



Notes to the Accounts

31st December, 2003

1. PRINCIPAL ACCOUNTING POLICIES

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

a. Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (“HKSA”). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, investment properties are stated at fair value.

In the current year, the Group adopted the Statement of Standard Accounting Practice (“SSAP”) No. 12 “Income Taxes” issued by the HKSA which is effective for accounting periods commencing on or after 1st January, 2003.

The change to the Group’s accounting policies and the effect of adopting the standard are set out below.

b. Consolidation

The consolidated accounts include the accounts of the company and its subsidiaries made up to 31st December. Subsidiaries are those entities in which the company, directly or indirectly, controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

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

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

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group’s share of its net assets together with any unamortised goodwill or negative goodwill or goodwill/negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account.

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

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



Notes to the Accounts *(Cont'd)*

31st December, 2003

1. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

c. Associated companies

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

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies and also goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

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

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

d. Revenue recognition

- (i) sale of goods – when risks and rewards of ownership have been transferred to buyers, which generally coincides with the time of the delivery of goods;
- (ii) sale of properties – when the sale agreement is completed;
- (iii) rental income from letting of investment properties – on a straight line basis over respective periods of the leases;
- (iv) interest income – on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable;
- (v) agency fee income – when services are rendered.

e. Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are valued annually by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.



Notes to the Accounts (Cont'd)

31st December, 2003

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

e. Investment properties (Cont'd)

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account.

f. Fixed assets

Fixed assets other than investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed assets, the expenditure is capitalised as an additional cost of the fixed assets.

Depreciation is provided to write off the cost of the assets less accumulated impairment losses on a straight line basis over their estimated useful lives to the Group. The principal annual rates used for this purpose are as follows:

Leasehold land	Over the unexpired period of the leases ranging from 65-900 years
Buildings	2.5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	25%

g. Impairment and gain or loss on sale of fixed assets

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

h. Properties held for resale

Properties held for resale are stated at the lower of cost and net realisable value. Cost comprises of land and development costs. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.



Notes to the Accounts (Cont'd)

31st December, 2003

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

i. Investments

Unlisted investments held for long term basis are stated at cost less any provision for impairment losses. The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investments will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss account.

This impairment loss is written back to profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

j. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, represents invoiced value from suppliers. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

k. Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet is stated net of such provision.

l. Deferred taxation

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

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

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

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

As detailed in note 19 to the accounts, opening reserves at 1st January, 2002 and 2003 have been reduced by HK\$52,185,357 and HK\$52,179,642, respectively, which represent the unprovided net deferred tax liabilities of the Group and of its associated company. This change has resulted in an increase in deferred tax liabilities and decrease in investment in associated companies of the Group at 31st December, 2002 by HK\$21,546,005 and HK\$30,633,637 respectively.



Notes to the Accounts *(Cont'd)*

31st December, 2003

1. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

m. Translation of foreign currencies

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

The balance sheet of subsidiaries and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences are dealt with as movement in reserves.

n. Operating leases

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

o. Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave, sick leave and maternity leave are recognised when accrue to employees.

(ii) Retirement benefit costs

The Group operates a defined contribution retirement scheme which is available to all employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions to the scheme by the Group and employees are calculated as a percentage of employees' relevant income. The retirement benefit scheme cost charged to the profit and loss account represents contributions paid/payable by the Group to the fund. The Group's contributions to the scheme are expensed as incurred.

p. Borrowing costs

All borrowing costs are charged to the profit and loss account in the year in which they are incurred.



Notes to the Accounts (Cont'd)

31st December, 2003

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

q. Segment reporting

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

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, inventories, and receivables. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to fixed assets.

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

r. Negative goodwill

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

For acquisitions after 1st January, 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the income statement immediately.

For acquisitions prior to 1st January, 2001, negative goodwill was taken directly to reserves arising on consolidation.

s. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and banks overdrafts.

t. Provisions

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



Notes to the Accounts *(Cont'd)*

31st December, 2003

1. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

u. Contingent liabilities

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

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



Notes to the Accounts (Cont'd)

31st December, 2003

2. TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in general trading, property investment and real estate agency services.

Revenues recognised during the year are as follows:

	GROUP	
	2003	2002
	HK\$	HK\$
Turnover		
Sales of goods	734,099,042	652,793,404
Sales of properties	22,465,025	–
Gross rental income from investment properties	20,102,818	22,669,739
Agency fee income	960,309	1,247,152
	<hr/>	<hr/>
	777,627,194	676,710,295
Other revenue		
Interest income	789,860	1,505,020
	<hr/>	<hr/>
Total revenues	<u>778,417,054</u>	<u>678,215,315</u>

Primary reporting format – business segments

The Group is organised into three main business segments:

- General trading – trading of feed and grains
- Property investment – rental income from investment properties and sale proceeds of properties held for resale
- Real estate agency services – provision of real estate agency services

There are no sales or other transactions between the business segments.

Secondary reporting format – geographical segments

The Group operates in three main geographical areas:

- Hong Kong – rental income from investment properties
- Mainland China – trading of feed and grains, rental income from investment properties, selling of properties and provision of real estate agency services
- Philippines – trading of feed and grains

There are no sales between the geographical segments.



