1. CORPORATE INFORMATION AND UPDATE

The Company was incorporated in Bermuda with limited liabilities and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda. The Company's shares have been suspended for trading on the Stock Exchange since 24 March 2003.

The Company is an investment holding company. The principal activities of the Company's subsidiaries of which their accounts have been consolidated at 31 December 2003 are set out in note 14 to the accounts.

2. WINDING-UP PETITION AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

As explained in the Group's previous Annual Report, the Group has been experiencing financial difficulties since about 2002. On 25 March 2003, the Bank of East Asia Limited ("BEA"), petitioned for the winding-up of the Company as the Company failed to comply with the statutory demand issued by BEA on 2 December 2002. Upon the application of the Company by summons filed on 30 April 2003, Mr. Derek K.Y.Lai and Mr. Joseph K.C.Lo of Deloitte Touche Tohmatsu were appointed as joint and several provisional liquidators of the Company by the High Court of Hong Kong Special Administrative Region on 21 June, 2003 so as to preserve the assets and business of the Company and to consider and review all restructuring proposals or scheme of arrangement to be proposed by any interested party. In addition, the winding up petition was adjourned to 13 December 2004.

3. BASIS OF PREPARATION

(i) Going concern

The Group sustained a loss attributable to shareholders of HK$36 million (for the period from 1 April 2002 to 31 December 2002: HK$897 million). As at 31 December 2003, the Group had consolidated net current liabilities of approximately HK$508 million (2002: HK$481 million), consolidated accumulated losses of 1,532 million (2002: HK$1,496 million) and consolidated net liabilities of HK$498 million (2002: HK$472 million). Since 2002, the Group and the Company were unable to settle their debts due to financial difficulties. The deterioration of the asset value of the Group was due to crystallisation of indemnified liabilities of subsidiaries not consolidated as set out in note 10 to the accounts and provision made against amounts due from subsidiaries not consolidated.

As at the balance sheet date, the Group's total liabilities included current liabilities of HK$535 million (2002: HK$535 million) and long term portion of finance lease obligations of HK$10 million (2002: HK$12 million).

As detailed in note 2 to the accounts, one of the creditors of the Company had filed writs of summon to demand petition for the winding up of the Company on 25 March 2003. Following the petition, the Company applied to the court for stay of the winding-up proceedings and for the appointment of the provisional liquidators for the purpose of restructuring of the Company.

3. BASIS OF PREPARATION (Continued)

(i) Going concern (Continued)

On 10 June 2004, the Company announced that, inter alia, an escrow and exclusivity agreement ("Escrow Agreement") was entered into on 4 June 2004 amongst (i) the Company, (ii) the potential investor, (iii) the provisional liquidators and (iv) the escrow agent. In the Escrow Agreement, the potential investor submitted a restructuring proposal which outlined the major terms for restructuring of the Company, which involve, inter alia, capital reorganisation, subscription of new shares of the Company by the potential investor, whitewash waiver and creditors' scheme of arrangement. Pursuant to the Escrow Agreement, it was agreed to grant the potential investor an exclusivity period up to the close of business on 2 October 2004 for discussion and finalisation of the restructuring proposal. Due to additional time is required for finalisation of the restructuring proposal, the potential investor applied for an extension of the exclusive period. The restructuring proposal is now subject to contract and detailed terms and conditions of the restructuring are yet to be finalised.

The Directors have prepared the accounts on the basis that the Escrow Agreement and the restructuring of the Company will be successfully implemented and that the Group will be able to improve its financial position and business upon completion of restructuring. As at the date of approval of the accounts, the Directors are not aware of any circumstances or reasons that would likely affect the successful finalisation of the restructuring proposal and the intention of the potential investor. In light of the foregoing, the Directors opined that it is appropriate to prepare the accounts on a going concern basis. The accounts do not incorporate any adjustments for possible failure of the above mentioned restructuring proposal and the continuance of the Group as a going concern.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these potential adjustments has not been incorporated in the accounts.

