



JINHUI HOLDINGS COMPANY LIMITED



ANNUAL REPORT **2002**

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Corporate Information

EXECUTIVE DIRECTORS

Ng Siu Fai, *Chairman and Managing Director*
Ng Kam Wah Thomas
Ng Ki Hung Frankie
Ho Kin Lung
Ho Suk Lin

NON-EXECUTIVE DIRECTORS

So Wing Hung Peter
Cui Jian Hua
Tsui Che Yin Frank

COMPANY SECRETARY

Ho Suk Lin

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Citibank N.A.
Deutsche Schiffsbank Aktiengesellschaft
DVB NedshipBank
The Hongkong and Shanghai Banking
Corporation Limited

AUDITORS

Moores Rowland

SHARE REGISTRARS

Standard Registrars Limited
Ground Floor
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai, Hong Kong

REGISTERED OFFICE

26th Floor
Yardley Commercial Building
1-6 Connaught Road West
Hong Kong

WEBSITE

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CONTACTS

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Chairman's Statement

RESULTS

The consolidated turnover of the Company and its subsidiaries (the "Group") for the year ended 31 December 2002 amounted to HK\$756,179,000, representing a decrease of 13% from the consolidated turnover of HK\$864,485,000 for 2001. The Group's consolidated net loss for the year was HK\$62,339,000 as compared with a net loss of HK\$18,456,000 for last year. The basic loss per share for the year was HK11.85 cents as compared with basic loss per share of HK3.51 cents for 2001.

The year 2002 was a difficult year for the Group in the overall bearish economic conditions. Though the freight rates picked up especially during the last quarter, the prolonged high operation costs greatly affected the shipping industry. During the year, the overall performance of the Group was also adversely affected by a provision for a claim receivable and exchange loss as a result of the drastic and unexpected rebound of Japanese Yen and weakening of United States Dollars.

DIVIDENDS

The board of directors (the "Board") has resolved not to recommend the payment of any final dividend for the year (2001: Nil). As interim dividend has also not been declared in the year (2001: Nil), there will be no dividend distribution for the whole year of 2002 (2001: Nil).

BUSINESS REVIEW

Chartering freight and hire. The start of the year was gloomy with freight rates staying low while the costs seemed inexorably to rise. During the year, the global economy still underwent slow recovery but the freight rates picked up due to strong demands. The Baltic Dry Index opened at 876, increased steadily to above 1,000 during mid of the year and then rose impressively since September 2002 to end the year at 1,738.

BALTIC DRY INDEX



Chairman's Statement

BUSINESS REVIEW *(Continued)*

The increase in freight rates has a positive impact on the Group's chartering activities but the operating costs such as fuel costs and maintenance expenses still remained high throughout the year. The chartering turnover was HK\$543,641,000 for the year, representing a decrease of 11% as compared to that of last year. The Group's shipping business ran at a loss of HK\$3,220,000 for the year whereas a profit of HK\$9,804,000 was reported last year.

Meanwhile, the Group remains its strategy of expanding well-equipped vessels. During the year, three motor vessels namely "Jin Tai", "Jin Kang" and "Jin Ping" were delivered respectively in January, March and September 2002 as scheduled. On the other hand, the Group entered into agreements during the year to dispose two 1985 built motor vessels "Jin Yi" and "Jin Sheng" which were delivered to the buyers respectively in mid November 2002 and mid January 2003.

Trading. Affected by the downturn of the economy, the turnover for the Group's trading business, mainly of industrial chemical products, was HK\$209,098,000 for the year, representing a decrease of 16% as compared to that of last year. The Group's trading business recorded an operating profit of HK\$5,152,000 for the year as compared to the operating profit of HK\$10,333,000 for 2001.

Investments in China. The operating results of the Group's investments in China improved from a loss of HK\$3,240,000 for 2001 to a profit of HK\$4,854,000 for the year. It was partly attributable to a gain on termination of the investment in toll road located in Zhongshan, the People's Republic of China, upon receipt of an amount of approximately HK\$15,600,000, that is, the original cost of the investment.

Other operations. The Group's other operations recorded an operating loss of HK\$96,076,000 for the year. It was partly attributable to a provision of HK\$30,200,000 made for a claim receivable from China Nonferrous Metals Group (Hong Kong) Limited ("CNMG") as an order for winding-up CNMG was issued by the High Court of Hong Kong on 8 May 2002. This claim receivable was transacted in 2000 whereby CNMG agreed to, inter alia, make certain cash payments (which amounted in aggregate to approximately HK\$57 million) by instalments in full and final settlement of the claims against various defendants in the proceedings for specific performance and damages in relation to, inter alia, the failure of certain defendants to subscribe shares in Jinhui Shipping and Transportation Limited, an approximately 50.9% owned subsidiary of the Company. During the year, the Group also suffered from the realized and unrealized exchange loss as a result of the drastic and unexpected rebound of Japanese Yen and the weakening of United States Dollars. Contrary to year 2002, the Group's other operations for 2001 recorded a profit of HK\$40,276,000 mainly derived from the exchange gain as a result of the weakening of Japanese Yen. The Group has foreign currency exposures in Japanese Yen mainly derived from the borrowings in Japanese Yen to finance the payments for the deliveries of newbuildings of motor vessels in recent years.

Chairman's Statement

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. The deliveries of the three dry bulk vessels, namely "Jin Tai", "Jin Kang" and "Jin Ping" during the year were mainly funded by bank loans. As a result, the Group's bank borrowings increased to HK\$790,310,000 as at 31 December 2002 (2001: HK\$540,148,000), of which 13%, 8%, 24% and 55% are repayable respectively within one year, one to two years, two to five years and over five years. All borrowing facilities were committed on a floating rate basis and were denominated mainly in United States Dollars and Japanese Yen. The total of the Group's pledged deposits, bank balances and cash decreased to HK\$116,444,000 as at 31 December 2002 (2001: HK\$214,995,000). The gearing ratio, as calculated on the basis of total borrowings over shareholders' equity, increased to 177% as at 31 December 2002 (2001: 106%). Should market conditions require, the Group would consider appropriate foreign exchange and interest rate hedging products to mitigate the Group's exposure.

Pledge of assets. As at 31 December 2002, the Group's fixed assets of HK\$1,154,813,000 (2001: HK\$891,533,000), short-term investments of HK\$21,399,000 (2001: HK\$19,000,000), deposits of HK\$30,470,000 (2001: HK\$7,369,000) and shares of several ship owning companies were pledged together with the assignment of chartering income of these ship owning companies to secure credit facilities utilized by the Group.

Capital expenditures and commitments. Out of the Group's capital expenditures totalling HK\$408,736,000 for the year (2001: HK\$319,992,000), approximately HK\$407,558,000 (2001: HK\$314,179,000) were spent on the constructions of the Group's owned vessels.

As at 31 December 2002, the Group had no material capital expenditure commitment. As at 31 December 2001, there were outstanding capital commitments relating to the newbuildings of three dry bulk vessels at a total purchase price of approximately HK\$494,910,000 and the total amount contracted but not provided for, net of deposits paid, was approximately HK\$395,226,000.

Contingent liabilities. Except for certain guarantees amounting to HK\$293,000 as at 31 December 2002 (2001: HK\$486,000) granted by the Group to third parties in their ordinary course of businesses, the Group had no other contingent liabilities.

EMPLOYEES

As at 31 December 2002, the Group had approximately 140 full-time employees and 289 crew (2001: 130 full-time employees and 237 crew). The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits. The Group has not adopted any share option scheme during the year.

Chairman's Statement

PROPOSED SHARE CONSOLIDATION

The Board intends to effect a consolidation (the "Share Consolidation") of every 10 issued and unissued existing shares of HK\$0.10 each in the capital of the Company into 1 consolidated share of HK\$1.00 each. The Board believes that the proposed Share Consolidation is beneficial to the Company and its shareholders as a whole. The forthcoming annual general meeting of the Company will be convened to approve resolutions including an ordinary resolution regarding the proposed Share Consolidation. A circular containing further information on the proposed Share Consolidation and a notice of the forthcoming annual general meeting will be despatched to the shareholders of the Company together with the annual report.

OUTLOOK

The middle east war and threats from terrorists have enormous influences on the economic activities; the fundamentals of the global economy do not look promising. Although the shipping market has enjoyed greatly improved rates over the past few months, the outlook for the near future is full of uncertainty and volatility. In particular, the rise in oil prices is a concern for the shipping industry as well as other industries. A regain of business confidence and an improvement in the health of the global economy would be the main driving forces in the long run. While focusing on the core shipping business, the Group will continue taking efforts to improve efficiency, reduce the operating costs and remain conscious to the changing market conditions in mapping out its business and investment strategies.