Notes to the Accounts (Cont'd)

31st December, 2003

2. TURNOVER, REVENUE AND SEGMENT INFORMATION (Cont'd)

Primary reporting format – business segments

	General trading 2003 HK\$	Property investment 2003 HK\$	Real estate agency services 2003 HK\$	Group 2003 HK\$
Turnover	734,099,042	42,567,843	960,309	777,627,194
Segment results	(9,654,995)	12,120,969	(1,362,562)	1,103,412
Interest income				789,860
Unallocated corporate expenses				(9,172,413)
Operating loss				(7,279,141)
Finance costs				(12,243,272)
Share of profits of associated companies		579,538		579,538
Loss before taxation				(18,942,875)
Taxation				(2,188,011)
Loss after taxation				(21,130,886)
Minority interests				988,356
Loss attributable to shareholders				(20,142,530)
Segment assets	108,356,026	600,225,633	2,226,917	710,808,576
Investment in associated companies		90,942,019		90,942,019
Unallocated assets				62,144,865
Total assets				863,895,460
Segment liabilities	188,518,250	134,310,463	1,523,556	324,352,269
Unallocated liabilities				117,627,392
Total liabilities				441,979,661
Capital expenditure	11,331	537,206	16,546	565,083
Depreciation	225,251	1,628,863	125,552	1,979,666



Notes to the Accounts (Cont'd)

31st December, 2003

2. TURNOVER, REVENUE AND SEGMENT INFORMATION (Cont'd)

Primary reporting format – business segments

	General trading 2002 HK\$	Property investment 2002 HK\$	Real estate agency services 2002 HK\$	As restated Group 2002 HK\$
Turnover	652,793,404	22,669,739	1,247,152	676,710,295
Segment results	(13,336,185)	16,233,367	(1,683,883)	1,213,299
Interest income				1,505,020
Judgement debt with related legal cost				(10,448,852)
Gain on disposal of investment properties				41,102,074
Unallocated corporate expenses				(13,792,729)
Operating profit				19,578,812
Finance costs				(11,898,254)
Share of profits of associated companies		2,019,820		2,019,820
Profit before taxation				9,700,378
Taxation				(2,503,736)
Profit after taxation				7,196,642
Minority interests				60,632
Profit attributable to shareholders				7,257,274
Segment assets	30,441,913	546,599,197	2,205,458	579,246,568
Investment in associated companies		89,015,621		89,015,621
Unallocated assets				62,775,309
Total assets				731,037,498
Segment liabilities	94,842,406	104,105,230	1,208,716	200,156,352
Unallocated liabilities				129,905,839
Total liabilities				330,062,191
Capital expenditure	1,007,320	947,233	25,086	1,979,639
Depreciation	182,395	1,773,237	217,656	2,173,288



Notes to the Accounts (Cont'd)

31st December, 2003

2. TURNOVER, REVENUE AND SEGMENT INFORMATION (Cont'd)

Secondary reporting format – geographical segments

	Turnover 2003 <i>HK\$</i>	Segment results 2003 <i>HK\$</i>	Total assets 2003 <i>HK\$</i>	Capital expenditure 2003 <i>HK\$</i>
Hong Kong	12,496,531	8,880,482	387,035,145	250,206
Mainland China	697,453,227	(6,909,529)	368,833,456	314,877
Philippines	35,825,459	(148,426)	–	–
Others	31,851,977	(719,115)	17,084,840	–
	<u>777,627,194</u>	1,103,412	772,953,441	<u>565,083</u>
Interest income		789,860		
Unallocated costs		(9,172,413)		
Operating loss		<u>(7,279,141)</u>		
Investment in associated companies			90,942,019	
Total assets			<u>863,895,460</u>	
	Turnover 2002 <i>HK\$</i>	Segment results 2002 <i>HK\$</i>	Total assets 2002 <i>HK\$</i>	Capital expenditure 2002 <i>HK\$</i>
Hong Kong	14,399,823	10,828,488	384,137,164	273,734
Mainland China	607,505,746	(8,631,616)	243,369,716	1,705,905
Philippines	34,556,486	(706,261)	–	–
Others	20,248,240	(277,312)	14,514,997	–
	<u>676,710,295</u>	1,213,299	642,021,877	<u>1,979,639</u>
Interest income		1,505,020		
Judgement debt with related legal cost		(10,448,852)		
Gain on disposal of investment properties		41,102,074		
Unallocated costs		(13,792,729)		
Operating profit		<u>19,578,812</u>		
Investment in associated companies			89,015,621	
Total assets			<u>731,037,498</u>	



Notes to the Accounts (Cont'd)

31st December, 2003

3. OPERATING (LOSS)/PROFIT

	GROUP	
	2003	2002
	HK\$	HK\$
Operating (loss)/profit is stated after crediting and charging the following:		
Crediting		
Gain on disposal of fixed assets	107,024	–
Gain on disposal of investment properties	–	41,102,074
	<u>107,024</u>	<u>41,102,074</u>
Charging		
Depreciation of fixed assets	1,979,666	2,173,288
Staff costs (excluding directors' emoluments)		
Wages and salaries	10,013,560	10,501,587
Retirement benefit costs – defined contribution plan	211,908	234,244
Operating lease rentals in respect of land and buildings	1,125,378	1,928,975
Outgoings in respect of investment properties	4,354,919	4,031,540
Loss on disposal of fixed assets	–	98,424
Auditors' remuneration	405,330	563,100
Judgement debt (<i>Note</i>)	–	8,948,852
	<u>17,780,761</u>	<u>27,578,429</u>

Note: This represented payment for a legal claim pursuant to the ruling of the High Court of Hong Kong.