(ii) Subsidiaries not consolidated

(a) The accounts have been prepared based on the books and records maintained by the Company and its subsidiaries. However, due to (a) the liquidation of certain significant subsidiaries or their immediate holding companies; or (b) the seizure of the major assets and production facilities of the major subsidiaries under the court orders as security for the unsettled claims, the Directors have not been able to obtain access to the books and records of these subsidiaries and considered that control to has been lost. The results, assets and liabilities of these subsidiaries were not consolidated into the accounts of the Group as of 1 April 2002. Details of these subsidiaries are set out in note 15(a) to the accounts. In the opinion of the Directors, the accounts for the year ended 31 December 2003 prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole in light of liquidation or seizure of the assets of subsidiaries.

(b) In addition, the Directors considered that the non-consolidation of the results, assets and liabilities of subsidiaries as set out in note 15(b) to the accounts would not significantly affect the results of the Group for the current year as the cost of obtaining this information would exceed the value of this information to the members of the Company.

Details of subsidiaries not consolidated in the accounts are set out in note 15(a) and 15(b) to the accounts.

3. BASIS OF PREPARATION (Continued)

(iii) Great Wall France SA ("GW France") was the only significant subsidiary still operating business during the year ended 31 December 2003. Due to financial difficulties of the subsidiary, GW France went into liquidation pursuant to a France court order in 2004. Consequently, the management has been unable to obtain access to the books and records of GW France and therefore the operations of GW France so consolidated are based on the unaudited management accounts as it is the only financial information made available to the management. In view of foregoing, the Directors are unable to satisfy themselves that the results, assets and liabilities of GW France have been properly included in the consolidated accounts of the Group.

Included in the consolidated accounts were the following amounts based on the unaudited management accounts of GW France.

	01.01.2003 – 31.12.2003 *HK$'000*	01.04.2002 – 31.12.2002 *HK$'000*
Turnover	**59,070**	137,501
Cost of sales	**77,374**	152,902
Other revenue	**475**	1,567
Selling and distribution costs	**501**	1,049
Administrative expenses	**9,015**	2,928
Other operating expenses	**642**	828
Finance costs	**959**	995
Fixed assets	**211,114**	19,781
Inventories	**16,889**	22,646
Trade and bills receivables	**4,450**	12,408
Prepayments, deposits and other receivables	**4,818**	7,069
Cash at bank	**754**	11,703
Finance lease obligations		
– Current portion	**3,334**	2,875
– Long term portion	**10,293**	11,643
Trade and bills payables	**4,659**	4,122
Accruals, accounts and other payables	**15,730**	13,076
Amounts due to fellow subsidiaries	**63,325**	63,777

3. BASIS OF PREPARATION (Continued)

(iv) In addition to the limited financial information available concerning certain subsidiaries due to liquidation or seizure of assets of certain major subsidiaries as detailed in note 3(ii)(a) to the accounts, the Directors have used their best endeavours to relocate all the financial and business records of the Group as most of the former accounting personnel of the Group have left. The Directors were unable to obtain sufficient documentary information to satisfy themselves regarding the treatment of various balances of the Group and of the Company as at 31 December 2003.

(a) The Directors were unable to obtain sufficient documentary evidence to support the Group's and the Company's other payables and accruals of approximately HK$307,557,000 and HK$291,827,000 respectively as at 31 December 2003, including the liabilities under indemnities given to subsidiaries not consolidated of approximately HK$291,130,000 as at 31 December 2003. Accordingly the Directors were unable to satisfy themselves as to whether these amounts are fairly stated in the accounts.

(b) The Directors were unable to satisfy themselves as to whether the amounts due to subsidiaries not consolidated of approximately HK$219,752,000 and HK$5,983,000 included in the Group's and the Company's balance sheet respectively as at 31 December 2003 are fairly stated in the accounts.

