funds separate from the Group. Contributions to these schemes are assessed in accordance with the advice of qualified actuaries in compliance with local practice and regulations. The actuarial assumptions used to calculate the projected benefit obligations of the Group's pension schemes vary according to the economic conditions of the country in which they are situated. Actuary valuations for these schemes are carried out by independent professionally qualified actuaries ranging between two to three years.

28. Pension and retirement benefits (Continued)

The net assets/(liabilities) for the defined benefit schemes are recognised in the balance sheet as follows:

US$'000	2003	2002
Fair value of plan assets	**229,844**	199,814
Present value of funded obligations	**(263,382)**	(223,779)
Net funded obligations	**(33,538)**	(23,965)
Present value of unfunded obligations	**(5,682)**	(3,447)
Unrecognised actuarial losses	**31,902**	22,183
Unrecognised prior service cost	**841**	1,012
Unrecognised other assets	**505**	599
Net pension and retirement liabilities	**(5,972)**	(3,618)
Representing:		
Pension and retirement assets (note 17)	**5,145**	5,122
Pension and retirement liabilities (note 25)	**(11,117)**	(8,740)
	(5,972)	(3,618)

Movements of the net liabilities during the year are as follows:

US$'000	2003	2002
Balance at beginning of year	**(3,618)**	(6,011)
Changes in exchange rates	**(352)**	(137)
Net expense recognised in profit and loss account	**(4,962)**	(975)
Contributions paid	**2,960**	3,505
Balance at end of year	**(5,972)**	(3,618)

28. Pension and retirement benefits (Continued)

The charges for the defined benefit schemes are recognised in the profit and loss account as follows:

US$'000	2003	2002
Current service cost	**3,536**	2,803
Interest cost	**13,726**	11,409
Expected return on plan assets	**(12,956)**	(11,757)
Amortisation of past service cost	**185**	193
Net actuarial loss	**353**	983
Loss/(gain) on curtailments and settlements	**118**	(2,656)
Net expense recognised for the year	**4,962**	975

The main actuarial assumptions made for the principal defined benefit schemes were as follows:

	2003	2002
Discount rate	**1 to 8%**	2 to 7%
Expected return on plan assets	**2 to 8%**	1 to 8%
Expected future salary increases	**3 to 7%**	3 to 9%
Actual return on plan assets (US$'000)	**20,885**	(3,774)

29. Share capital

US$'000	2003	2002
Authorised:		
900,000,000 ordinary shares of US$0.10 each	**90,000**	90,000
65,000,000 convertible redeemable preferred shares of US$1 each	**65,000**	65,000
50,000,000 redeemable preferred shares of US$1 each	**50,000**	50,000
	205,000	205,000
Issued and fully paid:		
470,184,544 (2002: 517,141,632) ordinary shares of US$0.10 each	**47,018**	51,714

29. Share capital (Continued)

On 7th August 2003, the Company entered into agreements with Fortwin Investment Limited and Sixpence Holdings Limited, under which the Company agreed to repurchase an aggregate of 46,957,088 of its ordinary shares at the price of HK$9.80 per share. The share repurchase was approved by the disinterested shareholders at the Special General Meeting held on 22nd September 2003 and completed on 25th September 2003. All the shares repurchased were then cancelled.

Subsequent to the balance sheet date, the Company allotted and issued 47,000,000 new ordinary shares of US$0.10 each under a placing agreement dated 13th February 2004 at an issue price of HK$25.75 per share for cash to be used for working capital and general corporate purposes of the Company. All the new shares rank pari passu with the existing shares.

30. Reserves

US$'000	**2003**	2002
Group		
Share premium	**35,073**	35,073
Capital redemption reserve	**4,696**	—
Asset revaluation reserve	**9,948**	9,948
Contributed surplus	**88,547**	148,286
Retained profit	**925,472**	615,422
	1,063,736	808,729
Company		
Share premium	**35,073**	35,073
Capital redemption reserve	**4,696**	—
Contributed surplus	**88,547**	148,286
Retained profit	**169,122**	200,652
	297,438	384,011

The results attributable to shareholders for the year is dealt with in the accounts of the Company to the extent of a loss of US$0.5 million (2002: US$0.1 million).