4. FINANCE COSTS

	GROUP	
	2003	2002
	HK\$	HK\$
Interest on bank loans		
– repayable within 5 years	9,812,713	9,138,926
– repayable over 5 years	2,430,559	2,759,328
	<u>12,243,272</u>	<u>11,898,254</u>



Notes to the Accounts (Cont'd)

31st December, 2003

5. EMOLUMENTS OF DIRECTORS AND EMPLOYEES

(a) Directors' emoluments

The directors' emoluments of the Company disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance are as follows:

	2003 HK\$	2002 HK\$
Independent Non-Executive Directors' Fees	240,000	240,000
Emoluments of Executive Directors		
Salaries and other benefits	3,272,332	3,370,470
Retirement benefit contribution	12,000	15,000
	<u>3,524,332</u>	<u>3,625,470</u>

The number of directors in different emolument bands are as follows:

Emolument bands	Number of directors	
	2003	2002
HK\$ Nil to HK\$1,000,000	4	5
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$3,000,001 to HK\$3,500,000	1	–
	<u>1</u>	<u>–</u>

(b) Employees' emoluments

The five highest paid employees of the Group during the year ended 31st December, 2003 included one director (2002: one). The emoluments of the remaining four (2002: four) employees are as follows:

	2003 HK\$	2002 HK\$
Salaries and other benefits	2,262,000	2,559,362
Discretionary bonuses	88,800	88,800
Retirement benefit contribution	61,320	72,472
	<u>2,412,120</u>	<u>2,720,634</u>



Notes to the Accounts (Cont'd)

31st December, 2003

5. EMOLUMENTS OF DIRECTORS AND EMPLOYEES (Cont'd)

(b) Employees' emoluments (Cont'd)

The remaining four (2002: four) highest paid employees in different emolument bands are as follows:

Emolument bands	Number of employees	
	2003	2002
HK\$ Nil to HK\$1,000,000	<u>4</u>	<u>4</u>

6. TAXATION

No provision for Hong Kong profits tax has been made in the accounts as companies within the Group have no assessable profit for both years. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	GROUP	
	2003	As restated 2002
	HK\$	HK\$
Hong Kong profits tax		
– under provision in prior years	–	146,376
Overseas taxation		
– current	1,640,617	1,253,410
– under provision in prior years	–	912,000
Deferred taxation relating to the origination and reversal of temporary differences (note 21)	340,747	(5,715)
Deferred taxation resulting from an increase in tax rate (note 21)	11,858	–
	<u>1,993,222</u>	2,306,071
Share of taxation attributable to an associated company	194,789	197,665
	<u>2,188,011</u>	<u>2,503,736</u>



Notes to the Accounts (Cont'd)

31st December, 2003

6. TAXATION (Cont'd)

(b) The taxation on the Group's (loss)/profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	2003 HK\$	2002 HK\$
(Loss)/profit before taxation	<u>(18,942,875)</u>	<u>9,700,378</u>
Calculated at a taxation rate of 17.5% (2002: 16%) (Note)	(3,315,003)	1,552,060
Effect of different taxation rates in other countries	(335,850)	247,768
Income not subject to taxation	(2,698,324)	(6,608,888)
Expenses not deductible for taxation purposes	4,526,709	2,562,243
Deferred tax assets not recognised due to uncertainty to their recoverability	3,998,621	3,692,177
Increase in opening net deferred taxation resulting from an increase in tax rate	11,858	–
Underprovision in prior years	–	<u>1,058,376</u>
Taxation charge	<u><u>2,188,011</u></u>	<u><u>2,503,736</u></u>

Note: In 2003, the government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004.

7. (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$1,467,609 (2002: profit of HK\$20,443,307).

8. (LOSS)/EARNINGS PER SHARE

(Loss)/earnings per share is calculated based on the loss attributable to shareholders of the Group for the year of HK\$20,142,530 (2002 as restated: profit of HK\$7,257,274) and 261,684,910 shares (2002: 261,684,910 shares) of the Company in issue during the year.

No diluted (loss)/earnings per share has been presented for current and prior year because the exercise of the options have no dilutive effect for the years.