APPRECIATION

I would like to take this opportunity to express my gratitude to my colleagues on the Board for their valuable contribution and to the staff for their hard work, commitment and dedication throughout the year.

By Order of the Board

Ng Siu Fai

Chairman

Hong Kong, 9 April 2003

Financial Highlights

FIVE-YEAR FINANCIAL SUMMARY

	2002	2001	2000	1999	1998
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fixed assets	1,387,830	1,112,779	908,476	769,413	755,757
Intangible asset	134	148	163	173	183
Interests in associates	(28)	(28)	(1,402)	344	1,561
Other investments	40,320	54,151	69,209	96,826	194,382
Other non-current assets	26,188	3,626	47,346	11,765	–
Current assets	272,794	425,192	407,569	469,006	532,925
Current liabilities	(240,180)	(266,545)	(252,243)	(220,843)	(243,055)
Non-current liabilities	(690,665)	(426,844)	(267,964)	(92,756)	(125,908)
Minority interests	(349,218)	(392,969)	(383,200)	(437,312)	(476,043)
Net assets	447,175	509,510	527,954	596,616	639,802
Issued capital	52,624	52,624	52,624	52,624	52,624
Reserves	394,551	456,886	475,330	543,992	587,178
	447,175	509,510	527,954	596,616	639,802
Turnover	756,179	864,485	699,458	731,589	1,024,529
(Loss) Profit from operations	(89,290)	57,173	66,831	(79,888)	(157,420)
Provision for impairment loss of fixed assets	–	(56,597)	(157,579)	–	–
Provision for impairment loss of goodwill	–	–	–	(50,886)	–
Share of results of associates	–	(133)	141	(139)	(398)
Interest income	6,113	18,147	28,223	21,177	27,706
Interest expenses	(22,250)	(24,454)	(17,431)	(16,393)	(25,635)
Loss before taxation	(105,427)	(5,864)	(79,815)	(126,129)	(155,747)
Taxation	(667)	(325)	(503)	(318)	(39)
Loss from ordinary activities after taxation	(106,094)	(6,189)	(80,318)	(126,447)	(155,786)
Minority interests	43,755	(12,267)	51,595	29,348	44,125
Net loss for the year	(62,339)	(18,456)	(28,723)	(97,099)	(111,661)
Basic loss per share (HK cents)	(11.85)	(3.51)	(5.46)	(18.45)	(21.21)

Directors' Report

The directors submit herewith their annual report and the audited financial statements of the Group for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The Company is an investment holding company. The subsidiaries are principally engaged in the businesses of ship chartering, ship owning, trading, transportation and warehousing.

Segmental information of the Group for the year ended 31 December 2002 is set out in note 28 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2002 are set out in the consolidated income statement on page 15.

The Board does not recommend the payment of a dividend (2001: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 7.

FIXED ASSETS

Details of movements in fixed assets of the Group during the year are set out in note 11 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 35 to the financial statements.

SECURED BANK LOANS AND OVERDRAFTS

Details of the secured bank loans and overdrafts of the Company and the Group at balance sheet date are set out in note 21 to the financial statements.

RESERVES

Details of the movements in reserves of the Company and the Group during the year are set out in note 23 to the financial statements.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

Turnover attributable to the largest and the five largest customers accounted for approximately 7% and 28% respectively of the total turnover of the Group for the year.

Purchases attributable to the largest and the five largest suppliers accounted for approximately 21% and 54% respectively of the total purchases of the Group for the year.

None of the directors, their associates or any shareholders which to the best knowledge of the directors own more than 5% of the Company's share capital had interest in any of the five largest customers or the five largest suppliers.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK\$72,000.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Executive Directors:

- Mr. Ng Siu Fai
- Mr. Ng Kam Wah Thomas
- Mr. Ng Ki Hung Frankie
- Mr. Ho Kin Lung
- Ms. Ho Suk Lin

Non-executive Directors:

- Mr. So Wing Hung Peter
- Mr. Cui Jian Hua
- Mr. Tsui Che Yin Frank

In accordance with the Company's Articles of Association, Mr. Tsui Che Yin Frank will retire from office at the forthcoming Annual General Meeting and, being eligible, will offer himself for re-election.

None of the directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Report

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ng Siu Fai, *Chairman and Managing Director*

Aged 46. Appointed as a director of the Company in 1991 and the chairman of Jinhui Shipping and Transportation Limited ("Jinhui Shipping"), an approximately 50.9% owned subsidiary of the Company and with its shares listed on the Oslo Stock Exchange, in 1994. As one of the two original founders of the Group in 1987, his responsibility is to formulate strategic planning for the Group as well as oversee all aspects of the Group's operations. Mr. Ng has more than 20 years of experience in the shipping industry, of which over 10 years are in business management and China trade.

Mr. Ng is a brother of Messrs. Ng Kam Wah Thomas and Ng Ki Hung Frankie, both are directors of the Company (as disclosed hereinafter).

Mr. Ng Kam Wah Thomas, *Executive Director*

Aged 40. Appointed as a director of the Company in 1991 and the managing director of Jinhui Shipping in 1994. Mr. Ng is the other founder of the Group in 1987 and is responsible for the overall responsibility of Jinhui Shipping with particular emphasis in chartering. Mr. Ng holds a bachelor's degree in arts from the University of Guelph in Canada and a diploma in management studies, specializing in shipping, from the Plymouth Polytechnic in the United Kingdom.

Mr. Ng Ki Hung Frankie, *Executive Director*

Aged 49. Appointed as a director of the Company in 1991 and a director of Jinhui Shipping in 1994. Mr. Ng is responsible for the Group's investments in China as well as lighterage and feeder services. Mr. Ng has more than 20 years of working experience in the shipping industry particularly in areas of agency shipping, lighterage and feeder services between Hong Kong and China.

Mr. Ho Kin Lung, *Executive Director*

Aged 57. Joined the Group in 1987 and was appointed as a director of the Company in 1991. Mr. Ho is responsible for the ship management department. He has more than 20 years of working experience in shipping industry.

Ms. Ho Suk Lin, *Executive Director and Company Secretary*

Aged 39. Appointed as the company secretary of the Company in 1991, a director of the Company in 1993 and a director and the company secretary of Jinhui Shipping in 1994. Ms. Ho is responsible for the Group's financial controls and secretarial matters. Ms. Ho has over 17 years of working experience in finance and management. Prior to joining the Group in 1991, she worked in an international accounting firm. Ms. Ho is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants.

Directors' Report

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Mr. So Wing Hung Peter, *Non-executive Director*

Aged 50. Appointed as a director of the Company and Jinhui Shipping in 1994. Mr. So has extensive experience in international finance gained from his senior management positions in major international banks and financial institutions in Hong Kong and London. He is currently an executive director and chief operating officer of Pacific Century Insurance Limited (Hong Kong listed) as well as a director of various other companies listed in Hong Kong and London. Mr. So is an associate member of the Chartered Institute of Management Accountants and the Institute of Financial Services.

Mr. Cui Jian Hua, *Independent Non-executive Director*

Aged 48. Appointed as an independent non-executive director of the Company in 1993. Mr. Cui has extensive experience gained from his management positions in various China related entities. He is currently the managing director of Poco International Company Limited and R.M.H. Limited. Mr. Cui holds a Master of Arts degree from McMaster University, Canada.

Mr. Tsui Che Yin Frank, *Independent Non-executive Director*

Aged 45. Appointed as an independent non-executive director of the Company in 1994. Mr. Tsui has extensive experience in direct investment and merchant banking with key management responsibilities for investments and operations in China. He is currently an executive director of Melco International Development Limited (Hong Kong listed) as well as a director of various other listed companies in Hong Kong. Mr. Tsui holds a Master of Business Administration degree from the Chinese University of Hong Kong and a law degree from the University of London. Mr. Tsui is a member of the Certified General Accountants' Association of Canada and the Hong Kong Securities Institute.

