

Notes to the Financial Statements

For the year ended 31 December 2004

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 26 and 15 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. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as “new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004.

The Group has considered these new HKFRSs but does not expect that the issuance of these new HKFRSs will have a material effect on how the results of operations and financial position of the Group are prepared and presented.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 plus unamortised goodwill, 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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in securities (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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 assets 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.

4. TURNOVER

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

	THE GROUP	
	2004 US\$	2003 US\$
Interest income	646,252	671,876
Dividend income from listed investments in securities	146,110	120,108
Dividend income from unlisted investments in securities	1,877,981	2,114,517
	2,670,343	2,906,501

5. GAIN ON DISPOSAL OF A CONTRACTUAL JOINT VENTURE

It represents gain on disposal of a contractual joint venture which has been fully written off in previous years.

6. FINANCE COSTS

	THE GROUP	
	2004 US\$	2003 US\$
Interest on bank loans wholly repayable within five years	74,023	–

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

7. 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 segmental information by principal activity is presented. The Group's turnover, contribution to operating profit, assets and liabilities for the year ended 31 December 2004, analysed by geographical locations of the investee companies, were as follows:

	Hong Kong US\$	The PRC US\$	Others US\$	Consolidated US\$
For the year ended 31 December 2004				
TURNOVER				
Group turnover	356,499	2,107,769	206,075	2,670,343
RESULT				
Segment result	871,936	2,367,902	206,075	3,445,913
Other operating income	–	–	13,876	13,876
Unallocated corporate expenses	–	–	(2,951,880)	(2,951,880)
Profit from operations	871,936	2,367,902	(2,731,929)	507,909
Finance costs	–	(74,023)	–	(74,023)
Share of results of associates	–	902,761	–	902,761
Profit before taxation	871,936	3,196,640	(2,731,929)	1,336,647
Taxation	(3,162)	(231,008)	–	(234,170)
Profit attributable to shareholders	868,774	2,965,632	(2,731,929)	1,102,477
BALANCE SHEET At 31 December 2004				
ASSETS				
Segment assets	23,672,506	10,291,844	39,293	34,003,643
Investments in associates	–	17,909,420	–	17,909,420
Investments in securities	4,075,857	87,759,741	3,666,767	95,502,365
Consolidated total assets	27,748,363	115,961,005	3,706,060	147,415,428
LIABILITIES				
Segment liabilities	920,462	–	–	920,462
Taxation payable and deferred taxation	–	7,464,428	–	7,464,428
	920,462	7,464,428	–	8,384,890

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

7. SEGMENTAL INFORMATION (Continued)

	Hong Kong US\$	The PRC US\$	Others US\$	Consolidated US\$
For the year ended 31 December 2003				
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
BALANCE SHEET				
At 31 December 2003				
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	–	–	710,379
Taxation payable and deferred taxation	–	7,356,697	–	7,356,697
	710,379	7,356,697	–	8,067,076

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

8. PROFIT BEFORE TAXATION

	THE GROUP	
	2004	2003
	US\$	US\$
Profit before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	52,506	49,917
Net foreign exchange gains	(13,206)	(32,717)
Investment manager's fee	2,622,984	2,443,692
Directors' fees	37,308	32,055

9. DIRECTORS' EMOLUMENTS

	THE GROUP	
	2004	2003
	US\$	US\$
Directors' fees		
– Executive	15,436	15,387
– Non-executive	21,872	16,668
	37,308	32,055
Other emoluments		
– Salaries and other benefits	–	–
– Contribution to retirement benefits schemes	–	–
– Performance related incentive payment	–	–
– Incentive payment on joining	–	–
	37,308	32,055

Emoluments paid to each director in 2004 and 2003 were less than US\$125,000.

The amounts disclosed above include directors' fees of US\$10,291 (2003: US\$10,257) paid or payable to independent non-executive directors.

