

Report of the Directors

(Expressed in Hong Kong dollars)

董事會報告

(以港幣為單位)

The directors are pleased to present their report together with the audited financial statements of GZITIC Hualing Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of household electrical appliances, which include refrigerators, air conditioners and mini-refrigerators. Principal activities of the Group's subsidiaries are set out in Note 3 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2001, the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover. The aggregate amount of purchase from the Group's five largest suppliers represented less than 30% of the Group's total purchases (not including capital expenditure).

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2001 are set out on page 30 of this report.

The directors do not recommend the payment of a dividend.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in Note 29 to the financial statements.

As at 31 December 2001, the Company had no reserves available for distribution to its shareholders (2000: nil).

董事會欣然提呈國信華凌集團有限公司(「本公司」)及其附屬公司(以下統稱「本集團」)截至二零零一年十二月三十一日止年度之董事會報告及經審核財務報表。

主要業務

本公司為一間投資控股公司。各附屬公司的主要業務為生產及銷售家庭電器，包括冰箱、空調及小型冰箱。各附屬公司的主要業務詳列於賬務報表的附註3。

主要客戶及供應商

截至二零零一年十二月三十一日止年度，本集團最大之五名客戶應佔總營業額少於本集團總營業額之30%。本集團最大之五名供應商應佔採購額少於本集團採購總額(不包括資本性支出)之30%。

業績及利潤分配

本集團截至二零零一年十二月三十一日止年度的業績詳情載於本報告第30頁。

董事會並無派發股息之建議。

儲備

本年內本集團及本公司的儲備變動詳情載於財務報表附註29。

於二零零一年十二月三十一日，本公司並無可供分配之儲備(二零零零年：零)。

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DIVIDEND

The Company has not declared any interim or final dividend for the year (2000: nil).

SHARE CAPITAL

Details of the movement in share capital of the Company are set out in Note 28 to the financial statements.

SHARE OPTIONS

Details of the Company's share option scheme are set out in Note 30 to the financial statements.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2001.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there is no restriction against such rights under the laws in the jurisdiction in which the listed issuer is incorporated or otherwise established.

DIRECTORS

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

CHEN Xiao Shi (*Chairman*)
 LIANG Wei Wen
 LIANG Bao Ping
 YE Zhen Wen
 CHEN Hui
 LIU Xi Bo*
 ZHANG Xin Hua*
 CHEN Yu Hang* (appointed on 16 August 2001)
 NG Cheong Lam* (resigned on 2 January 2002)
 LO Wing Sang, Vincent**
 CHAN Wai Dune**
 LAM Ming Yung**

* Non-executive Directors

** Independent Non-executive Directors

股息

本年度本公司並無派發中期或末期股息(二零零零年：零)。

股本

本公司股本變動之詳情載於財務報表附註28。

優先認股權

本公司之優先認股期權計劃詳情載於財務報表附註30。

購入、出售或贖回股份

截至二零零一年十二月三十一日止年度，本公司及附屬公司概無購入、出售或贖回任何本公司之上市股份。

股本優先購買權

本公司組織章程並無關於股本優先購買權之規定。在上市發行股份公司註冊或成立的地區的法律不存在對股本優先購買權的限制。

董事

本年內及至本報告日之在職董事為：

陳小石 (*董事長*)
 梁偉文
 梁保平
 葉真文
 陳輝
 劉錫博*
 張新華*
 陳宇航* (於二零零一年八月十六日委任)
 伍暢林* (於二零零二年一月二日告退)
 羅榮生**
 陳維端**
 林明勇**

* 非執行董事

** 獨立非執行董事

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In accordance with Article 91 of the Company's Articles of Association, Mr. Chan Wai Dune, Mr. Zhang Xin Hua and Mr. Chen Hui retire by rotation and both, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Non-executive directors are subject to retirement by rotation in accordance with the above clause.

DIRECTORS' SERVICE CONTRACTS

No director has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory obligation.