DIRECTORS' INTERESTS IN CONTRACTS

Other than as disclosed in note 31 to the financial statements, no other contracts of significance to which the Company, its holding company, a fellow subsidiary or a subsidiary was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Report

DIRECTORS' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

At balance sheet date, the directors had the following interests in the share capital of the Company and its associated corporations which is required to be recorded in the Register of Directors' Interests pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies:

Name	Type of Interests	The Company No. of shares	Jinhui Shipping No. of shares
Mr. Ng Siu Fai	Interests other than personal, family and corporation	<i>Note</i>	<i>Note</i>
Mr. Ng Kam Wah Thomas	Interests other than personal, family and corporation	<i>Note</i>	<i>Note</i>
Mr. Ng Ki Hung Frankie	Interests other than personal, family and corporation	<i>Note</i>	<i>Note</i>
Mr. So Wing Hung Peter	Family interests	2,500,000	15,000

Note: Lorimer Limited, in its capacity as trustee of the Ng Hing Po 1991 Trust, is the legal owner of the entire issued share capital of Fairline Consultants Limited which is the legal and beneficial owner of 303,856,282 shares of the Company and 494,049 shares of Jinhui Shipping at balance sheet date. The Ng Hing Po 1991 Trust is a discretionary trust, the eligible beneficiaries of which include members of the Ng family. Both Messrs. Ng Siu Fai and Ng Kam Wah Thomas are directors of Fairline Consultants Limited.

Save as disclosed herein, none of the directors or their associates had any interest either beneficially or non-beneficially in any shares of the Company, its holding company or any of its subsidiaries and associated corporations within the meaning of the SDI Ordinance at balance sheet date and at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors or any of their spouses or children under eighteen years of age to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report

SUBSTANTIAL SHAREHOLDERS

According to the register of substantial shareholders maintained under section 16(1) of the SDI Ordinance, at balance sheet date the following shareholder had an interest representing 10% or more of the issued share capital of the Company:

Name of shareholder	No. of shares in the Company
Fairline Consultants Limited	303,856,282

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the year.

AUDIT COMMITTEE

The Audit Committee has been established since 1998. The Committee meets regularly with the senior management and the Company's auditors to review the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The members of the Committee are Messrs. So Wing Hung Peter, Cui Jian Hua and Tsui Che Yin Frank, all of whom are non-executive directors of the Company.

CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that the non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the forthcoming Annual General Meeting of the Company in accordance with the Company's Articles of Association.

AUDITORS

A resolution will be submitted to the forthcoming Annual General Meeting to re-appoint the Messrs. Moores Rowland, *Chartered Accountants, Certified Public Accountants* as auditors.

On behalf of the Board
Ng Kam Wah Thomas
Executive Director

Hong Kong, 9 April 2003

Auditors' Report



To the members

Jinhui Holdings Company Limited

(incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 15 to 54 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

Moore's Rowland

Chartered Accountants

Certified Public Accountants

Hong Kong, 9 April 2003

Consolidated Income Statement

Year ended 31 December 2002

	Note	2002 HK\$'000	2001 HK\$'000
Turnover	2	756,179	864,485
Other operating income		54,859	75,002
Voyage related expenses		(470,012)	(543,463)
Cost of trading goods sold		(180,815)	(226,270)
Staff costs		(34,235)	(39,453)
Other operating expenses		(61,890)	(70,342)
Other net (expenses) income		(85,173)	53,841
Depreciation and amortization		(68,203)	(56,627)
(Loss) Profit from operations	3	(89,290)	57,173
Provision for impairment loss of fixed assets		-	(56,597)
Share of results of associates		-	(133)
Interest income		6,113	18,147
Interest expenses	4	(22,250)	(24,454)
Loss before taxation		(105,427)	(5,864)
Taxation	7	(667)	(325)
Loss from ordinary activities after taxation		(106,094)	(6,189)
Minority interests		43,755	(12,267)
Net loss for the year	8	(62,339)	(18,456)
Basic loss per share (HK cents)	10	(11.85)	(3.51)

Balance Sheets

At 31 December 2002

	Note	Group		Company	
		2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
ASSETS AND LIABILITIES					
Non-current assets					
Fixed assets	11	1,387,830	1,112,779	-	-
Intangible asset	12	134	148	-	-
Interests in subsidiaries	13	-	-	501,331	520,539
Interests in associates	14	(28)	(28)	-	-
Other investments	15	40,320	54,151	5,000	5,000
Other non-current assets	16	26,188	3,626	-	-
		1,454,444	1,170,676	506,331	525,539
Current assets					
Inventories	17	31,107	20,687	-	-
Short-term investments	18	31,376	29,394	4,684	1,735
Trade receivables	19	67,012	78,296	-	-
Prepayments, deposits and other receivables		26,855	81,820	166	289
Pledged deposits	26(b)	30,470	7,369	-	-
Bank balances and cash		85,974	207,626	515	708
		272,794	425,192	5,365	2,732
Current liabilities					
Trade payables	20	57,104	68,553	-	-
Accrued charges and other payables		82,966	84,301	3,251	517
Taxation		465	387	-	-
Secured bank loans	21	62,538	65,785	-	-
Secured bank overdrafts	21	37,107	47,519	15,354	7,474
		240,180	266,545	18,605	7,991
Net current assets (liabilities)		32,614	158,647	(13,240)	(5,259)
Total assets less current liabilities		1,487,058	1,329,323	493,091	520,280
Non-current liabilities					
Secured bank loans	21	690,665	426,844	-	-
Minority interests		349,218	392,969	-	-
Net assets		447,175	509,510	493,091	520,280

Balance Sheets

At 31 December 2002

	Note	Group		Company	
		2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
CAPITAL AND RESERVES					
Issued capital	22	52,624	52,624	52,624	52,624
Reserves	23	394,551	456,886	440,467	467,656
		447,175	509,510	493,091	520,280

Approved and authorized for issue by the Board of Directors on 9 April 2003

Ng Siu Fai
Chairman and Managing Director

Ng Kam Wah Thomas
Executive Director

Statements of Changes in Equity

Year ended 31 December 2002

Group	2002 HK\$'000	2001 <i>HK\$'000</i>
Shareholders' equity at 1 January	509,510	527,954
Exchange reserve arising on consolidation	4	6
Release on disposal of an associate	-	6
Net gains not recognized in the income statement	4	12
Net loss for the year	(62,339)	(18,456)
Shareholders' equity at 31 December	447,175	509,510
Company		
Shareholders' equity at 1 January	520,280	557,565
Net loss for the year	(27,189)	(37,285)
Shareholders' equity at 31 December	493,091	520,280

Consolidated Cash Flow Statement

Year ended 31 December 2002

	Note	2002 HK\$'000	2001 HK\$'000
OPERATING ACTIVITIES			
Cash generated from operations	24(a)	20,257	173,347
Interest paid		(22,127)	(26,388)
Hong Kong Profits Tax paid		(589)	(455)
Net cash (used in) generated from operating activities		(2,459)	146,504
INVESTING ACTIVITIES			
Purchase of fixed assets		(408,736)	(319,992)
Proceeds from disposal of fixed assets, other than investment properties		43,725	929
Proceeds from disposal of an investment property		4,840	1,415
Proceeds from termination of investment in toll road		13,650	–
Proceeds from disposal of a subsidiary	24(b)	1,000	–
Interest received		6,313	20,106
Net amount of loan advanced		(866)	–
Dividend and investment income received, including toll income received		14,797	9,374
Net borrowings to associates		–	(43)
Net cash used in investing activities		(325,277)	(288,211)
FINANCING ACTIVITIES			
New bank loans		343,161	270,292
Repayment of bank loans		(103,564)	(58,967)
(Increase) Decrease in pledged deposits		(23,101)	40,473
Dividend paid to minority shareholders		–	(2,500)
Net cash generated from financing activities		216,496	249,298
Net (decrease) increase in cash and cash equivalents		(111,240)	107,591
Cash and cash equivalents at 1 January		160,107	52,516
Cash and cash equivalents at 31 December	24(c)	48,867	160,107

Notes to the Financial Statements

Year ended 31 December 2002

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants (“HKSA”), accounting principles generally accepted in Hong Kong and the Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the principal accounting policies adopted by the Group is set out below.

Impact of new and revised Statements of Standard Accounting Practice (“SSAPs”)

The Group has adopted the new and revised SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002. The new and revised SSAPs having significant effects on the Group are:

SSAP 1 (revised)	Presentation of financial statements
SSAP 11 (revised)	Foreign currency translation
SSAP 15 (revised)	Cash flow statements
SSAP 34	Employee benefits

Presentation of financial statements

The principal impact of the revision to this SSAP is that the Group is required to prepare a statement of changes in equity instead of a consolidated statement of recognized gains and losses and reconciliation of movements in consolidated shareholders’ funds.

Foreign currency translation

The principal impact of the revision to this SSAP is that the income statements of overseas subsidiaries are translated at average rates for the year, rather than translated at the applicable rates of exchange ruling at the balance sheet date. In previous years, the income statements of overseas subsidiaries were translated at the applicable rates of exchange ruling at balance sheet date. The change in the treatment of such items in the current year has, however, had no significant effect on these financial statements.

