



Notes to the Financial Statements

For the year ended 31 December 2003

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company. The activities of the principal subsidiaries and associates are set out in notes 25 and 13 respectively to the financial statements.

The financial statements are expressed in United States dollars, the currency in which most of its transactions are carried out.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard ("HKFRS"s) issued by the Hong Kong Society of Accountants ("HKSA"), and the term of HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP"s) and Interpretations approved by the HKSA:

SSAP 12 (Revised) — Income Taxes

In the current year, the Group has adopted SSAP 12 (Revised) Income Taxes. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions.

The adoption of SSAP 12 (Revised) by the Group has resulted in restatement in the carrying value of unlisted investments in securities and the amount of unrealised holding gains on unlisted investments in securities for periods prior to 2003. Since the Group has recognised the deferred tax liability for periods prior to 2003 in respect of taxation on capital gains for certain investments in securities in the People's Republic of China ("PRC"), the adoption of SSAP 12 (Revised) has not had any significant effect on the results for the current or prior accounting periods.



Notes to the Financial Statements (continued)

For the year ended 31 December 2003

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

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

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Investments in subsidiaries

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

Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates, less any identified impairment loss.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any identified impairment loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contractual joint ventures

The Group's contractual joint venture arrangements are investments in joint ventures in which the Group receives predetermined annual returns over the terms of the joint ventures but is not entitled to share any distribution on termination of the joint ventures. Accordingly, contractual joint ventures are initially recorded at cost and reduced by subsequent capital repayments and any identified impairment loss. Payments receivable each year under the joint venture agreements are apportioned between income and the reduction of the carrying value of the investments so as to give a constant periodic rate of return on the investments.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost. At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any identified impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Revenue recognition

Income from contractual joint ventures is recognised by reference to the predetermined returns so as to give a constant periodic rate of return on the net investments annually.

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.



Notes to the Financial Statements (continued)

For the year ended 31 December 2003

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Foreign currencies

Transactions in foreign currencies other than United States dollars are translated into United States dollars at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than United States dollars are re-translated into United States dollars at the approximate rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the assets and liabilities of the Group's overseas subsidiaries and associates are translated at exchange rate prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Translation differences arising, if any, are classified as equity and transferred to the Group's exchange equalisation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. TURNOVER

Turnover represents the amounts received and receivable on investments during the year as follows:

	THE GROUP	
	2003	2002
	US\$	US\$
Interest income	671,876	872,129
Dividend income from listed investments in securities	120,108	57,703
Dividend income from unlisted investments in securities	2,114,517	1,514,114
	2,906,501	2,443,946

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

5. SEGMENTAL INFORMATION

During the year, the Group was principally involved in investing in companies with significant business involvement in the PRC. Accordingly, no analysis of segment information by principal activity is presented. The Group's turnover, contribution to operating profit, assets and liabilities for the year ended 31 December 2003, analysed by geographical locations of the investee companies, were as follows:

For the year ended 31 December 2003

	Hong Kong US\$	The PRC US\$	Others US\$	Consolidated US\$
TURNOVER				
Group turnover	385,195	2,280,022	241,284	2,906,501
RESULT				
Segment result	1,142,176	15,120,614	210,284	16,473,074
Other operating income	-	-	9,395	9,395
Unallocated corporate expenses	-	-	(2,734,424)	(2,734,424)
Profit from operations	1,142,176	15,120,614	(2,514,745)	13,748,045
Share of results of associates	-	261,272	-	261,272
Profit before taxation	1,142,176	15,381,886	(2,514,745)	14,009,317
Taxation	(696)	(1,919,797)	-	(1,920,493)
Profit attributable to shareholders	1,141,480	13,462,089	(2,514,745)	12,088,824
OTHER INFORMATION				
Write-back of impairment loss recognised in respect of a contractual joint venture	-	144,976	-	144,976

