

Report of the Directors 董事會報告

(Expressed in Hong Kong dollars)
(以港幣為單位)

The directors submit their report together with the audited accounts of GZITIC Hualing Holdings Limited ("the Company") and its subsidiaries (herein after collectively referred to as the "Group") for the year ended 31 December 2002.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 14 to the accounts.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 3 to the accounts.

Results and appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 25.

The directors do not recommend the payment of a dividend.

Reserves

Movements in reserves of the Group and of the Company during the year are set out in Note 25 to the account.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 13 to the accounts.

Principal properties

Details of the principal properties held for investment purposes are set out in Note 13 to the accounts.

Share capital

Details of the movements in share capital of the Company are set out in Note 24 to the accounts.

董事會同寅謹將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」)截至二零零二年十二月三十一日止年度報告連同經已審核之賬目呈覽。

主要業務及營運地區之分析

本公司之主要業務為投資控股，而附屬公司之業務則詳載於賬目附註十四。

本年度按業務及地區分類之集團業績表現分析載於賬目附註三。

業績及分派

集團本年度之業績載於第二十五頁之綜合損益表內。

董事會不建議派發股息。

儲備

集團及本公司在本年度之儲備變動載於賬目附註二十五。

物業、廠房及設備

集團之物業、廠房及設備之變動詳情載於賬目附註十三。

主要物業

集團用作投資而持有之主要物業載於賬目附註十三。

股本

本公司之股本變動詳情載於賬目附註二十四。



Distributable reserves

At 31 December 2002, the Company had no reserves available for distribution to its shareholders (2001: Nil).

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's by-laws and there was no restriction against such rights under the laws of Hong Kong.

Five years 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 70.

Purchase, sale or redemption of securities

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Share options

Pursuant to the Company's share option scheme dated 26 November 1993, the Company, for incentive purpose, is authorized to grant options to executive directors and employees of the Group to subscribe for shares in the Company, subject to a maximum of (i) 20% of the issued share capital of the Company in issue as at 25 June, 1999 plus (ii) the nominal amount of share capital of the company repurchased by the Company subsequent to the amendments up to a maximum equivalent of 10% of the aggregate nominal amount of the share capital of the Company in issue, excluding shares issued on exercise of options. The subscription price would be determined by the directors, and would not be less than the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares quoted on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of offer of the option. There is no limit as to the number of shares in respect of which options may be granted under the scheme to any one participant. The terms of the scheme provide that an option may be exercised under the scheme at any time during the period commencing on the date upon which such option is deemed to be granted and accepted.

可供分派之儲備

於二零零二年十二月三十一日，本公司並無可供分配之儲備（二零零一年：零）。

優先購股權

本公司之細則中並無優先購股權之條文，而中華人民共和國香港特別行政區之法例亦無此等權利之限制。

五年財務摘要

集團上五個財政年度之業績及資產負債摘要載於七十頁。

購買、出售或贖回股份

本公司於年內並無贖回本身之股份。本公司及各附屬公司於年內亦無購買或出售任何本公司之股份。

購股權

根據本公司於一九九三年十一月二十六日採納，並於一九九九年六月二十五日修訂之購股權計劃，本公司有權授出購股權予本集團之執行董事及僱員以認購本公司之股份，惟最高多以 (i) 本公司於一九九九年六月二十五日已發行股本之20%為限，及 (ii) 在作出修訂後本公司購回之本公司股本面額最多可相等於本公司已發行股本面值總額之10%（不包括因行使購股權而發行之股份）。認股價由董事釐定，惟不得低於股份之面值或緊接授出購股權日期前五個交易日股份在香港聯合交易所有限公司之平均收市價之80%（以較高者為準）。根據該計劃，並無對授予任何一名參與人之購股權所涉及之股份數目設定上限。根據該計劃之條款規定，購股權可於其被視作授出及接納之日期後隨時根據計劃行使。



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董事會報告

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Details of the share options outstanding as at 31 December 2002 which have been granted under the scheme are as follows:

於二零零二年十二月三十一日，根據計劃已授出但仍未行使之購股權詳情如下：

Name	Options held at 1 January 2002	Options granted during the year	Options exercised during the year	Lapsed/ cancelled during the year	Options held at 31 December 2002	Exercise price HK\$	Grant date	Exercisable from	Exercisable until	
董事姓名	購股權數目於2002年1月1日	購股權數目年內授出	購股權數目年內行使	購股權數目年內失效/註銷	購股權數目於2002年12月31日	行使價港元	授出日期	行使期由	行使期至	
ZHANG Xin Hua, director	張新華董事	800,000	—	—	—	800,000	0.930	30/9/1997	30/9/1997	30/9/2007
LO Wing Sang, Vincent, director	羅榮生董事	2,000,000	—	—	—	2,000,000	0.244	17/2/2000	17/2/2000	17/2/2010
CHAN Wai Dune, director	陳維端董事	1,000,000	—	—	—	1,000,000	0.211	5/7/2000	5/7/2000	4/7/2010
		2,000,000	—	—	—	2,000,000	0.244	17/2/2000	17/2/2000	17/2/2010
Employees	僱員	1,000,000	—	—	—	1,000,000	0.211	5/7/2000	5/7/2000	4/7/2010
		300,000	—	(300,000)	—	—	0.244	17/2/2000	17/2/2000	17/2/2010
		480,000	—	(160,000)	—	320,000	0.211	5/7/2000	5/7/2000	4/7/2010
Others	其他	900,000	—	(900,000)	—	—	0.225	3/3/2000	3/3/2000	3/3/2010
		2,000,000	—	—	(2,000,000)	—	0.930	30/9/1997	30/9/1997	30/9/2007
		10,480,000	—	(1,360,000)	(2,000,000)	7,120,000				

* Exercise date was 17 January 2002 and 31 July 2002 respectively. At the date before the option were exercised, the market value per share was HK\$0.34 and HK\$0.22 respectively.

* 行使日期分別為二零零二年一月十七日及二零零二年七月三十一日。在購股權行使前一日，每股市值分別為港幣0.34元及港幣0.22元。



Directors

The directors during the year were:

CHEN Xiao Shi (*Chairman*)
 LIANG Wei Wen
 LIANG Bao Ping
 YE Zhen Wen
 CHEN Hui (resigned on 5 December 2002)
 LIU Xi Bo*(resigned on 13 May 2002)
 ZHANG Xin Hua*
 CHEN Yu Hang*
 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

In accordance with Article 91 of the Company's Articles of Association, Mr. Liang Wei Wen, Mr. Lam Ming Yung and Mr. Chen Yu Hang retire by rotation and, being eligible, offer themselves for re-election.

Directors' service contracts

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Company, its fellow subsidiaries or its holding company 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.

Biographical details of directors and senior management

Brief biographical details of directors and senior management are set out on page 14.

董事

本年度內在任之董事如下：

陳小石 (董事長)
 梁偉文
 梁保平
 葉真文
 陳輝 (於二零零二年十二月五日辭任)
 劉錫博* (於二零零二年五月十三日辭任)
 張新華*
 陳宇航*
 伍暢林* (於二零零二年一月二日辭任)
 羅榮生**
 陳維端**
 林明勇**

* 非執行董事

** 獨立非執行董事

按照本公司組織章程細則第91條規定，梁偉文先生，林明勇先生以及陳宇航先生輪值告退，但表示如再度獲選，願繼續連任。

董事服務合約

有意於應屆股東週年大會上連任之董事均無與本公司訂有本公司不可於一年內免付補償(法定補償除外)而終止之服務合約。

董事之合約權益

本年度或年結時，本公司、各同系附屬公司或控股公司概無簽訂任何涉及本集團之業務而本公司之董事直接或間接在其中擁有重大權益之重要合約。

董事及高級管理人員之個人簡歷

董事及高級管理人員之個人簡歷載於第十四頁。



Report of the Directors 董事會報告

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Directors' interests in equity or debt securities

At 31 December 2002, the interests of the directors in the shares and options of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

董事於股本證券或債務證券之權益

於二零零二年十二月三十一日，根據本公司依證券(披露權益)條例(「披露權益條例」)第二十九條設置之登記冊所記錄或據本公司接獲之通知，各董事在本公司及其相聯法團(按披露權益條例之定義)之股份及購股權中之權益如下：

		Number of shares 股份數目				Total 合計
		Personal interests 個人權益	Family interests 家屬權益	Corporate interests 法團權益	Other interests 其他權益	
CHEN Xiao Shi	陳小石	2,800,000	—	—	—	2,800,000
LIANG Wei Wen	梁偉文	2,100,000	—	—	—	2,100,000
LIANG Bao Ping	梁保平	1,000,000	—	—	—	1,000,000
YE Zhen Wen	葉真文	500,000	—	—	—	500,000
ZHANG Xin Hua	張新華	1,600,000	—	—	—	1,600,000
		Options 購股權				
		As at 1 January 2002 於二零零二年 一月一日	Exercised 行使	As at 31 December 2002 於二零零二年 十二月三十一日		
ZHANG Xin Hua	張新華	800,000	—	800,000		
LO Wing Sang, Vincent	羅榮生	3,000,000	—	3,000,000		
CHAN Wai Dune	陳維端	3,000,000	—	3,000,000		

Share options are granted to directors under the share option scheme dated 26 November 1993. Refer details under Share Options above.

購股權乃根據一九九三年十一月二十六日之行政人員購股計劃而授予董事。購股權詳情請參閱上文。

Other than as disclosed above, at no time during the year, the directors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations (within the meaning of the SDI Ordinance).