Cash flow statements

This revised SSAP requires classifying cash flows during the year into operating, investing and financing activities when preparing the cash flow statement. Cash flows arising from taxes on income are disclosed separately under operating activities unless they can be specifically identified with financing or investing activities.

Employee benefits

The adoption of this SSAP has resulted in no significant change to the previously adopted accounting treatments for employee benefits.

Notes to the Financial Statements

Year ended 31 December 2002

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties, leasehold land and buildings and motor vessels and improvement and the marking to market of certain investments in securities, as explained in the accounting policies set out below.

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 dealt with in the consolidated income statement from or up to their effective dates of acquisition or disposal respectively.

All material inter-company transactions and balances within the Group are eliminated on consolidation.

Goodwill

Goodwill or negative goodwill arising on consolidation represents the excess or deficit of the consideration paid over the fair value of the Group's share of net assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions which occurred prior to 1 January 2001 is eliminated against consolidated reserves and subject to assessments of impairment of goodwill in accordance with SSAP 31. Negative goodwill is credited to a capital reserve.

Goodwill arising from acquisitions after 1 January 2001 is recognized as an intangible asset and is amortized on a straight-line basis over its estimated useful life not exceeding 20 years. Any negative goodwill arising on acquisition is presented as a deduction from goodwill and is released to the income statement based on an analysis of the circumstances from which the balance resulted.

On disposal of a subsidiary, the attributable amount of unamortized goodwill or unreleased negative goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably.

Revenue from the operations of ship chartering or owning business is recognized on the percentage of completion basis measured by time proportion.

Income from trading is recognized when goods are delivered and title has passed.

Notes to the Financial Statements

Year ended 31 December 2002

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Income from transportation is recognized in the period when services are provided.

Income from warehousing is recognized in the period in which the properties are let out and on the straight-line basis over the lease terms.

Dividend and investment income are recognized when the shareholders' rights to receive payment have been established.

Other interest income is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.

Drydocking, repairs and survey costs

Vessel repairs and survey costs are expensed as incurred. Drydocking and special survey costs are deferred and written off over the drydocking cycle of two to three years. Upon disposal of vessels, any relevant costs not yet written off are transferred to the income statement.

Foreign currencies

Transactions involving foreign currencies are translated at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the applicable rates of exchange ruling at that date. Translation differences are included in the income statement.

On consolidation, the balance sheet of overseas subsidiaries is translated at the applicable rates of exchange ruling at the balance sheet date while the income statement is translated at an average rate for the year. All exchange differences arising on consolidation are dealt with in reserves.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases.

Hire income and payments applicable to operating leases in respect of time charters are recognized as revenue and expenses on the percentage of completion basis. Rental receivables and payables in respect of other operating leases are recognized as revenue and expenses respectively on the straight-line basis over the lease terms.

Notes to the Financial Statements

Year ended 31 December 2002

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognized in the financial statements. The tax effect of timing differences, computed using the liability method, is recognized as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallize in the foreseeable future. A deferred tax asset is not recognized unless its realization is assured beyond reasonable doubt.

Employee benefits

The Group operates a defined contribution retirement scheme and a mandatory provident fund scheme.

The obligations for contributions to defined contribution retirement scheme are recognized as expenses in the income statement as incurred and are reduced by forfeited contributions of those employees who leave the scheme prior to vesting fully in the contributions. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Contributions to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the income statement when incurred.

Fixed assets

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long-term basis for their investment potential. Investment properties are stated at their open market values on the basis of annual professional valuations. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is included in the income statement. Upon the disposal of investment properties, the relevant portion of the investment property revaluation reserve realized in respect of previous valuations will be included in the income statement.

Leasehold land and buildings are stated at cost less accumulated depreciation and impairment losses, except for a leasehold land and building which is stated at valuation made in 1994 by a professional valuer on an open market existing use basis less accumulated depreciation and impairment losses.

Property under development and *vessels under construction* are stated at cost less provision for impairment loss.

Motor vessels and improvement acquired before May 1994 are stated at the average valuation made by three firms of shipbrokers at open market value on a charter free basis in 1994 less accumulated depreciation and impairment losses. For motor vessels and improvement acquired after May 1994, they are stated at cost less accumulated depreciation and impairment losses.

Notes to the Financial Statements

Year ended 31 December 2002

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Fixed assets (Continued)

Other fixed assets are stated at cost less accumulated depreciation and impairment losses.

Advantage has been taken of the transitional relief provided by paragraph 80 of SSAP 17 "Property, plant and equipment" issued by the HKSA from the requirement to make regular revaluation of certain leasehold land and buildings and motor vessels and improvement which had been carried at revalued amounts prior to 30 September 1995, and accordingly no further revaluation of the entire class of leasehold land and buildings and motor vessels and improvement is carried out.

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. Expenditures incurred in restoring assets to their normal working conditions are charged to the income statement. Improvements are capitalized and depreciated over their expected useful lives.

The gain or loss arising from the disposal or retirement of assets is determined as the difference between the net sale proceeds and the carrying amount of the assets and is recognized as income or expense in the income statement.

Depreciation of fixed assets

No depreciation is provided in respect of investment properties with an unexpired lease term of over 20 years as well as property under development and vessels under construction until they are completed.

Depreciation is provided to write off the cost or valuation of motor vessels over their estimated useful lives, after taking into account their estimated residual values, using straight-line method over the estimated useful life of 25 years from date on which they become fully operational.

Depreciation is provided to write off the costs or valuation of other fixed assets (as specified below) over their estimated useful lives from the date on which they become fully operational and after taking into account their estimated residual values, using the straight-line method as follows:

Leasehold land	over the unexpired term of lease
Buildings	3% per annum
Vessel's improvement	20% – 40% per annum
Plant and machinery	20% per annum
Leasehold improvement	20% – 30% per annum
Utility vessels, furniture and equipment	6% – 25% per annum

Intangible asset

Intangible asset represents transfer fee for club entrance and is amortized on a straight-line basis over 20 years.

Notes to the Financial Statements

Year ended 31 December 2002

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Subsidiaries

A subsidiary, in accordance with the Companies Ordinance, is an enterprise, in which the Company, directly or indirectly, holds more than half of the voting power or issued share capital, or controls the composition of the board of directors or equivalent governing body. An investment in a controlled subsidiary is consolidated into the consolidated financial statements. In the Company's balance sheet, investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investment is reduced to its recoverable amount on an individual basis.

Associates

An associate is an enterprise, in which the Company has significant influence and which is neither a subsidiary nor a joint venture of the Company.

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 the premium paid or less any discount on acquisition in so far as the premium or discount has not already been written off or amortized.

When the Group transacts with its associates, unrealized profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealized losses provide evidence of an impairment of the asset transferred.

Other investments

Toll road

Cost of investment in toll road is amortized on an annuity basis over the period of right during which toll income is accrued. The investment in toll road is stated at cost less accumulated amortization and impairment losses. The profit or loss on termination of investment in toll road is accounted for in the period in which the termination occurs as the difference between net proceeds receivable and the carrying amount of the investment in toll road.

Co-operative joint ventures

Investments made by means of joint venture structures which do not result in the Group having joint control with other venturers are accounted for as other investments (where the Group exercises neither control nor significant influence). Investments in co-operative joint ventures are stated at cost less accumulated amortization and impairment losses. Costs of investments in co-operative joint ventures are amortized over the respective duration of the joint venture contracts. Investment income is recognized on a receivable basis and in accordance with the provisions of the joint venture agreements. The profit sharing arrangement may not coincide with the proportion of the capital contribution from the joint venture partners. At the end of the joint venture period, the title to all assets of the joint venture will be reverted to the joint venture partners.

Notes to the Financial Statements

Year ended 31 December 2002

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Other investments *(Continued)*

Unlisted club debentures

Unlisted club debentures are stated at cost and subject to impairment review at each reporting date to reflect any impairment in their values, which is expected to be other than temporary. The amount of impairment loss is recognized as an expense in the period in which the decline occurs. The profit or loss on disposal of unlisted club debentures is accounted for in the period in which the disposal occurs as the difference between net sales proceeds and the carrying amount of the debentures.

Short-term investments

Short-term investments in securities are stated at their fair values in the balance sheet. The unrealized holding gains or losses for short-term investments in securities are included in the income statement.

The profit or loss on disposal of short-term investments in securities is accounted for in the period in which the disposal occurs as the difference between net sales proceeds and the carrying amount of the securities.