(c) The accounts have been prepared based on the available books and records maintained by the Company and its subsidiaries. However, in view of the lack of evidence available, the Directors were unable to represent that all transactions entered into by the Company and its subsidiaries for the year ended 31 December 2003 have been properly reflected in the books and records and in the accounts. In this context, the Directors are also unable to represent as to the completeness and correctness of the disclosures of directors' and employees' emoluments in note 8, taxation in note 9 and inventories in note 17 to the accounts.

(d) Due to limited books and records available to the Directors, the following have not been made in the accounts:

- Disclosures in respect of subsidiaries excluded from consolidation as required by SSAP 32 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries";
- Disclosures in respect of finance lease obligations as required by SSAP 14 (Revised) "Leases";
- Details of the retirement benefit scheme and the employee benefits as required by SSAP 34 "Employee benefits";
- Details of the share option scheme as required by the Listing Rules;
- Segment information disclosures as required by SSAP 26 (Revised) "Segment Reporting" and the Listing Rules;
- Details of analysis of pledge of assets as required by the Hong Kong Companies Ordinance;
- Details of deferred taxation as required by SSAP12 (Revised) "Income Taxes";
- Details of related party disclosures as required by SSAP 20 "Related Party Disclosures";
- Details of the Group's credit risk and ageing of debtors and creditors as required by the Listing Rules;
- Details of contingent liabilities and commitments as required by the Hong Kong Companies Ordinance and the relevant SSAPs.

3. BASIS OF PREPARATION (Continued)

(e) Due to insufficient information, the accounts do not contain a cash flow statement as required by SSAP 15 "Cash flow statements".

Any adjustments arising from the matters described in above would affect the net liabilities of the Company and the Group as at 31 December 2002 and the loss of the Group for the year then ended.

Also, as a result of the matters described in above, the comparative figures at 31 December 2002 shown in the consolidated balance sheet on page 17, Company's balance sheet on page 18 and in the consolidated profit and loss account for the year then ended on page 16 may not be comparable with the figures for the current year.

4. PRINCIPAL ACCOUNTING POLICIES

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

The accounts have been prepared under the historical cost convention.

In the current year, the Group has adopted the SSAP12 (revised) "Income taxes" issued by the HKICPA which is effective for accounting periods commencing on or after 1 January 2003.

The adoption of this revised SSAP has no material effect on the Group's and Company's net liabilities and the Group's results for the current or prior accounting periods. Accordingly, no current or prior period adjustment is required.

Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to the balance sheet date, other than those excluded for the reasons referred to note 15 to the accounts. The results of the subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively.

Where the Company holds more than half of the issued share capital of a subsidiary, but does not control the composition of the board of directors or equivalent governing body, the accounts of that subsidiary are not consolidated because it would be misleading to do so. Where the Company is in a position to exercise significant influence, such investments are dealt with as associates as appropriate. Otherwise, they are dealt with as investments in securities.

All significant intercompany transactions and balances within the Group, other than with subsidiaries not consolidated, are eliminated on consolidation.

Certain subsidiaries within the Group have not been consolidated from the consolidated accounts as of 1 January 2003 because in the opinion of the Directors, the Group has lost control over these subsidiaries and it will be misleading to the users if these subsidiaries are consolidated into the Group's results and assets and liabilities.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

Investments in subsidiaries are included in the Company's balance sheet at cost, less any impairment losses.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

Associates

An associate is an entity, not being a subsidiary or jointly-controlled entity, 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 the associates for the year, and the consolidated balance sheet includes the Group's share of net assets of the associates and goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

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

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of 10 years. In the case of associates and jointly-controlled entities, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Negative goodwill

Negative goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

Negative goodwill (Continued)

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful lives of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

In the case of associates and jointly-controlled entities, any negative goodwill not yet recognised in the consolidated profit and loss account is included in the carrying amount thereof, rather than as a separately identified item on the consolidated balance sheet.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the consolidated profit and loss account and any relevant reserves as appropriate.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the year in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, 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 asset, the expenditure is capitalised as an additional cost of that asset.