Notes to the Accounts (Cont'd)

31st December, 2003

9. FIXED ASSETS

(a) GROUP

	Land and Buildings			Furniture, Fixtures &	Motor Vehicles	Total
	Investment	Other	Leasehold	Office		
	Properties	Properties	Improvement	Equipment		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Cost or valuation						
Brought forward						
Cost	–	65,506,481	7,745,836	6,259,770	3,521,009	83,033,096
Valuation	425,191,896	–	–	–	–	425,191,896
	425,191,896	65,506,481	7,745,836	6,259,770	3,521,009	508,224,992
Exchange adjustment	2,746,619	(7,314)	(2,878)	49,282	(5,843)	2,779,866
Additions	–	–	337,577	227,506	–	565,083
Disposals	–	–	–	(419,178)	(687,276)	(1,106,454)
Transfer from properties held for resale (note 13)	35,384,165	–	–	–	–	35,384,165
Revaluation (note 19)	55,325,113	–	–	–	–	55,325,113
Carried forward						
Cost	–	65,499,167	8,080,535	6,117,380	2,827,890	82,524,972
Valuation	518,647,793	–	–	–	–	518,647,793
	518,647,793	65,499,167	8,080,535	6,117,380	2,827,890	601,172,765
Aggregate depreciation and impairment						
Brought forward	–	45,937,559	6,352,979	5,121,721	2,511,527	59,923,786
Exchange adjustment	–	(1,224)	(2,618)	30,649	(2,439)	24,368
Current charge	–	384,250	788,166	523,384	283,866	1,979,666
Disposals	–	–	–	(407,270)	(652,958)	(1,060,228)
Carried forward	–	46,320,585	7,138,527	5,268,484	2,139,996	60,867,592
Net book value at 31st December 2003	<u>518,647,793</u>	<u>19,178,582</u>	<u>942,008</u>	<u>848,896</u>	<u>687,894</u>	<u>540,305,173</u>
Net book value at 31st December 2002	<u>425,191,896</u>	<u>19,568,922</u>	<u>1,392,857</u>	<u>1,138,049</u>	<u>1,009,482</u>	<u>448,301,206</u>



Notes to the Accounts (Cont'd)

31st December, 2003

9. FIXED ASSETS (Cont'd)

(a) GROUP (Cont'd)

The net book value of the Group's interests in land and buildings comprises:

	Hong Kong	Outside	Total
	<i>HK\$</i>	Hong Kong	Total
		<i>HK\$</i>	<i>HK\$</i>
Investment properties:			
Freehold	–	16,321,737	16,321,737
Leases of between 10 to 50 years	52,700,000	68,925,720	121,625,720
Leases of over 50 years	249,100,000	131,600,336	380,700,336
	<u>301,800,000</u>	<u>216,847,793</u>	<u>518,647,793</u>
Other properties:			
Leases of over 50 years	15,822,912	3,355,670	19,178,582
	<u>317,622,912</u>	<u>220,203,463</u>	<u>537,826,375</u>

Freehold investment properties situated in Vancouver, Canada were valued on the basis of their open market value as at the balance sheet date by Niemi LaPorte & Dowle Appraisals Limited, a member of the Appraisal Institute of Canada. Other investment properties were valued on an open market value basis as at the balance sheet date by A. G. Wilkinson & Associates, an independent firm of chartered surveyors.

As at the balance sheet date, certain land and buildings with an aggregate net book value of HK\$535,601,978 (2002: HK\$442,089,378) were pledged to banks to secure the Group's banking facilities to the extent of approximately HK\$438,282,000 (2002: HK\$388,226,000).

The Group had disposed of certain investment properties with net book value of HK\$8,554,260 subsequent to the balance sheet date.



Notes to the Accounts (Cont'd)

31st December, 2003

9. FIXED ASSETS (Cont'd)

(b) COMPANY

	Furniture, Fixtures and Office Equipment	Motor Vehicles	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Cost			
Brought forward	1,188,114	895	1,189,009
Exchange adjustment	(962)	–	(962)
Write-off	–	(895)	(895)
	<hr/>	<hr/>	<hr/>
Carried forward	1,187,152	–	1,187,152
Aggregate depreciation			
Brought forward	1,152,951	895	1,153,846
Exchange adjustment	(949)	–	(949)
Current charge	20,152	–	20,152
Write-off	–	(895)	(895)
	<hr/>	<hr/>	<hr/>
Carried forward	1,172,154	–	1,172,154
Net book value			
at 31st December, 2003	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
at 31st December, 2002	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

10. INTERESTS IN SUBSIDIARIES

	COMPANY	
	2003	2002
	<i>HK\$</i>	<i>HK\$</i>
Unlisted shares, at cost	51,215,851	51,215,939
Due from subsidiaries	274,666,763	259,036,273
	<hr/>	<hr/>
Due to subsidiaries	325,882,614	310,252,212
	(92,050,292)	(62,686,895)
	<hr/>	<hr/>
	233,832,322	247,565,317

The amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed terms for repayment.