Inventories

Inventories comprise ship stores, which include bunker fuel stores, and trading goods.

Initial ship stores are capitalized as part of the costs of the vessels. Subsequent purchases of ship stores are charged as operating expenses to the extent that they are consumed during the year. Ship stores unused at the balance sheet date are carried forward as inventories at the lower of cost and net realizable value. Trading goods are stated at the lower of cost and net realizable value.

Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit (the smallest identifiable group of assets that generates cash inflows from continuing use independently) to which the asset belongs.

Notes to the Financial Statements

Year ended 31 December 2002

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impairment of assets *(Continued)*

Calculation of recoverable amount (Continued)

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Reversals of impairment loss

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Expenditures for which a provision has been recognized are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation.

Cash equivalents

For the purpose of consolidated cash flow statement, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, net of bank overdrafts.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments as the principal reporting format and geographical segments analysis as secondary reporting format for the purposes of these financial statements.

Notes to the Financial Statements

Year ended 31 December 2002

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Segment reporting (Continued)

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment capital expenditures are the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year. Unallocated items mainly comprise financial assets, bank overdrafts, financing expenses and minority interests.

2. TURNOVER AND REVENUE

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the businesses of ship chartering, ship owning, trading, transportation and warehousing.

Turnover and revenue recognized by category are analyzed as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Turnover		
Chartering freight and hire:		
Hire income under time charter from owned vessels	215,403	191,970
Other chartering freight and hire income	328,238	421,286
Trading	209,098	248,087
Transportation and warehousing	3,440	3,142
	756,179	864,485
Other revenue		
Dividend and investment income from co-operative joint ventures	9,759	8,172
Interest income	6,113	18,147
	772,051	890,804

Notes to the Financial Statements

Year ended 31 December 2002

3. (LOSS) PROFIT FROM OPERATIONS

This is stated after charging (crediting):

	Group	
	2002	2001
	HK\$'000	<i>HK\$'000</i>
Auditors' remuneration	675	675
Cost of inventories	230,481	266,798
Hire payments under time charters	238,645	316,997
Operating lease charges in respect of land and buildings	5,102	4,667
Exchange loss (gain), including unrealized provision, for foreign currency exposures	55,356	(51,726)
Loss on disposal/written off of fixed assets, other than investment properties	4,699	483
Loss on disposal of an investment property	860	385
Loss on disposal of a subsidiary and an associate	–	176
Net loss on disposal of short-term investments, including unrealized holding loss of HK\$10,131,000 (2001: HK\$7,456,000)	10,888	20,471
Gain on termination of investment in toll road	(4,222)	–
Provision for impairment loss of other investments (included in other operating expenses)	114	11,700
Provision for impairment loss of fixed assets (included in other operating expenses)	12,661	–
Revaluation deficit of investment properties	2,000	500
Provision for (Write-back of provision for) bad and doubtful debts	1,980	(8,249)
Provision for claim receivable	30,200	–
Write-back of claims provision	–	(5,460)
Retirement benefits scheme contributions net of forfeited contributions of HK\$345,000 (2001: HK\$1,190,000)	1,485	975
Gross rental income of HK\$912,000 (2001: HK\$1,045,000) net of outgoings from operating leases on investment properties	(873)	(963)

Notes to the Financial Statements

Year ended 31 December 2002

4. INTEREST EXPENSES

	Group	
	2002 HK\$'000	2001 HK\$'000
Interests on bank loans and overdrafts:		
Wholly repayable within five years	6,780	12,061
Not wholly repayable within five years	15,470	12,393
	22,250	24,454

5. DIRECTORS' EMOLUMENTS

	Group	
	2002 HK\$'000	2001 HK\$'000
Directors' fees	5,972	5,972
Other emoluments:		
Salaries and other benefits	4,088	4,086
Retirement benefits scheme contributions	89	89
	10,149	10,147

The directors' emoluments included fee of HK\$60,000 (2001: HK\$60,000) paid to the non-executive directors during the year.

Emoluments of the directors were within the following bands:

	Number of directors	
	2002	2001
HK\$0 – HK\$1,000,000	4	4
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$2,000,001 – HK\$2,500,000	1	1
HK\$2,500,001 – HK\$3,000,000	1	1
HK\$3,000,001 – HK\$3,500,000	1	1
	8	8

Notes to the Financial Statements

Year ended 31 December 2002

6. EMPLOYEES' EMOLUMENTS

The five highest paid individuals included four (2001: four) directors whose details of emoluments are set out in note 5 above. Emoluments of the remaining one (2001: one) individual were as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Salaries and other benefits	1,808	1,786
Retirement benefits scheme contributions	30	30
	1,838	1,816

The emoluments of the remaining one (2001: one) individual with the highest paid were within the following band:

	Number of individual	
	2002	2001
HK\$1,500,001 – HK\$2,000,000	1	1

7. TAXATION

	Group	
	2002 HK\$'000	2001 HK\$'000
The Company and its subsidiaries:		
Hong Kong Profits Tax:		
Current year	670	230
(Over) Under-provision in respect of prior years	(3)	95
	667	325

Notes to the Financial Statements

Year ended 31 December 2002

7. TAXATION (Continued)

Hong Kong Profits Tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the year. In the opinion of the directors, substantial portion of the Group's income neither arose in nor derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax. The Group is also not subject to taxation in any other jurisdictions in which the Group operates.

The major components of deferred taxation not credited for the year are as follows:

	Group	
	2002	2001
	HK\$'000	HK\$'000
Excess of depreciation over tax allowances	(6,845)	(289)
Tax losses arising	(7,655)	(59)
	(14,500)	(348)

8. NET LOSS FOR THE YEAR

The net loss for the year included a loss of HK\$27,189,000 (2001: HK\$37,285,000) which has been dealt with in the financial statements of the Company.

9. DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year (2001: Nil). As interim dividend has also not been declared in the year (2001: Nil), there will be no dividend distribution for the whole year of 2002 (2001: Nil).

10. LOSS PER SHARE

Basic loss per share for the year is calculated on the net loss for the year of HK\$62,339,000 (2001: HK\$18,456,000) and on the weighted average number of 526,242,488 (2001: 526,242,488) shares in issue during the year.

Diluted loss per share is not presented as there is no potential ordinary share in issue in both years.

Notes to the Financial Statements

Year ended 31 December 2002

11. FIXED ASSETS

Group

	Investment properties	Leasehold land and buildings	Property under development	Motor vessels and improvement	Vessels under construction	Plant and machinery	Leasehold improvement, utility vessels, furniture and equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation								
At 1 January 2002	23,500	210,670	69,356	1,361,671	103,181	1,300	32,650	1,802,328
Additions	-	-	-	8,171	399,387	-	1,178	408,736
Disposals/Write off	(5,700)	-	-	(113,401)	-	-	(1,653)	(120,754)
Revaluation	(2,000)	-	-	-	-	-	-	(2,000)
Transfer upon completion	-	-	-	502,568	(502,568)	-	-	-
At 31 December 2002	15,800	210,670	69,356	1,759,009	-	1,300	32,175	2,088,310
Accumulated depreciation and impairment losses								
At 1 January 2002	-	131,177	54,356	476,184	-	957	26,875	689,549
Charge for the year	-	1,558	-	61,072	-	84	2,186	64,900
Eliminated on disposals/written off	-	-	-	(65,019)	-	-	(1,611)	(66,630)
Impairment loss for the year	-	7,686	-	4,975	-	-	-	12,661
At 31 December 2002	-	140,421	54,356	477,212	-	1,041	27,450	700,480
Net book value								
At 31 December 2002	15,800	70,249	15,000	1,281,797	-	259	4,725	1,387,830
At 1 January 2002	23,500	79,493	15,000	885,487	103,181	343	5,775	1,112,779
Analysis of cost or valuation of fixed assets								
At 31 December 2002								
At cost	-	157,670	69,356	1,414,327	-	1,300	32,175	1,674,828
At professional valuation in:								
1994	-	53,000	-	344,682	-	-	-	397,682
2002	15,800	-	-	-	-	-	-	15,800
	15,800	210,670	69,356	1,759,009	-	1,300	32,175	2,088,310

Notes to the Financial Statements

Year ended 31 December 2002

11. FIXED ASSETS (Continued)

Investment property of the Group was revalued at balance sheet date by Midland Surveyors Limited, independent professional surveyors, on an open market value basis.