10. EMPLOYEES' EMOLUMENTS

The five highest paid individuals in the Group in 2004 and 2003 were all directors of the Company and details of their emoluments are included in note 9 above.

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

11. TAXATION

The profits tax charge for the year comprises:

	THE GROUP	
	2004	2003
	US\$	US\$
The company and its subsidiaries		
Current tax:		
Hong Kong	3,162	696
Other regions in the PRC	–	2,937
	3,162	3,633
Deferred taxation (Note 18)	113,755	1,861,449
	116,917	1,865,082
Share of taxation on results of associates		
Other regions in the PRC	117,253	55,411
	234,170	1,920,493

Hong Kong profits tax is calculated at 17.5% (2003: 17.5%) 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	
	2004	2003
	US\$	US\$
Profit before taxation	1,336,647	14,009,317
Tax at the domestic income tax rate of 17.5%	233,913	2,451,630
Effect of different tax rates of associates in other regions in the PRC	(40,730)	(25,312)
Tax effect of expenses not deductible for tax purpose	495,251	1,244,078
Tax effect of income not taxable for tax purpose	(487,241)	(1,246,930)
Tax effect of deferred tax assets not recognised	86,877	115,972
Utilisation of tax losses previously not recognised	(65,291)	(118,592)
Effect of different tax rates of subsidiaries operating in other regions in the PRC	8,231	(500,557)
Others	3,160	204
Profit tax charge	234,170	1,920,493

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

12. DIVIDENDS

	2004 US\$	2003 US\$
Interim dividend paid - Nil (2003: US0.5 cents) per share	–	685,728
Final dividend proposed - US0.7 cents (2003: US0.8 cents) per share	960,019	1,097,165
	960,019	1,782,893

The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

13. EARNINGS PER SHARE

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

	THE GROUP	
	2004	2003
Earnings for the purpose of basic earnings per share (US\$)	1,102,477	12,088,824
Number of ordinary shares for the purpose of basic earnings per share	137,145,600	137,145,600

14. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2004 US\$	2003 US\$
Unlisted shares, at cost	10,001,645	10,001,645
Amounts due from subsidiaries	72,449,923	71,284,851
Less: Allowance on amounts due from subsidiaries	(9,091,357)	(13,238,990)
	73,360,211	68,047,506

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

Particulars of the Company's principal subsidiaries at 31 December 2004 are set out in note 26.

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

15. INTERESTS IN ASSOCIATES

	THE GROUP	
	2004	2003
	US\$	US\$
Share of net assets	12,091,020	10,963,323
Amounts due from associates	12,304,455	11,034,452
	24,395,475	21,997,775
Less: Allowance on amounts due from associates	(6,486,055)	(6,486,055)
	17,909,420	15,511,720

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.

As at 31 December 2004, 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	PRC/PRC	Registered capital	Landfill operation	30%

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

16. INVESTMENTS IN SECURITIES

	Held to		THE GROUP Other		Total	
	maturity securities		investments			
	2004 US\$	2003 US\$	2004 US\$	2003 US\$	2004 US\$	2003 US\$
Equity securities:						
Listed	-	-	1,232,216	1,434,904	1,232,216	1,434,904
Unlisted	-	-	87,603,382	87,275,849	87,603,382	87,275,849
	-	-	88,835,598	88,710,753	88,835,598	88,710,753
Debt securities:						
Listed	2,697,767	2,740,117	-	-	2,697,767	2,740,117
Unlisted	3,000,000	644,081	969,000	969,000	3,969,000	1,613,081
	5,697,767	3,384,198	969,000	969,000	6,666,767	4,353,198
Total:						
Listed						
Hong Kong	-	-	1,075,857	1,368,672	1,075,857	1,368,672
Elsewhere	2,697,767	2,740,117	156,359	66,232	2,854,126	2,806,349
Unlisted	3,000,000	644,081	88,572,382	88,244,849	91,572,382	88,888,930
	5,697,767	3,384,198	89,804,598	89,679,753	95,502,365	93,063,951
Market value of listed securities	2,749,415	2,766,753	1,232,216	1,434,904	3,981,631	4,201,657