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

5. SEGMENTAL INFORMATION (Continued)

BALANCE SHEET

At 31 December 2003

	Hong Kong US\$	The PRC US\$	Others US\$	Consolidated US\$
ASSETS				
Segment assets	30,893,214	7,387,955	64,121	38,345,290
Investments in associates	-	15,511,720	-	15,511,720
Investments in securities	2,078,984	87,233,543	3,751,424	93,063,951
Consolidated total assets	32,972,198	110,133,218	3,815,545	146,920,961
LIABILITIES				
Segment liabilities	710,379	7,356,697	-	8,067,076

For the year ended 31 December 2002

	Hong Kong US\$	The PRC US\$ (Restated)	Others US\$	Consolidated US\$ (Restated)
TURNOVER				
Group turnover	459,544	1,794,894	189,508	2,443,946
RESULT				
Segment result	(815,312)	9,425,109	189,508	8,799,305
Other operating income	-	-	34,303	34,303
Unallocated corporate expenses	-	-	(2,738,703)	(2,738,703)
Profit from operations	(815,312)	9,425,109	(2,514,892)	6,094,905
Finance costs	-	(115,706)	-	(115,706)
Share of results of associates	-	407,410	-	407,410
Profit before taxation	(815,312)	9,716,813	(2,514,892)	6,386,609
Taxation	(4,257)	(1,794,717)	-	(1,798,974)
Profit attributable to shareholders	(819,569)	7,922,096	(2,514,892)	4,587,635
OTHER INFORMATION				
Write-back of impairment loss recognised in respect of contractual joint ventures	-	100,153	-	100,153
Impairment loss recognised in respect of a contractual joint venture	-	(2,401,975)	-	(2,401,975)

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

5. SEGMENTAL INFORMATION (Continued)

BALANCE SHEET

At 31 December 2002

	Hong Kong US\$	The PRC US\$ (Restated)	Others US\$ (Restated)	Consolidated US\$ (Restated)
ASSETS				
Segment assets	31,372,162	3,107,707	24,895	34,504,764
Investments in associates	–	16,322,474	–	16,322,474
Investments in contractual joint ventures	–	2,578,025	–	2,578,025
Investments in securities	4,608,265	73,779,547	3,141,023	81,528,835
Consolidated total assets	35,980,427	95,787,753	3,165,918	134,934,098
LIABILITIES				
Segment liabilities	959,777	5,734,189	–	6,693,966

6. PROFIT BEFORE TAXATION

	THE GROUP 2003 US\$	2002 US\$
Profit before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	49,917	51,208
Net foreign exchange (gains) losses	(32,717)	7,746
Investment manager's fee	2,443,692	2,358,469
Interest expense on bank loans repayable within five years	–	115,706
Directors' fees	32,055	39,230

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

7. DIRECTORS' EMOLUMENTS

	THE GROUP	
	2003	2002
	US\$	US\$
Directors' fees		
– Executive	15,387	15,384
– Non-executive	16,668	23,846
	32,055	39,230
Other emoluments		
– Salaries and other benefits	–	–
– Contribution to retirement benefits schemes	–	–
– Performance related incentive payment	–	–
– Incentive payment on joining	–	–
	–	–
	32,055	39,230

Emoluments paid to each director in 2003 and 2002 were less than US\$125,000.

The amounts disclosed above include directors' fees of US\$10,257 (2002: US\$12,820) paid or payable to independent non-executive directors.

8. EMPLOYEES' EMOLUMENTS

The five highest paid individuals in the Group in 2003 and 2002 were all directors of the Company and details of their emoluments are included in note 7 above.

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

9. TAXATION

The profits tax charge for the year comprises:

	THE GROUP	
	2003	2002
	US\$	US\$
		<i>(Restated)</i>
The Company and its subsidiaries		
Current tax:		
Hong Kong	696	4,257
Other regions in the PRC	2,937	–
	3,633	4,257
Deferred taxation (<i>Note 17</i>)	1,861,449	1,725,532
	1,865,082	1,729,789
Share of taxation on results of associates		
Other regions in the PRC	55,411	69,185
	1,920,493	1,798,974

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

9. TAXATION (Continued)

Hong Kong profits tax is calculated at 17.5% (2002: 16%) on the estimated assessable profits for the year. Taxation arising in other regions in the PRC is calculated at the rates prevailing in the relevant regions.