If the following classes of fixed assets had not been revalued at balance sheet date, their carrying amounts at cost less accumulated depreciation and impairment losses would have been:

	Group	
	2002	2001
	HK\$'000	HK\$'000
Leasehold land and buildings	70,249	79,493
Motor vessels and improvement	1,281,797	885,487

All motor vessels and improvement and investment properties are held for use under operating leases.

Net book values of the Group's properties are analyzed as follows:

	Group	
	2002	2001
	HK\$'000	HK\$'000
Medium term lease:		
property under development in Hong Kong	15,000	15,000
Long term leases:		
leasehold land and buildings in Hong Kong	69,962	79,187
leasehold land and buildings outside Hong Kong	287	306
investment property in Hong Kong	15,800	23,500
	101,049	117,993

Notes to the Financial Statements

Year ended 31 December 2002

12. INTANGIBLE ASSET

	Group	
	2002 HK\$'000	2001 HK\$'000
Transfer fee for club entrance		
Cost		
At 1 January and at 31 December	250	250
Accumulated amortization		
At 1 January	102	87
Charge for the year	14	15
At 31 December	116	102
Net book value		
At 31 December	134	148

13. INTERESTS IN SUBSIDIARIES

	Company	
	2002 HK\$'000	2001 HK\$'000
Listed shares on the Oslo Stock Exchange, at cost	351,702	351,702
Unlisted shares, at cost	13	13
	351,715	351,715
Due from subsidiaries, net of provision	153,462	172,394
Due to subsidiaries	(3,846)	(3,570)
	501,331	520,539

Details of the Company's principal subsidiaries are set out in note 35 to the financial statements.

The market value of one of the subsidiaries, Jinhui Shipping, whose shares are listed on the Oslo Stock Exchange, amounted to approximately HK\$66,321,000 (2001: HK\$56,678,000) at balance sheet date.

Notes to the Financial Statements

Year ended 31 December 2002

14. INTERESTS IN ASSOCIATES

	Group	
	2002 HK\$'000	2001 HK\$'000
Share of net assets	23	23
Due to associates	(51)	(51)
	(28)	(28)

15. OTHER INVESTMENTS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Toll road, at cost	15,600	15,600	-	-
Less: Accumulated amortization	(6,172)	(5,414)	-	-
Eliminated on termination	(9,428)	-	-	-
	-	10,186	-	-
Co-operative joint ventures, at cost	78,648	78,648	-	-
Less: Accumulated amortization	(21,722)	(19,191)	-	-
Accumulated impairment losses	(24,016)	(24,016)	-	-
	32,910	35,441	-	-
Unlisted club debentures, at cost	8,524	8,524	5,000	5,000
Less: Provision for impairment loss	(114)	-	-	-
Disposal	(1,000)	-	-	-
	7,410	8,524	5,000	5,000
Unlisted investments, at cost	11,700	11,700	-	-
Less: Provision for impairment loss	(11,700)	(11,700)	-	-
	-	-	-	-
	40,320	54,151	5,000	5,000

Notes to the Financial Statements

Year ended 31 December 2002

16. OTHER NON-CURRENT ASSETS

	Group	
	2002 HK\$'000	2001 HK\$'000
Deferred drydocking expenses, at cost	14,398	14,539
Less: Amount written off	(10,210)	(10,913)
	4,188	3,626
Loan receivable	26,000	23,000
Less: Amount included in current assets	(4,000)	(23,000)
Loan receivable due over one year	22,000	–
	26,188	3,626

17. INVENTORIES

	Group	
	2002 HK\$'000	2001 HK\$'000
Ship stores	1,639	2,435
Trading goods	29,468	18,252
	31,107	20,687

Inventories at balance sheet date were carried at cost.

Notes to the Financial Statements

Year ended 31 December 2002

18. SHORT-TERM INVESTMENTS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Debts securities, at fair value:				
Listed outside Hong Kong	744	643	-	-
Unlisted	7,761	15,522	-	-
	8,505	16,165	-	-
Equity securities, at fair value:				
Listed in Hong Kong	21,316	10,792	4,684	1,735
Listed outside Hong Kong	1,555	2,437	-	-
	22,871	13,229	4,684	1,735
	31,376	29,394	4,684	1,735

19. TRADE RECEIVABLES

The credit terms given to charterers vary according to the types of vessels' employment. The credit terms could vary from 15 to 60 days.

The credit terms given to trading customers vary based on the financial assessments and payment track records. Credit limits are set for all customers and are revised only with the approval of senior management. General credit terms are payments by the end of 60 to 120 days following the month in which sales took place.

Notes to the Financial Statements

Year ended 31 December 2002

19. TRADE RECEIVABLES (Continued)

The aging analysis of trade receivables (net of provision for doubtful debts) is as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
0 – 90 days	41,640	58,518
91 – 180 days	22,102	16,823
181 – 365 days	2,484	1,618
Over 365 days	786	1,337
	67,012	78,296

20. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
0 – 90 days	45,623	54,792
91 – 180 days	711	984
181 – 365 days	740	637
Over 365 days	10,030	12,140
	57,104	68,553

Notes to the Financial Statements

Year ended 31 December 2002

21. SECURED BANK LOANS AND OVERDRAFTS

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
The maturity of secured bank loans and overdrafts is as follows:				
Within one year	99,645	113,304	15,354	7,474
After one year but within two years	62,608	58,830	-	-
After two years but within five years	188,463	109,632	-	-
After five years	439,594	258,382	-	-
	790,310	540,148	15,354	7,474
Less: Amount included in current liabilities				
Secured bank loans	(62,538)	(65,785)	-	-
Secured bank overdrafts	(37,107)	(47,519)	(15,354)	(7,474)
Amount included in non-current liabilities	690,665	426,844	-	-

22. ISSUED CAPITAL

	Company	
	2002 HK\$'000	2001 HK\$'000
<i>Authorized:</i>		
1,000,000,000 ordinary shares of HK\$0.10 each	100,000	100,000
<i>Issued and fully paid:</i>		
526,242,488 ordinary shares of HK\$0.10 each	52,624	52,624

Notes to the Financial Statements

Year ended 31 December 2002

23. RESERVES

Group	Share premium	Capital reserve	Capital redemption reserve	Accumulated profits (losses)	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2001	288,733	139,640	2,023	44,934	475,330
Exchange reserve arising on consolidation	-	6	-	-	6
Release on disposal of an associate	-	6	-	-	6
Net loss for the year	-	-	-	(18,456)	(18,456)
At 31 December 2001	288,733	139,652	2,023	26,478	456,886
Exchange reserve arising on consolidation	-	4	-	-	4
Net loss for the year	-	-	-	(62,339)	(62,339)
At 31 December 2002	288,733	139,656	2,023	(35,861)	394,551

The application of the share premium account and the capital redemption reserve is governed by Section 48B and 49H respectively of the Companies Ordinance. The capital reserve has been set up and will be dealt with in accordance with the accounting policies adopted for goodwill arising on subsidiaries and associates, and foreign currency translation.

Company	Share premium	Capital reserve	Capital redemption reserve	Accumulated profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2001	288,733	-	2,023	214,185	504,941
Net loss for the year	-	-	-	(37,285)	(37,285)
At 31 December 2001	288,733	-	2,023	176,900	467,656
Net loss for the year	-	-	-	(27,189)	(27,189)
At 31 December 2002	288,733	-	2,023	149,711	440,467

Accumulated profits includes HK\$32,220,000 which represents profits on disposal of certain subsidiaries to Jinhui Shipping in previous years. As it does not constitute realized profits within the meaning of Section 79B(2) of the Companies Ordinance, it is not available for distribution to shareholders. Thus, at balance sheet date, reserves of the Company available for distribution to shareholders amounted to HK\$117,491,000 (2001: HK\$144,680,000).