Under the Companies Act of Bermuda and the Bye-laws of the Company, the contributed surplus is also distributable. Accordingly, total distributable reserves of the Company amount to US$257.7 million (2002: US$348.9 million) as at 31st December 2003.

31. Commitments

Group

(a) Capital commitments

US$'000	**2003**	2002
Contracted but not provided for	**653,597**	533,407
Authorised but not contracted for	**214,770**	186,173
	868,367	719,580

The commitments include the balance of the purchase cost of ten 8,063 TEU container vessels (2002: eight 8,063 TEU and one 4,402 TEU ice-strengthened container vessels) to be delivered between 2004 to 2007. In March 2002, the Group entered into agreements under which two 8,063 TEU container vessels will be sold to third parties at considerations equal to the acquisition costs to the Group upon delivery in 2004. The Group also entered into agreements to bareboat charter these two vessels under operating lease terms for minimum periods ranging from nine to twelve years from their respective dates of delivery.

31. Commitments (Continued)

Group (Continued)

(b) Operating lease commitments

The future aggregate minimum lease rental expense under non-cancellable operating leases are payable in the following years:

US$'000	Vessels and equipment	Land and buildings	Total
As at 31st December 2003			
2004	219,425	41,487	260,912
2005	174,986	36,280	211,266
2006	165,582	31,653	197,235
2007	159,902	31,062	190,964
2008	161,857	30,060	191,917
2009 onwards	995,849	413,386	1,409,235
	1,877,601	583,928	2,461,529
As at 31st December 2002			
2003	214,171	22,605	236,776
2004	170,958	32,629	203,587
2005	152,757	29,089	181,846
2006	117,473	25,290	142,763
2007	89,437	24,896	114,333
2008 onwards	215,085	399,868	614,953
	959,881	534,377	1,494,258

31. Commitments (Continued)

Group (Continued)

(c) Operating lease rental receivable

The future aggregate minimum lease rental income under non-cancellable operating leases are receivable in the following years:

US$'000	Land and buildings
As at 31st December 2003	
2004	19,328
2005	19,718
2006	18,714
2007	17,195
2008	16,073
2009 onwards	34,545
	125,573
As at 31st December 2002	
2003	17,538
2004	17,689
2005	16,689
2006	15,199
2007	13,452
2008 onwards	36,126
	116,693

32. Contingent liabilities

Group

(a) Guarantees in respect of loan facilities given for:

	Facilities		Utilised	
US$'000	**2003**	2002	**2003**	2002
Hui Xian (note 15)	**22,000**	43,100	**22,000**	30,540

32. Contingent liabilities (Continued)

Group (Continued)

(b) Litigation

The Group is a member of the Trans-Atlantic Conference Agreement ("TACA") and involved in litigation with the European Commission as more fully described in note 33 (c) to the 2002 Annual Accounts. In September 2003, the European Court of First Instance delivered its judgement annulling the decisions of the Commission and all the fines imposed on the TACA parties, including the Group. The Commission has not, so far, lodged any further appeal to the European Court of Justice.

Company

(a) Guarantees in respect of loans, finance lease obligations and bank overdraft facilities given for:

	Facilities		Utilised	
US$'000	**2003**	2002	**2003**	2002
Subsidiaries	**1,052,136**	1,096,260	**965,697**	785,371
Hui Xian (note 15)	**22,000**	43,100	**22,000**	30,540
	1,074,136	1,139,360	**987,697**	815,911

(b) The Company has given guarantees for its subsidiaries in respect of future payment of operating lease rentals amounting to US$246.3 million (2002: US$266.3 million).

(c) The Company has provided an undertaking to the Foreign Investment Commission of Shanghai Municipal Government for a subsidiary in respect of its capital contribution for property development projects in the People's Republic of China. As at 31st December 2003, the outstanding contribution amounted to US$5.5 million (2002: US$8.5 million).