The profits tax charge for the year can be reconciled to the profit per the income statement as follows:

	THE GROUP	
	2003	2002
	US\$	US\$
Profit before taxation	14,009,317	6,386,609
Tax at the domestic income tax rate of 17.5% (2002: 16%)	2,451,630	1,021,857
Effect of different tax rates of associates in other regions in the PRC	(25,312)	3,999
Tax effect of expenses not deductible for tax purpose	1,244,078	949,200
Tax effect of income not taxable for tax purpose	(1,246,930)	(789,323)
Tax effect of deferred tax assets not recognised	115,972	251,442
Tax effect of tax losses not recognised	–	244,808
Utilisation of tax losses previously not recognised	(118,592)	–
Effect of different tax rates of subsidiaries operating in other regions in the PRC	(500,557)	112,734
Others	204	4,257
Profits tax charge	1,920,493	1,798,974

10. DIVIDENDS

	2003	2002
	US\$	US\$
Interim dividend paid – US0.5 cents (2002: US0.5 cents) per share	685,728	685,728
Final dividend proposed – US0.8 cents (2002: US0.8 cents) per share	1,097,165	1,097,165
	1,782,893	1,782,893

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

11. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	THE GROUP 2003	2002
Earnings for the purpose of basic earnings per share (US\$)	12,088,824	4,587,635
Number of ordinary shares for the purpose of basic earnings per share	137,145,600	137,145,600

12. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY 2003 US\$	2002 <i>US\$</i>
Unlisted shares, at cost	10,001,645	10,001,647
Amounts due from subsidiaries	71,284,851	77,651,330
Less: Impairment loss recognised	(13,238,990)	(21,232,686)
	68,047,506	66,420,291

Particulars of the Company's principal subsidiaries at 31 December 2003 are set out in note 25.

13. INTERESTS IN ASSOCIATES

	THE GROUP 2003 US\$	2002 <i>US\$</i>
Share of net assets	12,252,697	12,864,487
Amounts due from associates	11,034,452	11,033,416
	23,287,149	23,897,903
Less: Impairment loss recognised	(7,775,429)	(7,575,429)
	15,511,720	16,322,474

The amounts due from associates are classified under non-current assets as the directors are of the opinion that they will not be repaid in the forthcoming year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

13. INTERESTS IN ASSOCIATES (Continued)

As at 31 December 2003, the Group had investments in the following associates:

Name of company	Place of incorporation/ operation	Class of share held	Principal activities	Proportion of nominal value of issued capital/ registered capital held by the Group
Daily On Property Limited	HK/PRC	Ordinary	Property development	22%
Hansen Enterprises Limited	British Virgin Islands ("BVI")/PRC	Ordinary	Property investment	35%
Zhaoyuan Jinbao Electronics Company Limited	PRC/PRC	Registered capital	Manufacturing electronics products	30%
Langfang Oriental Education Facilities Development Company Limited	PRC/PRC	Registered capital	Dormitories investment	25%
Chenzhou Heshang Environmental Protection Company Limited (<i>Note</i>)	PRC/PRC	Registered capital	Landfill operation	30%

Note: Capital has not yet been injected.