Changes in the values of fixed assets are dealt with as movements in the revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

Fixed assets (Continued)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land	Over the unexpired lease terms
Buildings	2% – 4%
Plant and machinery	10% – $33^1/_3$%
Furniture, fixtures and equipment	20% – $33^1/_3$%

Freehold land is not depreciated. No depreciation is provided on properties under development until they are completed and put into use.

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

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the estimated useful lives of the assets on the same basis as owned fixed assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any further costs expected to be incurred to completion and disposal.

Provisions

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

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the accounts. The principal temporary differences arise from depreciation on fixed assets, revaluation of certain non-current assets and of investments, provisions for pensions and other post retirement benefits and tax losses carried forward; and, in relation to acquisition, on the differences between the fair values of the net assets acquired and their tax base. 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, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the revised SSAP 12 represents a change in accounting policy. The change in the accounting policy on deferred taxation did not have material impact on the consolidated accounts for the year ended 31st December 2003 and the period ended 31 December 2002.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

– from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

Foreign currencies

Monetary assets and liabilities in foreign currencies at the year end date are translated into Hong Kong Dollars at approximately the market rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Hong Kong Dollars at exchange rates ruling at the transactions dates. Profits and losses arising on exchange are dealt with in the profit and loss account.

The balance sheets of subsidiaries, jointly controlled entities and associates expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss items are translated at an average rate. Exchange differences are dealt with as a movement in the exchange fluctuation reserve.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

Retirement benefits scheme

The Group operates defined contribution retirement benefits schemes including the scheme set up under the Mandatory Provident Fund Schemes Ordinance, for its employees who are eligible to participate. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. When an employee leaves the Group prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. In respect of the Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme"), the Group's employer contributions vest fully with the employees when contributed into the MPF Scheme except for the Group's voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully.

As stipulated by the regulations of the PRC government, each of the Group's subsidiaries in the PRC participates in the Central Pension Scheme operated by the PRC government for all of their staff. These PRC subsidiaries are required to contribute a certain percentage of their covered payroll to the scheme to fund the benefits. The only obligation of the Group with respect to the scheme is to pay the ongoing required contributions under the scheme. Contributions under the scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

5. REVENUE AND TURNOVER

Turnover represents the net amounts received and receivable from goods sold to customers, less returns and discounts, during the year. Revenue recognised during the year is as follows:

	01.01.2003 – 31.12.2003 ***HK$'000***	01.04.2002 – 31.12.2002 *HK$'000*
Turnover		
Sale of consumer electronic products	**59,070**	137,501
Other revenue		
Others	**475**	2,566
	59,545	140,067

6. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging:

	01.01.2003 – 31.12.2003 *HK$'000*	01.04.2002 – 31.12.2002 *HK$'000*
Staff costs:		
Wages and salaries	**19,525**	22,082
Depreciation	**2,472**	2,517
Minimum lease payments under operating leases in respect of land and buildings	**105**	108
Auditors' remuneration	**60**	90
Impairment loss recognised on interests in subsidiaries not consolidated	**–**	5,666
Indemnified liabilities of subsidiaries not consolidated *(note 10)*	**–**	291,130
Provision against amounts due from subsidiaries not consolidated	**6,056**	578,703
Provision against amounts due from associates	**–**	606

7. FINANCE COSTS

	01.01.2003 – 31.12.2003 *HK$'000*	01.04.2002 – 31.12.2002 *HK$'000*
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**1**	18
Finance leases	**958**	977
	959	995

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	01.01.2003 – 31.12.2003 ***HK$'000***	01.04.2002 – 31.12.2002 *HK$'000*
Directors		
Fees:		
Executive directors	**–**	–
Independent non-executive directors	**–**	–
	–	–
Other emoluments (executive directors):		
Salaries, allowances, benefits in kind and pension costs	**1,996**	4,226
	1,996	4,226

Emoluments of the directors were within the following bands:

	01.01.2003 – 31.12.2003 ***Number of directors***	01.04.2002 – 31.12.2002 *Number of directors*
Nil to HK$1,000,000	**9**	6
HK$1,000,001 – HK$1,500,000	**–**	3
	9	9

There was no arrangement under which a director waived or agreed to waive remuneration during the year/period.