DIRECTORS' INTEREST IN SECURITIES

As at 31 December 2001, the interests of the directors of the Company in the equity or debt securities of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register required to be kept pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Section 28 of the SDI Ordinance and the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Director 董事		Number of shares held 持有之股份證券數目		
		Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益
Chen Xiao Shi	陳小石	2,800,000	—	—
Liang Wei Wen	梁偉文	2,100,000	—	—
Liang Bao Ping	梁保平	1,000,000	—	—
Ye Zhen Wen	葉真文	500,000	—	—
Zhang Xin Hua	張新華	2,100,000	—	—
Chen Hui	陳輝	1,000,000	—	—

As at 31 December 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interest disclosed above in respect of certain directors, the following shareholders had a beneficial interest of 10% or more in the Company:

Name of shareholder 名稱		Number of shares held 股數	Percentage of shareholding 持股份比例
Guangzhou International Trust and Investment Corporation ("GZITIC")	廣州國際信托投資公司 (「廣州信托」)	670,076,808*	48.5%
Guangzhou Baiyun Agriculture Industry & Commerce Corporation	廣州國營白雲農工商 聯合公司	162,960,000	11.8%

* 590,076,808 shares were pledged as share mortgage in exchange for a loan facility of US\$20,000,000 to GZITIC and were registered under the name of Bright Asia Assets Ltd., a nominee shareholder of the lender.

本公司組織章程第91條，陳維端先生、張新華先生及陳輝先生輪值告退，彼等則以其符合資格願意在將至之股東周年大會應選連任。

根據以上條款，非執行董事均須輪值告退。

董事服務合約

概無董事與本公司或其任何附屬公司簽訂除支付賠償(法定賠償除外)外不能於一年內終止之服務合約。

董事之股本證券

於二零零一年十二月三十一日，本公司董事於本公司及其附屬公司之股本證券中擁有權益，而該等權益為須根據披露權益條例第29條通知本公司及香港聯合交易所有限公司，或根據公開權益條例第28條記錄於該條例所指之登記冊上、或根據香港上市規則上市公司董事進行證券交易之標準守則通知本公司及香港聯合交易所有限公司。其詳情如下：

於二零零一年十二月三十一日，根據證券公開權益條例第16(1)條規定而設立的主要股東名冊資料顯示，除上文所披露若干董事之權益外，下列股東持有本公司已發行股本10%或以上之權益：

* 其中590,076,808股已被廣州信托作為股權抵押，以取得向廣州信托提供的20,000,000美元的貸款額度，並登記於債權人之名義股東Bright Asia Assets Ltd.以下。

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DIRECTORS' RIGHTS TO ACQUIRE SHARES IN THE COMPANY

The Company has a share option scheme under which it may grant options to executive directors and employees of the Group to subscribe for shares in the Company. Details of the scheme are set out in Note 30 to the financial statements. The share options held by and granted to the Company's directors during the year are as follows:

董事之認股權證

本公司設有優先認股權計劃，據經本集團之董事及僱員可獲授認股權，以認購本公司之股份。該優先認股權計劃之詳情載於財務報表附註30。本年度由本公司董事持有及獲授之認股權如下：