33. Financial instruments

	Contract amount		Replacement cost	
US$'000	**2003**	2002	**2003**	2002
Interest rate swap agreements	**100,000**	100,000	**(1,588)**	(4,055)
Forward foreign exchange contracts	**1,894**	—	**41**	—
Foreign exchange option contracts	**—**	20,000	**—**	(12)
	101,894	120,000	**(1,547)**	(4,067)

The Group manages its exposure to fluctuations of foreign currencies, interest rates and bunker prices through a comprehensive set of procedures, policies and limits approved by the Committees of the Board of Directors. The Group does not engage in any transactions for speculative or dealing purposes. The above financial instruments arise from future, forward, swap and option transactions undertaken by the Group to hedge against assets, liabilities or positions.

The notional or contractual amounts of these instruments indicate the volume of these transactions outstanding at the balance sheet date and they do not represent amounts at risk. The exposure to credit risk is limited to the settlement amount owing by counterparties, which are reputable financial institutions.

The replacement cost of contracts represents the mark to market value of all contracts, which is estimated by reference to indicative market rates for these contracts, at the balance sheet date. The majority of the results relating to the unexpired contracts are recognised with the underlying transactions. In accordance with the Group's accounting policies, any unrealised gains or losses on open exchange contracts at the balance sheet date is dealt with in the profit and loss account.

34. Notes to consolidated cash flow statement

(a) Reconciliation of operating profit before financing to cash generated from operations

US$'000	**2003**	2002
Operating profit before financing	**359,384**	90,846
Depreciation	**114,740**	101,948
(Profit)/loss on disposal of property, plant and equipment	**(1,914)**	2,386
Long-term investment income	**(2)**	(30)
Profit on disposal of long-term investments	**(17)**	(31)
Profit on disposal of a jointly controlled entity	**—**	(4)
Write back of provision for diminution in value of long-term investments	**—**	(222)
Amortisation of intangible assets	**11,752**	12,120
Increase/(decrease) in net pension liabilities	**2,354**	(2,393)
Operating profit before working capital changes	**486,297**	204,620
Increase in properties under development and for sale	**(12,611)**	(46,152)
Increase in debtors and prepayments	**(54,691)**	(13,676)
Increase in creditors and accruals	**101,701**	25,054
Cash generated from operations	**520,696**	169,846

34. Notes to consolidated cash flow statement (Continued)

(b) Analysis of changes in financing

US$'000	Share capital and premium	Capital redemption reserve and contributed surplus	Minority interests	Loans and finance lease obligations*	Total
At 31st December 2001	86,787	148,286	4,647	893,910	1,133,630
Changes in exchange rates	—	—	1	445	446
Inception of finance leases	—	—	—	13,550	13,550
Minority interests' share of profit	—	—	210	—	210
Dividends paid to minority interests	—	—	(470)	—	(470)
Net cash inflow/(outflow) from financing	—	—	3,600	(42,715)	(39,115)
At 31st December 2002	86,787	148,286	7,988	865,190	1,108,251
Changes in exchange rates	—	—	—	7,735	7,735
Inception of finance leases	—	—	—	189,516	189,516
Repurchase of own shares	(4,696)	(55,043)	—	—	(59,739)
Minority interests' share of profit	—	—	117	—	117
Dividends paid to minority interests	—	—	(255)	—	(255)
Net cash inflow from financing	—	—	—	20,671	20,671
At 31st December 2003	82,091	93,243	7,850	1,083,112	1,266,296

* Including bank loans repayable more than three months and within one year.

(c) Analysis of cash and cash equivalents

US$'000	2003	2002
Bank balances and deposits maturing within three months from the date of placement	**551,703**	331,640
Portfolio investments	**108,165**	54,276
Overdrafts and bank loans repayable within three months from the date of advance	**(15,050)**	(30,418)
	644,818	355,498

35. Subsequent event

On 20th February 2004, the Company allotted and issued 47,000,000 new ordinary shares of US$0.10 each at an issue price of HK$25.75 per share for cash to be used for working capital and general corporate purposes of the Company.

36. Approval of accounts

The accounts were approved by the Board of Directors on 19th March 2004.