Notes to the Accounts (Cont'd)

31st December, 2003

10. INTERESTS IN SUBSIDIARIES (Cont'd)

Details of the principal subsidiaries as at the balance sheet date are set out below:

Name of company	Issued and fully paid share/registered capital		Effective percentage holding		Principal activities
			2003	2002	
Incorporated in Hong Kong					
Alliance Pacific Investment Limited *	Ordinary	HK\$2	100%	100%	Property holding in Beijing, China
Allon Trading Limited	Ordinary	HK\$2	100%	100%	Securities trading and money lending
Capital Head Investment Limited *	Ordinary	HK\$2	100%	100%	Property investment operates in Shanghai, China
Concord Trinity Development Limited *	Ordinary	HK\$2	100%	100%	Property investment operates in Shanghai, China
	Non- voting deferred	HK\$2			
Conwell Properties Limited	Ordinary	HK\$2	100%	100%	Real estate agent
G.C. Luckmate Trading Limited *	Ordinary	HK\$4,000,000	95%	95%	General trading
G.C. Luckmate Trading (Asia) Limited *	Ordinary	HK\$2	100%	100%	General trading
G.C. Luckmate Trading (International) Limited *	Ordinary	HK\$2	100%	100%	General trading
G.C. Nominees Limited	Ordinary	HK\$2	100%	100%	Investment holding
Glory South Investment Limited *	Ordinary	HK\$2	100%	100%	Property holding in Hainan, China
Halesite Limited	Ordinary	HK\$4,000,000	100%	100%	Property investment
Honour Alliance Development Limited *	Ordinary	HK\$2	100%	100%	Property investment
Jelson Enterprises Limited *	Ordinary	HK\$2	100%	100%	Property investment
	Non- voting deferred	HK\$2			operates in Shanghai, China



Notes to the Accounts (Cont'd)

31st December, 2003

10. INTERESTS IN SUBSIDIARIES (Cont'd)

Name of company	Issued and fully paid share/registered capital		Effective percentage holding		Principal activities
			2003	2002	
New Solution Consultants Limited	Ordinary	HK\$2	100%	100%	Investment holding
Silver Regent Development Limited *	Ordinary	HK\$2	100%	100%	Property investment
Star Talent Investment Limited *	Ordinary	HK\$2	100%	100%	Property holding in Beijing, China
Sunison Development Limited	Ordinary	HK\$2	100%	100%	Investment holding
Tai Loy Trading Company Limited	Ordinary	HK\$43,440,000	100%	100%	Investment holding
Incorporated in the British Virgin Islands					
Adamgate Limited *	Ordinary	US\$1	100%	100%	Investment holding
Dajen Properties Limited	Ordinary	US\$1	100%	100%	Investment holding
Fairlight Limited *	Ordinary	US\$1	100%	100%	Investment holding
Great China Commodities Limited *	Ordinary	US\$10,000	95%	95%	Investment holding
Great China Development (Shanghai) Limited	Ordinary	US\$10	100%	100%	Investment holding
Orlando Finance Limited *	Bearer	US\$1	100%	100%	Dormant
Pakka Properties Limited *	Ordinary	US\$1	100%	100%	Investment holding
Po Kok Holdings Limited	Ordinary	US\$10	100%	100%	Dormant
Poppins Properties Limited *	Ordinary	US\$50,000	100%	95%	Investment holding
Incorporated in Canada					
549653 B. C. Limited	Common	CAD1	100%	100%	Property investment operates in Vancouver, Canada



Notes to the Accounts (Cont'd)

31st December, 2003

10. INTERESTS IN SUBSIDIARIES (Cont'd)

Name of company	Issued and fully paid share/registered capital	Effective percentage holding		Principal activities
		2003	2002	
Established in the People's Republic of China				
Beijing Haode Business Consultancy Company Limited *	Registered US\$200,000 capital	100%	100%	Real estate agent operates in Beijing, China
<i>(a foreign equity joint venture enterprise)</i>				
Haode Property Management (Shanghai) Company Limited	Registered US\$500,000 capital	100%	100%	Real estate agent operates in Shanghai, China
<i>(a wholly foreign owned investment enterprise)</i>				
Qingdao Parada International Heating Company Limited *	Registered US\$360,000 capital	63%	63%	Boiler trading operates in Qingdao, China
<i>(a foreign equity joint venture enterprise)</i>				
博平置業(上海)有限公司 *	Registered US\$8,460,000 capital	100%	95%	Property investment in Shanghai, China
<i>(a wholly foreign owned investment enterprise)</i>				

All subsidiaries operate in Hong Kong except otherwise stated.

Except for those subsidiaries marked with an asterisk "*", the above subsidiaries are all held directly by the Company.



Notes to the Accounts (Cont'd)

31st December, 2003

11. INTERESTS IN ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2003 HK\$	As restated 2002 HK\$	2003 HK\$	2002 HK\$
Share of net assets	47,000,391	46,696,690	–	–
Due from associated companies	43,941,628	42,318,931	43,941,628	42,318,931
	90,942,019	89,015,621	43,941,628	42,318,931

The amounts due from associated companies are unsecured, interest free and have no fixed terms of repayment.