除非上文披露，本年度內，各董事及行政總裁(包括彼等之配偶及十八歲以下子女)並無擁有、獲授予或行使任何可認購本公司及其相聯法團(定義見證券(披露權益)條例(「披露權益條例」))之股份(或認股權證或債券(如適用))之權利。

Other than as disclosed above, at no time during the year was the Company, its fellow subsidiaries or its holding company, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

除非上文披露，本年度內，本公司、各同系附屬公司或控股公司概無參與任何協定，使本公司董事可藉收購本公司或任何其他法人團體之股份或債券而取得利益。



Substantial shareholders

The register of substantial shareholders maintained under section 16(1) of the SDI Ordinance shows that as at 31 December 2002, the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors.

Name of shareholder 股東名稱		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.

主要股東

根據證券(披露權益)條例第十六(一)條而設置之主要股東登記冊，顯示於二零零二年十二月三十一日本公司已接獲下列持有本公司已發行股本百分之十或以上重大權益之通知，此等權益並未包括於以上披露之董事之權益內。

* 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美金20,000,000元的貸款額度，並登記於債權人之名義股東Bright Asia Assets Ltd.以下。

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

管理合約

本年度內，本公司並無就整體業務或任何重要業務之管理或行政工作簽訂或存有任何合約。

Major customers and suppliers

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

主要客戶及供應商

本年度內，集團從其五位最大供應商購入之貨品及服務少於百分之三十，向其五位最大客戶售出之貨品及服務亦少於百分之三十。

Connected transactions

- (a) Significant related party transactions entered by the Group during the year ended 31 December 2002, which constitute connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), are disclosed in Note 29 to the accounts.
- (b) Other related party transactions, which also constitute connected transactions under the listing rules, required to be disclosed in accordance with Chapter 14 of the Listing Rules, are as follows:

In 2002, Hualing Refrigerant Engineering Limited, a wholly owned subsidiary of the Company, purchased certain machinery and equipment of approximately US\$1,471,000 (equivalent to HK\$11,474,000) from Xian East Machinery & Electrical (Group) Co., Ltd, one of the investors of Xian Dongling Refrigerating Compressors Co., Ltd. ("Xian Dongling"), an associated company of the Group. The purchased machinery and equipment were used as an additional investment in Xian Dongling.

關連交易

- (a) 本集團於截至二零零二年十二月三十一日止年度進行之重大有關連人士交易(即根據香港聯合交易所有限公司證券上市規則(「上市規則」)構成關連交易者，乃載於賬目附註二十九。
- (b) 按照上市規則第十四章須予披露之其他有關連人士交易(即根據上市規則亦構成關連交易者)如下：

於二零零二年，本集團之全資附屬公司，華凌製冷工程有限公司，向西安東方機電(集團)有限公司(其為本集團聯營公司西安東凌製冷壓縮機有限公司(「西安東凌」)之投資者)，購買了價值美金1,471,000元(等值為港幣11,474,000元)的機器及設備，作為對西安東凌之投資之增加。

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Compliance with the Code of Best Practice of the Listing Rules

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules except that no 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.

Audit Committee

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the group audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The Committee comprises two independent non-executive directors, namely Mr. Chan Wai Dune and Mr. Lam Ming Yung and one non-executive director, namely Mr. Zhang Xin Hua. Two meetings were held during the current financial year.

Directors' interest in competing business

At 31 December 2002, none of the directors of the Company has interest in competing businesses required to be disclosed pursuant to paragraph 8.10(2) of the Listing Rules.

Auditors

The accounts have been audited by PricewaterhouseCoopers (having previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of Arthur Andersen & Co in June 2002) who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

CHEN Xiao Shi
Chairman

Hong Kong
16 April 2003



符合上市規則之「最佳應用守則」

除獨立非執行董事因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，本公司於年內一直遵守上市規則所載列之「最佳應用守則」之規定。

審核委員會

本公司已參照由香港會計師公會發出之「成立審核委員會指引」編製及採納列明審核委員會之職權及責任之職權範圍書。

審核委員會就集團審計範圍內的事項擔任董事會與公司核數師之間的重要橋樑。審核委員會亦負責檢討公司內部與外部審核工作，以及內部監控與風險評估等方面的效能。委員會由兩位獨立非執行董事陳維端先生及林明勇先生及一位非執行董事張新華先生組成。委員會於本財政年度內已召開兩次會議。

董事於競爭性業務之權益

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(2)條的披露要求，於二零零二年十二月三十一日，本公司並無董事於競爭業務持有權益。

核數師

本賬目已經由羅兵咸永道會計師事務所審核(早前已獲董事會委任填補安達信公司在二零零二年六月辭任出現之空缺)，該核數師任滿告退，但表示願意應聘連任。

承董事會命

陳小石
董事長

香港
二零零三年四月十六日