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

14. CONTRACTUAL JOINT VENTURE

	THE GROUP	
	2003	2002
	US\$	US\$
Unlisted shares	2,578,025	14,980,000
Less: Disposal during the year	(2,578,025)	(10,000,000)
Impairment loss recognised	–	(2,401,975)
	–	2,578,025

Particulars of the contractual joint venture at 31 December 2003 are as follows:

Name	Principal activity	Expiry date of joint venture
Wei Fang Yin Yuan Aviation Industry Co., Ltd.	Airport construction and operation	4 May 2009

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

15. INVESTMENTS IN SECURITIES

THE GROUP

	Held to maturity securities		Other investments		Total	
	2003	2002	2003	2002	2003	2002
	US\$	US\$	US\$	US\$	US\$	US\$
				(Restated)		(Restated)
Equity securities:						
Listed	-	-	1,434,904	3,967,015	1,434,904	3,967,015
Unlisted	-	-	87,275,849	73,821,854	87,275,849	73,821,854
	-	-	88,710,753	77,788,869	88,710,753	77,788,869
Debt securities:						
Listed	2,740,117	-	-	-	2,740,117	-
Unlisted	644,081	3,739,966	969,000	-	1,613,081	3,739,966
	3,384,198	3,739,966	969,000	-	4,353,198	3,739,966
Total:						
Listed						
Hong Kong	-	-	1,368,672	3,967,015	1,368,672	3,967,015
Elsewhere	2,740,117	-	66,232	-	2,806,349	-
Unlisted	644,081	3,739,966	88,244,849	73,821,854	88,888,930	77,561,820
	3,384,198	3,739,966	89,679,753	77,788,869	93,063,951	81,528,835
Market value						
of listed securities	2,766,753	-	1,434,904	3,967,015	4,201,657	3,967,015

Carrying amount analysed for reporting purposes as:

	Held to maturity securities		Other investments		Total	
	2003	2002	2003	2002	2003	2002
	US\$	US\$	US\$	US\$	US\$	US\$
				(Restated)		(Restated)
Current	1,684,727	2,010,589	-	-	1,684,727	2,010,589
Non-current	1,699,471	1,729,377	89,679,753	77,788,869	91,379,224	79,518,246
	3,384,198	3,739,966	89,679,753	77,788,869	93,063,951	81,528,835

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

15. INVESTMENTS IN SECURITIES (Continued)

Particulars of the Group's unlisted investment portfolio which exceed 10% of the assets of the Group at 31 December 2003 disclosed pursuant to Section 129(2) of the Companies Ordinance are as follows:

Name	Place of incorporation	Class of share capital	Percentage of equity held by the Group
China Merchants Bank Company, Limited	PRC	Equity	1.19%
Industrial Bank Company, Limited	PRC	Equity	2.80%

16. TRADE AND OTHER RECEIVABLES

	THE GROUP 2003 US\$	2002 US\$
Trade receivables	573,654	251,401
Interest receivable	135,097	101,550
Other receivables	20,614	90,138
	729,365	443,089

All the trade receivables of the Group are aged within 6 months.

17. DEFERRED TAXATION

The Group's deferred tax liability relates to the taxation on capital gains for certain investments in securities in the PRC. The following is the deferred tax liability recognised by the Group and movements thereon during the current and prior years:

	THE GROUP 2003 US\$	2002 US\$
Balance at 1 January		
– as previously reported	–	–
– adjustment on adoption of SSAP 12 (Revised)	5,475,335	3,749,803
– as restated	5,475,335	3,749,803
Charge to income statement for the year	1,861,449	1,725,532
Balance at 31 December	7,336,784	5,475,335

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

17. DEFERRED TAXATION (Continued)

At the balance sheet date, the Group has deductible temporary differences and unused tax losses available for offsetting against future taxable profits of US\$2,211,876 (2002: US\$1,571,512) and US\$3,128,314 (2002: US\$3,774,985) respectively. No deferred tax asset has been recognised in relation to such deductible temporary differences and tax losses due to the unpredictability of future relevant taxable profit against which the deductible temporary differences and tax losses can be utilised.