Consolidated financial information of the associated companies is as follows:

	GROUP	
	2003 HK\$	As restated 2002 HK\$
Turnover	8,419,073	9,191,476
Profit for the year	894,764	4,237,570
Fixed assets	327,175,618	328,155,776
Current assets	4,020,847	6,268,176
Current liabilities	(16,048,250)	(34,340,442)
Shareholders' loans	(128,601,377)	(98,416,117)
Long term bank loan-non current portion	(6,002,578)	(21,829,423)
Deferred tax liabilities	(71,241,016)	(71,241,016)
Shareholders' funds	109,303,244	108,596,954

The investment properties included in fixed assets were valued at HK\$326,826,000 (2002: HK\$327,600,000) on an open market value basis as at the balance sheet date by A.G. Wilkinson & Associates, an independent firm of chartered surveyors. The investment properties were pledged to banks to secure one of the associated companies' banking facilities.



Notes to the Accounts (Cont'd)

31st December, 2003

11. INTERESTS IN ASSOCIATED COMPANIES (Cont'd)

Details of associated companies at the balance sheet date are as follows:

Name of company	Place of incorporation/ establishment	Particulars of issued shares/ registered capital	Effective percentage holding		Principal activities
			2003	2002	
Samstrong International Limited	British Virgin Islands	Ordinary US\$100	43%	43%	Investment holding
Da Da Development (Shanghai) Corporation <i>(a wholly foreign owned investment enterprise)</i>	The People's Republic of China	Registered capital US\$10,200,000	43%	43%	Property investment in Shanghai, China

12. LONG TERM INVESTMENTS

	GROUP	
	2003 HK\$	2002 HK\$
Unlisted shares, at cost		
– Hainan Yangpu Land Development Company Limited (“HYLDCL”)	50,000,000	50,000,000
Less: Provision for impairment	(50,000,000)	(50,000,000)
	–	–
Club debentures, at cost	3,221,056	3,221,056
	3,221,056	3,221,056

On 6th February, 2004, the Group had entered into agreement with an independent party to dispose of the entire interest in HYLDCL at a consideration of approximately HK\$12 million. The transaction was completed on 27th February, 2004.

13. PROPERTIES HELD FOR RESALE

During the year, properties with carrying value of HK\$35,384,165 (2002: nil) were transferred to investment properties (note 9).

As at the balance sheet date, the properties were pledged to a bank to secure the Group's banking facilities to the extent of approximately HK\$50,000,000 (2002: HK\$25,000,000)



Notes to the Accounts (Cont'd)

31st December, 2003

14. INVENTORIES

	GROUP	
	2003	2002
	HK\$	HK\$
Merchandise, at cost	49,272,066	2,055,049

15. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	GROUP		COMPANY	
	2003	2002	2003	2002
	HK\$	HK\$	HK\$	HK\$
Trade receivables	3,990,126	8,861,572	–	–
Bills receivable	42,675,903	1,716,128	–	–
Trade and bills receivables (<i>Note (a)</i>)	46,666,029	10,577,700	–	–
Prepayments and deposits	7,824,647	1,707,947	284,715	766,746
Other receivables	2,617,855	1,504,978	120,007	232,834
	57,108,531	13,790,625	404,722	999,580

Note:

- (a) The majority of the Group's turnover is on letter of credit or documents against payment. The credit terms given to the customers vary and are generally based on the financial strength of individual customers. In order to effectively manage the credit risks associated with trade debts, credit evaluations of customers are performed periodically.

At 31st December, 2003, the ageing analysis of the trade and bills receivables were as follows:

	GROUP	
	2003	2002
	HK\$	HK\$
Less than 30 days	45,959,640	8,753,925
30-60 days	–	900,082
61-90 days	54,000	71,864
Over 90 days	652,389	851,829
	46,666,029	10,577,700



Notes to the Accounts (Cont'd)

31st December, 2003

16. BANK BALANCES, PLEDGED

As at the balance sheet date, cash and bank balances amounted to HK\$62,176,200 for the Group and HK\$38,289,000 for the Company (2002: HK\$62,296,200 for the Group and HK\$38,400,000 for the Company) were pledged to banks to secure general banking facilities.

17. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	GROUP		COMPANY	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
Trade and bills payable	70,805,367	2,292,722	–	–
Other payables	45,298,782	2,952,898	403,780	145,813
Accruals	23,129,703	9,544,505	1,172,086	888,762
	<u>139,233,852</u>	<u>14,790,125</u>	<u>1,575,866</u>	<u>1,034,575</u>

At 31st December, 2003, the ageing analysis of the trade and bills payable were as follows:

	GROUP	
	2003 HK\$	2002 HK\$
Less than 30 days	54,240,515	2,292,722
30-60 days	16,564,852	–
	<u>70,805,367</u>	<u>2,292,722</u>

18. SHARE CAPITAL

	COMPANY	
	2003 HK\$	2002 HK\$
Authorised 500,000,000 (2002: 500,000,000) ordinary shares of HK\$0.20 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid 261,684,910 (2002: 261,684,910) ordinary shares of HK\$0.20 each	<u>52,336,982</u>	<u>52,336,982</u>



Notes to the Accounts (Cont'd)