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

During the year, the five highest paid individuals included three (for the period from 1 April 2002 to 31 December 2002: four) executive directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining highest paid individual were as follows:

	01.01.2003 – 31.12.2003 ***HK$'000***	01.04.2002 – 31.12.2002 *HK$'000*
Salaries and other benefits	**719**	702
	719	702

Their emoluments were within the following bands:

	01.01.2003 – 31.12.2003 ***Number of directors***	01.04.2002 – 31.12.2002 *Number of directors*
Nil to HK$1,000,000	**2**	1

9. TAXATION

In the opinion of the Directors, no provision for taxation had been made in the accounts for the year ended 31 December 2003 and for the period ended 31 December 2002 as the Group did not have any assessable profits for both year/period.

10. INDEMNIFIED LIABILITIES OF SUBSIDIARIES NOT CONSOLIDATED

The Company has given indemnities to certain bankers and vendors of its subsidiaries and associates, which are at present under liquidation or their assets are now under seizure pursuant to the court orders for the unsettled claims, in respect of loans advanced and services rendered to those subsidiaries and associates. The Company's obligations under these indemnities crystallised upon default payment on the part of those subsidiaries and associates .

11. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders for the year ended 31 December 2003 dealt with in the accounts of the Company was HK$695,000 (for the period ended 31.12.2002: HK$564,521,000).

12. LOSS PER SHARE

The calculation of the basic loss per share for the year ended 31 December 2003 is based on the loss attributable to shareholders for the year of HK$35,697,000 (for the period ended 31 December 2002: HK$896,854,000) and the weighted average number of 8,076,257,020 ordinary shares (for the period ended 31 December 2002: 8,076,257,020 ordinary shares) in issue.

The diluted loss per share for each of the year/period ended 31 December 2003 and 31 December 2002 has not been shown as the effect of the dilutive potential ordinary shares for those year/period was anti-dilutive.

13. FIXED ASSETS

Group

	Land and buildings *HK$'000*	**Plant and machinery** *HK$'000*	**Furniture, fixtures and equipment** *HK$'000*	**Total** *HK$'000*
Cost:				
At 1 January 2003	28,996	35,967	6,577	71,540
Additions	–	1,616	142	1,758
Exchange realignment	2,921	3,623	663	7,207
At 31 December 2003	31,917	41,206	7,382	80,505
Accumulated depreciation and impairment:				
At 1 January 2003	11,657	34,455	5,647	51,759
Provided during the year	958	1,145	369	2,472
Exchange realignment	1,174	3,417	569	5,160
At 31 December 2003	13,789	39,017	6,585	59,391
Net book value:				
At 31 December 2003	18,128	2,189	797	21,114
At 31 December 2002	17,339	1,512	930	19,781

An analysis of the land and buildings of the Group at the balance sheet date is as follows:

	Group	
	2003 ***HK$'000***	2002 *HK$'000*
Freehold properties outside Hong Kong	**31,917**	28,996

13. FIXED ASSETS (Continued)

The assets held under finance leases included in the total amount of fixed assets are as follows:

	Group	
	2003	2002
	HK$'000	*HK$'000*
Net book value	**123**	117

14. INTERESTS IN SUBSIDIARIES

	Company	
	2003	2002
	HK$'000	*HK$'000*
Unlisted shares, at cost	**5,001**	5,001
Due from subsidiaries	**1,285,670**	1,288,670
	1,290,671	1,293,671
Impairment losses and provision for doubtful debts	**(1,290,671)**	(1,290,671)
	–	3,000
Due to subsidiaries	**(5,983)**	(8,086)
	(5,983)	(5,086)

The Directors have formed the opinion that the carrying amount of the Company's investments in subsidiaries of approximately HK$5,001,000 have been impaired and amounts due from these subsidiaries of approximately HK$1,285,670,000 cannot be recovered and, accordingly, such provisions for impairment losses and doubtful debts have been recognised in the accounts.