Name of director 董事	Date of grant 授予日期	Exercise period 行使期間	Exercise price per share 每股行使價格	Outstanding at 1/1/2001 年初餘額	Granted during the year 本年授予	Exercised during the year 本年行使	Number of share options 認股權數目	
							Lapsed/cancelled during the year 本年失效/取消	Outstanding at 31/12/2001 年末餘額
Mr. Chen Xiao Shi 陳小石	5/7/2000	5/7/2000-4/7/2010	\$0.211	2,800,000	—	2,800,000	—	—
Mr. Liang Wei Wen 梁偉文	5/7/2000	5/7/2000-4/7/2010	\$0.211	2,100,000	—	2,100,000	—	—
Ms. Liang Bao Ping 梁保平	5/7/2000	5/7/2000-4/7/2010	\$0.211	1,000,000	—	1,000,000	—	—
Ms. Ye Zhen Wen 葉真文	5/7/2000	5/7/2000-4/7/2010	\$0.211	1,000,000	—	1,000,000	—	—
Mr. Chen Hui 陳輝	5/7/2000	5/7/2000-4/7/2010	\$0.211	1,000,000	—	1,000,000	—	—
Mr. Liu Xi Bo 劉錫博	30/9/1997	30/9/1997-30/9/2007	\$0.930	1,000,000	—	—	—	1,000,000
	17/2/2000	17/2/2000-17/2/2010	\$0.244	2,000,000	—	2,000,000	—	—
	5/7/2000	5/7/2000-4/7/2010	\$0.211	1,000,000	—	1,000,000	—	—
Mr. Zhang Xin Hua 張新華	30/9/1997	30/9/1997-30/9/2007	\$0.930	800,000	—	—	—	800,000
	5/7/2000	5/7/2000-4/7/2010	\$0.211	2,100,000	—	2,100,000	—	—
Mr. Ng Cheong Lam 伍暢林	30/9/1997	30/9/1997-30/9/2007	\$0.930	1,000,000	—	—	—	1,000,000
	17/2/2000	17/2/2000-17/2/2010	\$0.244	2,000,000	—	2,000,000	—	—
	5/7/2000	5/7/2000-4/7/2010	\$0.211	1,000,000	—	1,000,000	—	—
Mr. Lo Wing Sang, Vincent 羅榮生	17/2/2000	17/2/2000-17/2/2010	\$0.244	2,000,000	—	—	—	2,000,000
	5/7/2000	5/7/2000-4/7/2010	\$0.211	1,000,000	—	—	—	1,000,000
Mr. Chan Wai Dune 陳維端	17/2/2000	17/2/2000-17/2/2010	\$0.244	2,000,000	—	—	—	2,000,000
	5/7/2000	5/7/2000-4/7/2010	\$0.211	1,000,000	—	—	—	1,000,000
Mr. Lam Ming Yung 林明勇	17/2/2000	17/2/2000-17/2/2010	\$0.244	2,000,000	—	2,000,000	—	—
	5/7/2000	5/7/2000-4/7/2010	\$0.211	1,000,000	—	1,000,000	—	—

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Save as disclosed above, the Company has no notice of any interest to be recorded under Section 29 of the SDI Ordinance as at 31 December 2001.

Other than as disclosed above, at no time during the year was the Company, fellow subsidiaries or holding company, a party to any arrangements to enable any of the Company's directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors, their spouses or their children reached the age of 18 had any right of subscription for the securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any directors or members of the management 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' INTERESTS IN COMPETING BUSINESS

At 31 December 2001, none of the directors of the Company have interest in competing businesses required to be disclosed pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the company were entered into or existed during the year.

PENSION SCHEME, PERSONNEL AND PAYROLL

The Group employed approximately 3,100 full time staff (2000: 2,500 staff) in Hong Kong and in the PRC. Total salaries, wages (including full time and temporary staff), bonuses and pension contribution for the year amounted to approximately \$92,285,000 (2000: \$84,908,000).

Particulars of the Pension Scheme of the Group are set out in Note 36 to the accompanying financial statements.

除以上披露外，本公司於二零零一年十二月三十一日並無接獲知會有任何其他依據權益條例第29要可能要須予記錄之權益。

除上述外，於本年度任何時間內，本公司或其附屬公司並無簽訂任何安排，致令本公司之董事可藉購買本公司或任何其他法人團體之股份或債務證券而獲益。於本年度內，亦並無任何董事及其配偶或年屆18歲之子女有權認購本公司證券，或行使該等任何權力。

董事之合約權益

於年終或本年度任何時間，概無任何由本公司或其附屬公司就本集團之業務而訂立，且本公司之董事或管理層成員在其中擁有直接或間接重大權益之重大合約。

董事於競爭業務中之權益

根據香港聯合交易所有限公司的上市規則（「上市規則」）第8.10條的披露要求，於二零零一年十二月三十一日，本公司並無董事於競爭業務持有權益。

管理合約

本公司本年度並無訂立或存在任何有關行政管理之合約。

退休計劃、員工及薪俸

本集團於香港及中國共聘用約3,100名全職員工（二零零零年：2,500名），本年內本集團的薪金、工資（包括全職及臨時員工）、花紅及退休金支出約為92,285,000元（二零零零年：84,908,000元）。

本集團之公積金計劃詳情載於財務報表附註36。

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SUBSIDIARIES AND ASSOCIATES

Details of the Company's subsidiaries and associates as at 31 December 2001 are set out in Notes 15 and 16 respectively, to the financial statements.

FIXED ASSETS AND INVESTMENT PROPERTIES

During the year, the Group acquired certain plant and equipment amounting to \$45,700,000 to expand its production capacity for manufacturing of household electrical appliances. Other details of the movement in fixed assets and investment properties are set out in Notes 12 and 13 respectively, to the financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2001 are set out in Notes 25 and 26 to the financial statements respectively.