18. SHARE CAPITAL

	2003 & 2002 US\$
Authorised:	
150,000,000 ordinary shares of US\$0.10 each	15,000,000
Issued and fully paid:	
137,145,600 ordinary shares of US\$0.10 each	13,714,560

19. RESERVES

	Share premium US\$	THE COMPANY Retained profits US\$	Total US\$
Balance at 1 January 2002	81,525,984	2,090,299	83,616,283
Profit for the year	–	1,510,582	1,510,582
Final dividend paid for 2001	–	(1,097,165)	(1,097,165)
Interim dividend paid for 2002	–	(685,728)	(685,728)
Balance at 1 January 2003	81,525,984	1,817,988	83,343,972
Profit for the year	–	1,195,438	1,195,438
Final dividend paid for 2002	–	(1,097,165)	(1,097,165)
Interim dividend paid for 2003	–	(685,728)	(685,728)
Balance at 31 December 2003	81,525,984	1,230,533	82,756,517

The amount of the Company's reserves available for distribution to shareholders, calculated in accordance with generally accepted accounting principles in Hong Kong, was US\$1,230,533 (2002: US\$1,817,988).

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

20. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of US\$138,853,885 (2002: US\$128,240,132) and 137,145,600 ordinary shares (2002: 137,145,600 ordinary shares) of US\$0.10 each in issue.

21. DISPOSAL OF A SUBSIDIARY

	2003 US\$	2002 US\$
Net assets disposed of:		
Interest in a contractual joint venture	2,718,847	–
Satisfied by:		
Cash consideration	3,000,000	–
Expenses incurred in connection with the disposal of a subsidiary	(281,153)	–
	2,718,847	–

The subsidiary disposed of during the year did not have any significant impact on the operating results of the Group.

22. LEASE COMMITMENTS

At 31 December 2003, the Group and the Company had no commitments under non-cancellable operating leases (2002: Nil).

23. CAPITAL COMMITMENTS

At 31 December 2003, the Group had the following commitments:

	2003 US\$	2002 US\$
Capital expenditure contracted but not provided for in the financial statements in respect of:		
– unlisted investment in securities	–	1,200,000
– investment in an associate	2,537,219	–

The Company had no significant capital commitment at the balance sheet date.

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

24. RELATED PARTY TRANSACTION

The Company has appointed China Merchants China Investment Management Limited as the Investment Manager for both listed and unlisted investments. Certain directors of the Company are also directors and/or shareholders of the Investment Manager.

During the year, management fees totalling US\$2,443,692 (2002: US\$2,358,469) were paid or payable to the Investment Manager, which is calculated based on a fixed percentage on the value of the Group's assets as stipulated in the Agreement. The amounts owing to the Investment Manager at 31 December 2003 were US\$624,633 (2002: US\$631,595).

25. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of all subsidiaries at 31 December 2003, which are all wholly-owned and directly held by the Company, are as follows:

Name	Place of incorporation/ operation	Principal activities	Particulars of issued share capital
CMCDI Zhaoyuan Limited	BVI	Investment holding	1 ordinary share of US\$1 each (Limited liability company)
China Merchants Industry Development (Shenzhen) Limited	PRC	Investment holding	Paid up capital of US\$10,000,000 (Wholly owned foreign enterprise)
Everich Dynamic Investments Limited	BVI	Investment holding	1 ordinary share of US\$1 each (Limited liability company)
Foster Overseas Limited	BVI	Investment holding	1 ordinary share of US\$1 each (Limited liability company)
Head Union Development Limited	HK	Investment holding	2 ordinary shares of HK\$1 each (Limited liability company)
Ryan Pacific Limited	BVI	Investment holding	1 ordinary share of US\$1 each (Limited liability company)

Notes to the Financial Statements (continued)

For the year ended 31 December 2003

25. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Principal activities	Particulars of issued share capital
Star Group Limited	HK	Investment holding	2 ordinary shares of HK\$1 each (Limited liability company)
Sinovest Limited	BVI	Investment holding	1 ordinary share of US\$1 each (Limited liability company)
Wheaton International Limited	BVI	Investment holding	1 ordinary share of US\$1 each (Limited liability company)
Woodford Pacific Limited	BVI	Investment holding	1 ordinary share of US\$1 each (Limited liability company)

None of the subsidiaries had any debt securities subsisting at 31 December 2003 or at any time during the year.