Carrying amount analysed for reporting purposes as:

	Held to		Other		Total	
	maturity securities		investments			
	2004 US\$	2003 US\$	2004 US\$	2003 US\$	2004 US\$	2003 US\$
Current	-	1,684,727	-	-	-	1,684,727
Non-current	5,697,767	1,699,471	89,804,598	89,679,753	95,502,365	91,379,224
	5,697,767	3,384,198	89,804,598	89,679,753	95,502,365	93,063,951

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

16. INVESTMENTS IN SECURITIES (Continued)

Particulars of the Group's unlisted investment portfolio which exceed 10% of the assets of the Group at 31 December 2004 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	2.10%

17. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2004 US\$	2003 US\$
Trade receivables	3,898	573,654
Interest receivable	98,018	135,097
Other receivables	22,001	20,614
	123,917	729,365

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

18. 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	
	2004 US\$	2003 US\$
Balance at 1 January		
– as previously reported	7,336,784	–
– adjustment on adoption of SSAP 12 (Revised)	–	5,475,335
– as restated	7,336,784	5,475,335
Charge to income statement for the year	113,755	1,861,449
Balance at 31 December	7,450,539	7,336,784

At the balance sheet date, the Group has deductible temporary differences and unused tax losses available for offsetting against future taxable profits of US\$2,715,979 (2003: US\$2,211,876) and US\$2,727,296 (2003: US\$3,128,314) 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.

19. SHARE CAPITAL

	2004 & 2003 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

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

20. RESERVES

	THE COMPANY		
	Share premium US\$	Retained profits US\$	Total US\$
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 1 January 2004	81,525,984	1,230,533	82,756,517
Profit for the year	–	871,971	871,971
Final dividend paid for 2003	–	(1,097,165)	(1,097,165)
Balance at 31 December 2004	81,525,984	1,005,339	82,531,323

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\$1,005,339 (2003: US\$1,230,533).

21. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of US\$139,030,538 (2003: US\$138,853,885) and 137,145,600 ordinary shares (2003: 137,145,600 ordinary shares) of US\$0.10 each in issue.

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

22. DISPOSAL OF A SUBSIDIARY

	2004 US\$	2003 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 2003 did not have any significant impact on the operating results of the Group.

23. LEASE COMMITMENTS

At 31 December 2004, the Group and the Company had no commitments under non-cancellable operating leases (2003: Nil).

24. CAPITAL COMMITMENTS

At 31 December 2004, the Group had the following commitments:

	THE GROUP	
	2004 US\$	2003 US\$
Capital expenditure contracted but not provided for in the financial statements in respect of:		
– unlisted investment in securities (<i>Note</i>)	15,312,613	–
– investment in an associate	–	2,537,219

Note: During the year, the Group entered into an agreement with Yong Cheng Mei Dian (Group) Limited to acquire 6.8167% in China Credit Trust Company Limited (“CCT”) for a consideration of US\$15.31 million, which is subject to the approval of China Banking Regulatory Commission. The core businesses of CCT include trust management, fund management, investments and loan financing.

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

25. 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\$2,622,984 (2003: US\$2,443,692) 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 2004 were US\$646,115 (2003: US\$624,633).

26. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of all subsidiaries at 31 December 2004, 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)
Head Union Development Limited	HK	Investment holding	2 ordinary shares of HK\$1 each (Limited liability company)

Notes to the Financial Statements (continued)

For the year ended 31 December 2004

26. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Principal activities	Particulars of issued share capital
Ryan Pacific Limited	BVI	Investment holding	1 ordinary share of US\$1 each (Limited liability company)
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)
Wisetech Limited	BVI	Dormant	1 ordinary share of US\$1 each (Limited liability company)

None of the subsidiaries had any debt securities subsisting at 31 December 2004 or at any time during the year.