Notes to the Financial Statements

Year ended 31 December 2002

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from operations

	Group	
	2002 HK\$'000	2001 HK\$'000
Loss before taxation	(105,427)	(5,864)
Depreciation and amortization	68,203	56,627
Interest income	(6,113)	(18,147)
Interest expenses	22,250	24,454
Dividend income from short-term investments	(1,683)	(653)
Dividend and investment income, including toll income	(12,333)	(10,980)
Share of results of associates	-	133
Loss on disposal/written off of fixed assets, other than investment properties	4,699	483
Loss on disposal of an investment property	860	385
Loss on disposal of a subsidiary and an associate	-	176
Gain on termination of investment in toll road	(4,222)	-
Provision for impairment loss of other investments	114	11,700
Provision for impairment loss of fixed assets	12,661	56,597
Revaluation deficit of investment properties	2,000	500
Provision for (Write-back of provision for) bad and doubtful debts	1,980	(8,249)
Provision for claim receivable	30,200	-
Write-back of claims provision	-	(5,460)
Net drydocking expense (deferred) written off	(562)	3,520
Effects of exchange rates movement	20,985	(33,732)
Changes in working capital:		
Inventories	(10,420)	6,597
Short-term investments	(1,982)	55,864
Trade receivables	9,170	24,092
Prepayments, deposits and other receivables	2,784	28,230
Trade payables	(11,449)	(23,274)
Accrued charges and other payables	(1,458)	10,348
Cash generated from operations	20,257	173,347

Notes to the Financial Statements

Year ended 31 December 2002

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Summary of the effects of the disposal of a subsidiary

	Group	
	2002 HK\$'000	2001 HK\$'000
Net assets disposed:		
Fixed assets	-	2,139
Other investments	1,000	-
Prepayments, deposits and other receivables	-	58
Accrued charges and other payables	-	(1,875)
	1,000	322
Loss on disposal of a subsidiary	-	(322)
Total consideration, satisfied by cash	1,000	-

Analysis of net inflow of cash and cash equivalents in respect of disposal of a subsidiary:

	Group	
	2002 HK\$'000	2001 HK\$'000
Cash consideration	1,000	-
Cash and cash equivalents disposed	-	-
Net inflow of cash and cash equivalents	1,000	-

(c) Analysis of the balances of cash and cash equivalents

	Group	
	2002 HK\$'000	2001 HK\$'000
Bank balances and cash	85,974	207,626
Secured bank overdrafts	(37,107)	(47,519)
	48,867	160,107

Notes to the Financial Statements

Year ended 31 December 2002

25. DEFERRED TAXATION

A potential deferred tax asset has not been recognized in the financial statements in respect of tax losses available to set off future profit as it is not certain that the tax losses will be utilized in the foreseeable future.

At balance sheet date, the major components of deferred taxation (assets) liabilities unprovided are as follows:

	Group	
	2002	2001
	HK\$'000	<i>HK\$'000</i>
Excess of depreciation over tax allowances	(4,986)	–
Excess of tax allowances over depreciation	–	1,859
Tax losses carried forward	(58,063)	(50,408)
	(63,049)	(48,549)

26. PLEDGE OF ASSETS

At balance sheet date, the Group had certain credit facilities which were secured by the followings:

- (a) Legal charge on the Group's investment property, leasehold land and buildings and motor vessels and improvement with an aggregate net book value of HK\$1,154,813,000 (2001: HK\$891,533,000);
- (b) Deposits totalling HK\$30,470,000 (2001: HK\$7,369,000) of the Group placed with banks;
- (c) Short-term investments in securities of fair values totalling HK\$21,399,000 (2001: HK\$19,000,000) of the Group placed with a bank;
- (d) Legal charge on shares of seven (2001: eight) ship owning subsidiaries of the Company; and
- (e) Assignment agreements entered into with banks assigning seven (2001: seven) ship owning subsidiaries' chartering income in favour of banks.

Notes to the Financial Statements

Year ended 31 December 2002

27. COMMITMENTS

(a) Capital expenditure commitments

At balance sheet date, the Group had no material capital expenditure commitment. As at 31 December 2001, there were outstanding capital commitments relating to the newbuildings of three dry bulk vessels at total purchase price of approximately HK\$494,910,000 and the total amount contracted but not provided for, net of deposits paid, was approximately HK\$395,226,000.

(b) Commitments under operating leases (as lessee)

At balance sheet date, the total of future minimum lease payments under non-cancellable operating leases for each of the following periods of the Group are:

	Group	
	2002	2001
	HK\$'000	<i>HK\$'000</i>
Within one year:		
Land and buildings	1,091	1,715
Time charter hire	190,141	189,807
	191,232	191,522
After one year but within five years:		
Land and buildings	42	1,133
Time charter hire	219,387	385,355
	219,429	386,488
	410,661	578,010

Notes to the Financial Statements

Year ended 31 December 2002

27. COMMITMENTS (Continued)

(c) Commitments under operating leases (as lessor)

At balance sheet date, the total of future minimum lease payments receivables under non-cancellable operating leases for each of the following periods of the Group are:

	Group	
	2002 HK\$'000	2001 HK\$'000
Within one year:		
Land and buildings	289	1,011
Time charter hire	152,860	51,005
	153,149	52,016
After one year but within five years:		
Land and buildings	-	276
Time charter hire	48,542	-
	48,542	276
	201,691	52,292

Notes to the Financial Statements

Year ended 31 December 2002

28. SEGMENTAL INFORMATION

(a) (i) Consolidated income statement by business segments – 2002

	Chartering freight and hire HK\$'000	Trading HK\$'000	Investments in China HK\$'000	Other operations HK\$'000	Total HK\$'000
Turnover	543,641	209,098	3,440	-	756,179
Other operating income	40,658	2,314	10,608	1,279	54,859
	584,299	211,412	14,048	1,279	811,038
Operating expenses	(521,074)	(205,750)	(10,071)	(10,057)	(746,952)
Other net (expenses) income	(5,287)	(15)	4,216	(84,087)	(85,173)
Depreciation and amortization	(61,158)	(495)	(3,339)	(3,211)	(68,203)
(Loss) Profit from operations	(3,220)	5,152	4,854	(96,076)	(89,290)
Provision for impairment loss of fixed assets	-	-	-	-	-
Share of results of associates	-	-	-	-	-
	(3,220)	5,152	4,854	(96,076)	(89,290)
Interest income					6,113
Interest expenses					(22,250)
Loss before taxation					(105,427)
Taxation					(667)
Loss from ordinary activities after taxation					(106,094)
Minority interests					43,755
Net loss for the year					(62,339)

Notes to the Financial Statements

Year ended 31 December 2002

28. SEGMENTAL INFORMATION (Continued)

(a) (ii) Consolidated income statement by business segments – 2001

	Chartering freight and hire HK\$'000	Trading HK\$'000	Investments in China HK\$'000	Other operations HK\$'000	Total HK\$'000
Turnover	613,256	248,087	3,142	–	864,485
Other operating income	57,719	7,376	8,470	1,437	75,002
Operating expenses	670,975	255,463	11,612	1,437	939,487
Other net (expenses) income	(323)	146	65	53,953	53,841
Depreciation and amortization	(48,512)	(1,047)	(3,446)	(3,622)	(56,627)
Profit (Loss) from operations	9,804	10,333	(3,240)	40,276	57,173
Provision for impairment loss of fixed assets	(46,562)	–	–	(10,035)	(56,597)
Share of results of associates	–	(133)	–	–	(133)
Interest income	(36,758)	10,200	(3,240)	30,241	443
Interest expenses					(24,454)
Loss before taxation					(5,864)
Taxation					(325)
Loss from ordinary activities after taxation					(6,189)
Minority interests					(12,267)
Net loss for the year					(18,456)

- (iii) The Group's chartering freight and hire business is carried out internationally and cannot be attributable to any particular geographical location. During the year, about 90% of the Group's turnover from trading operations was carried out in Hong Kong (2001: 25%) and the balance was mainly carried out in Mainland China. The Group's other operations, including property investments, foreign currency transactions and short-term investments, were mainly carried out in Hong Kong in both years.

Notes to the Financial Statements

Year ended 31 December 2002

28. SEGMENTAL INFORMATION (Continued)

(b) (i) Consolidated balance sheet by business segments – 2002

	Chartering freight and hire HK\$'000	Trading HK\$'000	Investments in China HK\$'000	Other operations HK\$'000	Total HK\$'000
<i>Allocated assets</i>					
Fixed assets	1,281,936	1,307	361	104,226	1,387,830
Intangible asset	-	-	-	134	134
Interests in associates	-	(28)	-	-	(28)
Other investments	-	-	32,910	7,410	40,320
Other non-current assets	4,188	22,000	-	-	26,188
Current assets	26,950	92,535	876	35,989	156,350
Total segment assets	1,313,074	115,814	34,147	147,759	1,610,794
<i>Unallocated assets</i>					
Pledged deposits					30,470
Bank balances and cash					85,974
Total assets					1,727,238
<i>Allocated liabilities</i>					
Total segment liabilities	797,258	47,302	2,295	46,883	893,738
<i>Unallocated liabilities</i>					
Secured bank overdrafts					37,107
Total liabilities					930,845
Capital expenditures incurred during the year					
	407,577	463	10	686	408,736