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

14. INTERESTS IN SUBSIDIARIES (Continued)

Details of the Company's subsidiaries as at 31 December 2003 which have been consolidated in these accounts are as follows:

Name	Nominal value of issued and fully paid ordinary share capital	Attributable equity interest of the Company Direct	Attributable equity interest of the Company Indirect	Principal activities
Great Wall Electronics Group Limited	USD100	100%	–	Investment holding
Lipon Products Limited	USD50,000	–	100%	Investment holding
Great Wall France SA	Euro 6,171,525	–	100%	Manufacture and sale of television products

Notes 1. The subsidiaries, Great Wall Electronics Group Limited and Lipon Products Limited, are incorporated in the British Virgin Islands.

2. The subsidiary, Great Wall France SA, incorporated and operating in France is the only principal subsidiary within the Group having its business of sourcing, manufacturing, marketing, distribution and sales of television and other audio products in Europe.

15. INTERESTS IN SUBSIDIARIES NOT CONSOLIDATED

(a) The consolidated accounts for the year ended 31 December 2003 do not include the following subsidiaries, which (i) are either themselves or their immediate holding companies are in the course of liquidation or (ii) the major assets and production facilities of the subsidiaries have been under seizure by the Mainland China Court Orders as a security for the unsettled claims against the Group. Accordingly, the Directors of the Company were unable to have access to the books and records of these subsidiaries.

15. INTERESTS IN SUBSIDIARIES NOT CONSOLIDATED (Continued)

Details of these subsidiaries where the Directors considered that control to has been lost are as follows:

Name of the principal subsidiaries	Proportion of nominal value of issued capital held by the Company indirectly
Video Epoch Limited (*)	100%
Video Epoch Electronic (Huizhou) Limited	100%
Huizhou City Caixing Electrical Appliance Limited	75%
Huizhou City Hua Xing Packing Material Company Limited	88%
Huizhou City Hang Tung Paper Products Printing Limited	70%
Brilliant Plastic Manufacturing Limited (*)	100%
Brilliant Plastic and Mould Manufacturing (Huizhou) Limited	90%
Brilliant Plastic Industrial (Huizhou) Limited	100%
Art-Tech Speakers Manufacturing (Huizhou City) Limited	67%
Art-Tech Electronics (Huizhou) Limited	100%
Great Wall Industries Company Limited	100%
Guangzhou Rowa Electronics Company Limited	60%

* private company incorporated and operated in Hong Kong

The above subsidiaries were incorporated and operated in the People's Republic of China, except as otherwise noted.

The consolidated accounts do not include the results of these subsidiaries up to the respective dates of appointment of liquidators as ordered by the courts as, in the opinion of the Directors, the accounts prepared on the captioned basis present more fairly the results and state of affairs of the Group as a whole in light of liquidation and seizure of the assets of subsidiaries.

15. INTERESTS IN SUBSIDIARIES NOT CONSOLIDATED (Continued)

(b) The accounts of the Group do not consolidate the accounts of the following subsidiaries set out below as in the opinion of the Directors, the non-consolidation of the results of these subsidiaries would not significantly affect the results of the Group for the year and the cost of obtaining this information would exceed the value of this information to the members of the Company.

Details of these principal subsidiaries not consolidated as at 31 December 2003 are as follows:

Name of the principal subsidiaries	Proportion of nominal value of issued capital held by the Company Directly	Indirectly
Great Wall Capital Management Limited	–	100%
Great Wall Electronics Holding Limited	100%	–
Great Wall Strategic Holdings (BVI) Limited #	–	100%
Shenzhen Rowa Digital Network Technology Limited *	–	90%
Star Source Industries Limited	–	100%
Well Concur Limited	–	100%

incorporated in the British Virgin Islands

* registered and operating in the People's Republic of China as a sino-foreign equity joint venture

The above subsidiaries were incorporated and operating in Hong Kong, except as otherwise noted.

(c) The Directors have formed the opinion that the Group's interests in the above subsidiaries have been impaired and such impairment losses have been recognised in the accounts in previous period.