31st December, 2003

19. RESERVES

	GROUP		COMPANY	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
SHARE PREMIUM ACCOUNT	19,516,419	19,516,419	19,516,419	19,516,419
INVESTMENT PROPERTIES REVALUATION RESERVE				
At 1st January, as previously reported	322,400,215	369,292,001	–	–
Changes in accounting policy – provision for deferred tax liabilities	(51,389,082)	(51,389,082)	–	–
At 1st January, as restated	271,011,133	317,902,919	–	–
Reserve realised upon disposal of investment properties	–	(41,102,074)	–	–
Surplus/(deficit) on revaluation				
– Gross	55,325,113	(5,789,712)	–	–
– Taxation	(16,231,349)	–	–	–
At 31st December	310,104,897	271,011,133	–	–
EXCHANGE FLUCTUATION RESERVE				
At 1st January	1,230,987	1,254,763	–	–
Arising on translation of the accounts of overseas subsidiaries and an associated company during the year	1,989,258	(23,776)	–	–
At 31st December	3,220,245	1,230,987	–	–
RESERVE ARISING ON CONSOLIDATION				
At 1st January and 31st December	1,441,177	1,441,177	–	–
RETAINED PROFITS				
At 1st January, as previously reported	56,229,169	48,977,610	129,016,381	108,573,074
Changes in accounting policy – provision for deferred tax liabilities	(790,560)	(796,275)	–	–
At 1st January, as restated	55,438,609	48,181,335	129,016,381	108,573,074
(Loss)/profit for the year	(20,142,530)	7,257,274	(1,467,609)	20,443,307
At 31st December	35,296,079	55,438,609	127,548,772	129,016,381
TOTAL RESERVES	369,578,817	348,638,325	147,065,191	148,532,800
Retained by:				
Company and subsidiaries				
– Share premium account	19,516,419	19,516,419		
– Investment properties revaluation reserve	276,361,034	237,267,270		
– Exchange fluctuation reserve	2,207,108	136,802		
– Reserve arising on consolidation	1,441,177	1,441,177		
– Retained profits	23,052,688	43,579,967		
	322,578,426	301,941,635		
Associated companies				
– Investment properties revaluation reserve	33,743,863	33,743,863		
– Exchange fluctuation reserve	1,013,137	1,094,185		
– Retained profits	12,243,391	11,858,642		
	47,000,391	46,696,690		
	369,578,817	348,638,325		



Notes to the Accounts (Cont'd)

31st December, 2003

20. ADVANCE FROM A MINORITY SHAREHOLDER

The advance from a minority shareholder of a subsidiary was unsecured and interest free.

On 5th September, 2001, an option was granted to the minority shareholder to convert an advance of HK\$6,408,508 plus related interest into share capital of the subsidiary within a period of three years upto 4th September, 2004 at an exercise price of HK1,234.13 per share. The option was exercised on 1st May, 2003 and the minority shareholder interest in the subsidiary was increased from 4.82% to 14.41%. The minority shareholder then offered to sell all the 14.41% equity interest to the Group. The offer was accepted on 29th May, 2003 at a consideration of approximately HK\$16,861,800.

21. DEFERRED TAX LIABILITIES

Deferred taxation are calculated in full on temporary differences under the liability method using principal taxation rate of 17.5% (2002: 16%).

The movement in deferred tax liabilities during the year is as follows:

	Accelerated tax depreciation		Revaluation of properties		Total	
	As restated 2003 HK\$	2002 HK\$	As restated 2003 HK\$	2002 HK\$	As restated 2003 HK\$	2002 HK\$
At 1st January	790,560	796,275	20,755,445	20,755,445	21,546,005	21,551,720
Charged/(credited) to profit and loss account	352,605	(5,715)	–	–	352,605	(5,715)
Charged to equity	–	–	16,231,349	–	16,231,349	–
At 31st December	<u>1,143,165</u>	<u>790,560</u>	<u>36,986,794</u>	<u>20,755,445</u>	<u>38,129,959</u>	<u>21,546,005</u>

Deferred tax assets are recognised for tax losses carry forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$22,857,690 (2002: HK\$20,001,332) to carry forward against future taxable income.



Notes to the Accounts (Cont'd)

31st December, 2003

22. BANK LOANS, SECURED – NON-CURRENT PORTION

	GROUP		COMPANY	
	2003	2002	2003	2002
	HK\$	HK\$	HK\$	HK\$
The analysis of the secured bank loans is as follows:				
Wholly repayable within five years	206,811,318	204,365,800	101,043,670	110,058,162
Not wholly repayable within five years	39,862,174	49,489,129	15,000,000	18,750,000
	<u>246,673,492</u>	<u>253,854,929</u>	<u>116,043,670</u>	<u>128,808,162</u>
Current portion of secured bank loans	<u>(61,648,690)</u>	<u>(52,425,857)</u>	<u>(43,028,141)</u>	<u>(31,288,654)</u>
Non-current portion of secured bank loans	<u>185,024,802</u>	<u>201,429,072</u>	<u>73,015,529</u>	<u>97,519,508</u>

At 31st December, 2003, the Group's bank loans were repayable as follows:

	GROUP		COMPANY	
	2003	2002	2003	2002
	HK\$	HK\$	HK\$	HK\$
Within one year or on demand	61,648,690	52,425,857	43,028,141	31,288,654
In the second year	59,858,728	77,329,000	23,404,738	24,002,713
In the third to fifth year	85,303,900	74,610,943	34,610,791	54,766,795
After the fifth year	39,862,174	49,489,129	15,000,000	18,750,000
	<u>246,673,492</u>	<u>253,854,929</u>	<u>116,043,670</u>	<u>128,808,162</u>
Less: Amount due within one year included in current liabilities	<u>(61,648,690)</u>	<u>(52,425,857)</u>	<u>(43,028,141)</u>	<u>(31,288,654)</u>
Bank loans, secured – non-current portion	<u>185,024,802</u>	<u>201,429,072</u>	<u>73,015,529</u>	<u>97,519,508</u>

Bank loans were secured on certain investment properties and fixed assets (Note 9), bank deposits (Note 16), properties held for resale (Note 13), issued shares of certain subsidiary companies and assignment of rental income. Guarantees were also given by the Company in respect of certain subsidiaries' borrowings (Note 24).



Notes to the Accounts (Cont'd)

31st December, 2003

23. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating (loss)/profit after finance costs to net cash inflow/(outflow) from operating activities

	2003 <i>HK\$</i>	2002 <i>HK\$</i>
Operating (loss)/profit after finance costs	(19,522,413)	7,680,558
Interest expenses	12,243,272	11,898,254
Interest income	(789,860)	(1,505,020)
Depreciation charges	1,979,666	2,173,288
Gain on disposal of investment properties	–	(41,102,074)
(Gain)/loss on disposal of fixed assets	(107,024)	98,424
Decrease/(increase) in properties held for resale	9,979,744	(23,232,074)
Decrease in deposits receivable	–	3,150,940
(Increase)/decrease in inventories	(47,217,017)	1,386,226
Increase in accounts receivables and prepayments	(43,470,820)	(7,809,305)
Increase/(decrease) in accounts payable and accrued expenses	125,665,519	(18,625,753)
Increase/(decrease) in rental deposits received	365,379	(812,241)
	<hr/>	<hr/>
Net cash inflow/(outflow) generated from operations	39,126,446	(66,698,777)
Interest paid	(12,956,377)	(11,997,870)
Hong Kong profits tax paid	–	–
Overseas tax paid	(1,147,020)	(277,943)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<u>25,023,049</u>	<u>(78,974,590)</u>



Notes to the Accounts (Cont'd)

31st December, 2003

23. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

(b) Analysis of changes in financing during the year

	Secured bank loans		Minority interests		Pledged bank deposit		Trust receipt loans	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance brought forward	253,854,929	209,889,838	1,913,457	1,974,089	(62,296,200)	(65,893,211)	22,189,159	38,317,266
Exchange differences	935,534	-	-	-	-	-	-	-
Cash (outflow)/inflow	(8,116,971)	43,965,091	-	-	120,000	3,597,011	(12,193,078)	(16,128,107)
Minority interests' share of loss	-	-	(988,356)	(60,632)	-	-	-	-
Acquisition of additional interest in a subsidiary	-	-	(155,992)	-	-	-	-	-
Balance carried forward	<u>246,673,492</u>	<u>253,854,929</u>	<u>769,109</u>	<u>1,913,457</u>	<u>(62,176,200)</u>	<u>(62,296,200)</u>	<u>9,996,081</u>	<u>22,189,159</u>



Notes to the Accounts (Cont'd)

31st December, 2003

24. CONTINGENT LIABILITIES AND COMMITMENTS

	GROUP		COMPANY	
	2003 HK\$	2002 HK\$	2003 HK\$	2002 HK\$
a. Contingent liabilities:				
Bills discounted with recourse	67,779,529	11,999,910	–	–
Guarantees for banking facilities utilized by:				
– subsidiaries	–	–	324,891,273	303,469,181
– an associated company	19,813,003	23,272,212	19,813,003	23,272,212
	<u>87,592,532</u>	<u>35,272,122</u>	<u>344,704,276</u>	<u>326,741,393</u>

Management anticipate that no material liabilities will arise from the above bank and other guarantees which arose in the ordinary course of business.

b. Commitments under operating leases:

(i) Rental payment

Future aggregate minimum lease payments under non-cancellable operating leases on land and buildings as follows:

	GROUP	
	2003 HK\$	2002 HK\$
– Not later than one year	<u>93,629</u>	<u>957,048</u>

(ii) Rental income

Future aggregate minimum lease rental payments receivable under non-cancellable operating leases on land and buildings as follows:

– Not later than one year	15,008,542	14,538,624
– Later than one year and not later than five years	29,575,956	8,762,288
– Later than five years	22,687,169	5,043,216
	<u>67,271,667</u>	<u>28,344,128</u>



Notes to the Accounts *(Cont'd)*

31st December, 2003

25. ULTIMATE HOLDING COMPANY

The directors regard Asian Pacific Investment Corporation, a company incorporated in Panama, as being its ultimate holding company.

26. APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 15th April, 2004.