CONTINGENT LIABILITIES

Details of the Group's contingent liabilities as at 31 December 2001 are set out in Note 37 to the financial statements.

CONNECTED TRANSACTIONS

The related party transactions disclosed in Note 31 to the financial statements constituted the connected transactions under Chapter 14 of the Listing Rules.

The independent non-executive directors of the Company have reviewed the above transactions and confirmed that the above transactions (during the period(s) where they constituted connected transactions under the Listing Rules, where applicable):

- (a) have been entered into by the Group in the ordinary course of its business;
- (b) have been entered into (i) on normal commercial terms or (ii) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
- (c) have been entered into either (i) in accordance with the terms of the agreements governing such transactions or (ii) (where there is no such agreement) on terms no less favorable to the Group than terms available to third parties.

附屬公司及聯營公司

於二零零一年十二月三十一日，本公司之附屬公司及聯營公司詳情分別載於財務報表附註15及16。

固定資產及投資物業

於本年度本集團購買了價值為45,700,000元的廠房和設備，用於提高家用電器的生產能力。其他固定資產及投資物業變動詳情載於財務報表附註12及13。

銀行貸款及其他借款

於二零零一年十二月三十一日，本集團及本公司之銀行貸款及其他借款詳情分別載於財務報表附註25和26。

或然負債

於二零零一年十二月三十一日，本集團之或然負債詳情載於財務報表附註37。

關聯交易

財務報表附註31披露的關聯方交易乃上市規則第14章所規定之關聯交易。

本公司之獨立非執行董事已審閱上述之交易，並確定上述交易（於該等期間，根據上市規則構成關聯交易，如適用）：

- (a) 乃於本集團之正常業務營運中由本集團簽訂；
- (b) 乃按(i)正常商業條款或(ii)在涉及本公司股東而言，條款屬公平而合理；及
- (c) 簽訂乃按(i)符合監察該等交易之協議條款或(ii)（如並未有該等協議）條款並無對本集團有劣於對其他第三者之條件。

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With regard to the connected transactions of the Company referred to above, the Company confirms that to the extent required under Chapter 14 of the Listing Rules:

- (i) it has set out the requisite details in this annual report; and/or
- (ii) details of such transactions have been published in previous announcements in certain newspapers in Hong Kong; and/or
- (iii) such transactions have already been approved by the independent shareholders of the Company at shareholders' meeting of the Company; and/or
- (iv) such transactions are subject to the waivers from compliance with relevant connected transactions requirements previously granted by The Stock Exchange of Hong Kong Limited.

FIVE YEAR 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 pages 79 to 80 of this report.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year covered by the annual report except that independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the provisions of the Company's Articles of Association.

就上述本公司之關連交易而言，本公司確認已根據上市規則第14章之規定作出下列事項：

- (i) 已於本年報內載述必要之詳情；及／或
- (ii) 該等交易詳情已刊登於早前在香港若干報章之公佈；及／或
- (iii) 該等交易已獲本公司獨立股東於股東大會上批准；及／或
- (iv) 該等交易早前獲香港聯合交易所有限公司豁免遵守有關關連交易之規定。

五年財務概要

本集團過往5年之業績、資產及負債之概要載於本報告第79至80頁。

最佳應用守則

除獨立非執行董事因須按本公司之組織章程輪值告退及在股東周年大會應選連任而其任期無固定期限外，本公司於年內已遵守上市規則附錄14所載列之最佳應用守則。

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AUDITORS

The financial statements have been audited by Arthur Andersen & Co.

核數師

本年度之財務報表已經安達信公司審核。

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 10 June 2002 to 13 June 2002, both days inclusive, during which period no transfers of shares will be effected. Central Registration Hong Kong Limited is the Company's Registrar for registration and is located at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

暫停辦理股份過戶登記手續

本公司將於二零零二年六月十日至二零零二年六月十三日期間(包括首尾兩日)暫停辦理股份過戶登記手續。本公司之股份過戶登記處為香港中央證券登記有限公司，地址為香港皇后大道東一百八十三號合和中心十七樓。

On behalf of the Board of Directors

承董事會命

Chen Xiao Shi

Chairman

董事長

陳小石

Hong Kong,
10 April 2002

香港，
二零零二年四月十日