16. ASSOCIATES

Summary particulars of the Group's principal associates held by subsidiaries not consolidated as at 31 December 2003 were as follows:

Name	Nominal value of issued and fully paid ordinary share capital/ registered capital	Attributable equity interest held by subsidiaries not consolidated	Principal activities
Eltic Electronics Company Limited	HK$5,000,000	50%	Manufacture and sale of audio visual products
Eltic Electronics (Huizhou) Limited *	HK$7,000,000	50%	Manufacture and sale of audio visual products
Great Wall Electronics Limited	HK$1,000 HK$4,000,000 ++	50%	Manufacture and sale of audio products
Welsona Polyfoam Limited	HK$2,500,000	40%	Manufacture and sale of polyfoam products

* Registered and operating in the PRC as a wholly foreign owned enterprise.
++ Non-voting deferred shares.

The above associates were incorporated and operating in Hong Kong, except as otherwise noted.

17. INVENTORIES

	Group	
	2003	2002
	HK$'000	*HK$'000*
Raw materials	**14,604**	20,801
Finished goods	**2,285**	1,845
	16,889	22,646

Due to limited books and records available to the Directors as set out in note 3(iv)(c) to the accounts, the carrying amounts of inventories carried at net realisable value at 31 December 2002 and 31 December 2003 were not obtainable.

18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2003	2002	**2003**	2002
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Accrued liabilities	**16,427**	14,213	**697**	1,137
Other payables	**291,130**	291,130	**291,130**	291,130
	307,557	305,343	**291,827**	292,267

As at 31 December 2003, included in accrued liabilities was a provision of approximately HK$4,000,000 (2002: HK$4,000,000) for certain customs claims in respect of an overseas subsidiary. The final assessment in respect thereof has not been obtained as at the date of approval of these accounts.

19. SHARE CAPITAL

Shares

	Company	
	2003	2002
	HK$'000	*HK$'000*
Authorised:		
25,000,000,000 ordinary shares of HK$0.01 each	**250,000**	250,000
Issued and fully paid:		
8,076,257,020 ordinary shares of HK$0.01 each	**80,763**	80,763

Share options

Due to insufficient information available to the Directors as set out in note 3(iv)(d) to the accounts, no disclosures concerning the share options of the Company have been made in the accounts.

20. RESERVES

Group	Share premium account HK$'000	Capital redemption reserve HK$'000	Contributed surplus account HK$'000	Revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2002	792,011	9,924	145,372	46,564	(11,649)	(598,547)	383,675
Deconsolidation of subsidiaries	–	–	–	(46,564)	(3,822)	–	(50,386)
Exchange realignment	–	–	–	–	10,371	–	10,371
Loss for the period	–	–	–	–	–	(896,854)	(896,854)
At 31 December 2002	792,011	9,924	145,372	–	(5,100)	(1,495,401)	(553,194)
Exchange realignment	–	–	–	–	10,570	–	10,570
Loss for the year	–	–	–	–	–	(35,697)	(35,697)
At 31 December 2003	792,011	9,924	145,372	–	5,470	(1,531,098)	(578,321)

Company	Share premium account HK$'000	Capital redemption account HK$'000	Contributed surplus accounts HK$'000 (Note)	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2002	792,011	9,924	145,372	71,382	(832,035)	186,654
Loss for the period	–	–	–	–	(564,521)	(564,521)
At 31 December 2002	792,011	9,924	145,372	71,382	(1,396,556)	(377,867)
Loss for the year	–	–	–	–	(695)	(695)
At 31 December 2003	792,011	9,924	145,372	'71,382	(1,397,251)	(378,562)

Note: The contributed surplus account of the Company and the Group represents the credit arising from capital reduction.

21. POST BALANCE SHEET EVENTS

Details of post balance sheet events are summarised in notes 2 and 3 to the accounts.

22. APPROVAL OF THE ACCOUNTS

The accounts were approved and authorised for issue by the Board of Directors on 5 November 2004.