Notes to the Financial Statements

Year ended 31 December 2002

28. SEGMENTAL INFORMATION (Continued)

(b) (ii) Consolidated balance sheet by business segments – 2001

	Chartering freight and hire HK\$'000	Trading HK\$'000	Investments in China HK\$'000	Other operations HK\$'000	Total HK\$'000
<i>Allocated assets</i>					
Fixed assets	988,874	1,353	411	122,141	1,112,779
Intangible asset	-	-	-	148	148
Interests in associates	-	(28)	-	-	(28)
Other investments	-	-	45,627	8,524	54,151
Other non-current assets	3,626	-	-	-	3,626
Current assets	30,500	114,104	1,624	63,969	210,197
Total segment assets	1,023,000	115,429	47,662	194,782	1,380,873
<i>Unallocated assets</i>					
Pledged deposits					7,369
Bank balances and cash					207,626
Total assets					1,595,868
<i>Allocated liabilities</i>					
Total segment liabilities	552,701	46,213	2,065	44,891	645,870
<i>Unallocated liabilities</i>					
Secured bank overdrafts					47,519
Total liabilities					693,389
Capital expenditures incurred					
during the year	314,231	1,182	11	4,568	319,992

Notes to the Financial Statements

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29. CONTINGENT LIABILITIES

At balance sheet date, contingent liabilities not provided for in the financial statements are as follows:

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Guarantees to secure banking facilities granted to subsidiaries	-	-	114,070	114,070
Other guarantees	293	486	-	-
	293	486	114,070	114,070

Banking facilities granted by the banks to certain subsidiaries were guaranteed by the Company. At balance sheet date, the amount of such facilities utilized was HK\$52,693,000 (2001: HK\$55,527,000).

30. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution retirement scheme and a mandatory provident fund scheme. It is optional for all qualified employees to choose either of the schemes. The assets of the schemes are held separately from those of the Group in their respective schemes managed by an independent trustee. The pension costs charged represent contribution payable to the funds by the Group at the rates specified in the rules of the schemes.

The contributions to the defined contribution retirement scheme vest in employees according to a vesting percentage set out in the scheme. When employees leave the scheme prior to being vested fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. On the other hand, the contributions to the mandatory provident fund scheme vest immediately and fully in employees once the contributions are payable by the Group. There is no forfeited contribution when employees leave the mandatory provident fund scheme.

The Group's contributions to the retirement benefits schemes charged to the income statement during the year was HK\$1,485,000 (2001: HK\$975,000) net of the forfeited contributions of HK\$345,000 (2001: HK\$1,190,000) which arose upon employees leaving the defined contribution retirement scheme.

Notes to the Financial Statements

Year ended 31 December 2002

31. DIRECTORS' INTERESTS IN CONTRACTS

Vintage Investments Limited ("Vintage") entered into a consultancy agreement dated 28 September 1999 with Jinhui Shipping pursuant to which Vintage agreed to provide the consultancy services to Jinhui Shipping for a quarterly fee of £2,500 (approximately HK\$30,000) and an amount up to 1% on the total value of any project where Vintage has undertaken consultancy. The agreement is terminable by giving 30 days prior notice to the other.

Mr. So Wing Hung Peter is a shareholder and a director of Vintage. Consultancy fee in the amount of £10,000 (approximately HK\$117,000) (2001: £10,000) has been paid during the year under the agreement.

Other than as disclosed above, none of the directors has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

32. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, the directors proposed to effect share consolidation by consolidating every 10 issued and unissued existing shares of HK\$0.10 each in the capital of the Company into 1 consolidated share of HK\$1.00 each ("Share Consolidation"). The Annual General Meeting of the Company will be convened on 30 May 2003 to approve resolutions including an ordinary resolution regarding the proposed Share Consolidation.

33. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company is Fairline Consultants Limited, a company incorporated in the British Virgin Islands.

34. COMPARATIVE FIGURES

The Group adopted the revised SSAP 15 "Cash Flow Statement" during the year, which requires reporting cash flows classified by operating, investing and financing activities. The comparative figures have been restated in order to achieve a consistent presentation.

Notes to the Financial Statements

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35. PRINCIPAL SUBSIDIARIES

Name	Issued and paid-up capital	Attributable equity interest	Principal activities	Place of operation
Incorporated in Bermuda				
Jinhui MetCoke Limited	12,000 ordinary shares of US\$1 each	50.9%	Investment holding	Worldwide
# Jinhui Shipping and Transportation Limited	98,428,341 ordinary shares of US\$0.05 each	50.9%	Investment holding	Worldwide
Incorporated in the British Virgin Islands				
Advance Rich Limited	1 share of US\$1 each	50.9%	Investment	Worldwide
Jin Hui Shipping Inc.	50,000 shares of US\$1 each	50.9%	Investment holding	Worldwide
Jinhui Investments Limited	1 share of US\$1 each	50.9%	Investment holding	Worldwide
Jinhui Transportation Inc.	1,000 shares of US\$1 each	50.9%	Investment holding	Worldwide
# Pantow Profits Limited	60,000 shares of US\$1 each	100%	Investment holding	Worldwide
Yee Lee Technology Company Limited	4,000,000 shares of HK\$1 each	75%	Investment holding	Hong Kong
Incorporated in Hong Kong				
Carpa Limited	2 shares of HK\$1 each	100%	Property investment	Hong Kong
Exalten Limited	2 shares of HK\$1 each	100%	Property investment	Hong Kong
Fair Fait International Limited	2 shares of HK\$1 each	50.9%	Property investment	Hong Kong
Fair Group International Limited	10,000 shares of HK\$1 each	100%	Property investment	Hong Kong
Goldbeam International Limited	5,000,000 shares of HK\$1 each	50.9%	Ship management services, shipping agent and investment	Hong Kong
# Jinhui Investments (China) Limited	2 shares of HK\$1 each	100%	Investment holding	Hong Kong and China
Keenfair Investment Limited	2 shares of HK\$1 each	100%	Property investment	Hong Kong
Linkford International Limited	2 shares of HK\$1 each	100%	Property investment	Hong Kong
Monocosmic Limited	10,000 shares of HK\$1 each	50.9%	Property investment	Hong Kong
Ocean Fame International Limited	1,000 shares of HK\$1 each	100%	Property investment	Hong Kong
Yee Lee Industrial Chemical, Limited	50,000 shares of HK\$100 each	75%	Trading of industrial chemical products	Hong Kong

Notes to the Financial Statements

Year ended 31 December 2002

35. PRINCIPAL SUBSIDIARIES (Continued)

Name	Issued and paid-up capital	Attributable equity interest	Principal activities	Place of operation
Incorporated in the Republic of Liberia				
Galsworthy Limited	1 registered share of US\$1 each	50.9%	Ship chartering	Worldwide
Goldbeam Shipping Inc.	100 registered shares of US\$1 each	50.9%	Ship chartering	Worldwide
Jinbi Shipping Ltd	1 registered share of US\$1 each	50.9%	Ship owning	Worldwide
Paxton Enterprises Limited	500 registered shares of US\$1 each	50.9%	Ship chartering	Worldwide
Wonder Enterprises Ltd	500 registered shares of US\$1 each	50.9%	Ship chartering	Worldwide
Incorporated in the Republic of Panama				
Jinan Marine Inc.	2 common shares of US\$1 each	50.9%	Ship owning	Worldwide
Jinda Shipping Inc.	2 common shares of US\$1 each	50.9%	Ship owning	Worldwide
Jinfeng Marine Inc.	2 common shares of US\$1 each	50.9%	Ship owning	Worldwide
Jinhui Marine Inc.	2 common shares of US\$1 each	50.9%	Ship owning	Worldwide
Jinkang Marine Inc.	2 common shares of US\$1 each	50.9%	Ship owning	Worldwide
Jinli Marine Inc.	2 common shares of US\$1 each	50.9%	Ship owning	Worldwide
Jinping Marine Inc.	2 common shares of US\$1 each	50.9%	Ship owning	Worldwide
Jinsheng Marine Inc.	2 common shares of US\$1 each	50.9%	Ship owning	Worldwide
Jinshun Shipping Inc.	2 common shares of US\$1 each	50.9%	Ship owning	Worldwide
Jintai Marine Inc.	2 common shares of US\$1 each	50.9%	Ship owning	Worldwide
Rimpacific Navigation Inc.	2 common shares of US\$1 each	50.9%	Investment	Worldwide
Incorporated in the State of Delaware, United States of America				
Jinhui Shipping (USA) Inc.	500 shares of US\$1 each	50.9%	Shipping agent	United States of America

These are direct subsidiaries of the Company. All other companies are indirect subsidiaries.