

I Basis of preparation

Although the Group incurred a consolidated net loss attributable to the shareholders of HK\$250,359,000 for the year ended 31 December 2002, and had net current liabilities of HK\$301,601,000 as at 31 December 2002, the going concern basis has been adopted by the Directors in the preparation of these accounts after considering the following:

- (a) The adoption of various measures to improve the Group's operational performance, including expansion into new markets and the implementation of cost controls.
- (b) As disclosed in Note 22 to the accounts, the bank loans, with which the Group largely finances its day to day working capital requirements, are due for repayment in 2003. The Group is currently negotiating with its bankers to roll over these loans and/or to extend their repayment terms and for additional financing to meet its estimated needs. Bank loans of approximately RMB218,484,000 outstanding as at 31 December 2002, which matured before the date of approval of these accounts, have subsequently been rolled over for a further year and no loan facilities have been withdrawn by the banks during this same period.
- (c) The Group is actively exploring the availability of alternative sources of financing should its negotiations with its current bankers not be fully successful.

2 Principal accounting policies

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, certain property, plant and equipment are stated at fair value.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002:

SSAP1 (revised):	Presentation of financial statements
SSAP11 (revised):	Foreign currency translation
SSAP15 (revised):	Cash flow statements
SSAP33:	Discontinuing operations
SSAP34 (revised):	Employee benefits

The adoption of the above revised SSAPs had no material effect on amounts reported in prior year.

I 編製基準

截至二零零二年十二月三十一日止年度，錄得股東應佔綜合虧損淨值為港幣250,359,000元，及於當日之流動負債淨值為港幣301,601,000元。為編制該等賬目，董事已採用持續經營之基準，並計及下列各項後編制而成：

- (a) 本集團採用了多種有效的方法提高其經營業績，包括開拓新的市場及採納有效的成本控制。
- (b) 如賬目附註二十二所詳述，以維持本集團日常營運資金之銀行借款即將在二零零三年到期。為了保持足夠的資金支持，本集團正在與銀行方面溝通以續簽或延長借款期限和取得額外融資。截至二零零二年十二月三十一日未償還約人民幣218,484,000元之銀行借款在本賬目簽署日之前已到期並續簽了一年，同時，無任何貸款額度被銀行撤回。
- (c) 倘若本集團與現有之銀行之協商不盡成功，本集團將積極拓展其他融資渠道。

2 主要會計政策

編製此等賬目所採用之主要會計政策列載如下：

本賬目乃按照香港公認會計原則及香港會計師公會頒佈之會計標準編製。賬目並依據歷史成本常規法編製，惟若干物業、廠房及設備乃按公平值列賬（見下文會計政策）。

於本年度，本集團採納下列由香港會計師公會頒佈之會計準則，該等會計準則於二零零二年一月一日或以後開始之會計期間生效：

會計準則第1號(經修訂)：	財務報表之呈報
會計準則第11號(經修訂)：	外幣換算
會計準則第15號(經修訂)：	現金流量表
會計準則第33號：	終止經營
會計準則第34號(經修訂)：	僱員福利

採納上述經修訂之會計準則對以前年度呈報之金額無重要影響。

2 Principal accounting policies (Cont'd)

(a) Group accounting

(i) Consolidation

The consolidated accounts include the accounts of the company and its subsidiaries made up to 31 December.

Subsidiaries are those entities in which the Group controls the composition of the board of directors, controls more than half of the voting power or holds more than half of the issued share capital.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the company on the basis of dividends received and receivable.

(ii) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies and also goodwill/negative goodwill (net of accumulated amortization) on acquisition.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

2 主要會計政策 (續)

(a) 集團會計

(i) 綜合賬目

綜合賬目包括本公司及各附屬公司截至十二月三十一日止之賬目。

附屬公司指集團控制董事會之組成、控制超過半數投票權或持有過半數發行股本之公司。

在年內購入或售出之附屬公司，其業績由收購生效日起計或計至出售生效日止列入綜合損益賬內。

所有集團內公司間之重大交易及結餘已於綜合賬目時對銷。少數股東權益指外界股東在附屬公司之經營業績及資產淨值中擁有之權益。

在本公司之資產負債表內，附屬公司之投資以成本值扣除減值虧損準備入賬。本公司將附屬公司之業績按已收及應收股息入賬。

(ii) 聯營公司

聯營公司為附屬公司以外，長期持有其股權，並對其管理具有重大影響力之公司。

綜合損益賬包括集團應佔聯營公司之本年度業績，而綜合資產負債表則包括集團應佔聯營公司之資產淨值及收購產生之商譽／負商譽（扣除累計攤銷）。

當聯營公司之投資賬面值已全數撇銷，便不再採用權益會計法，除非集團就該聯營公司已產生承擔或有擔保之承擔。

2 Principal accounting policies (Cont'd)

(a) Group accounting (Cont'd)

(iii) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

The balance sheet of subsidiaries and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss is translated at an average rate. Exchange differences arising in these cases are dealt with as a movement in reserves.

(b) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions that occurred prior to 1 January 2001 was eliminated against reserves. Any impairment arising on such goodwill is accounted for in the consolidated profit and loss account.

Goodwill on acquisitions occurring on or after 1 January 2001 is included in intangible assets and is amortized using the straight-line method over its estimated useful life.

(ii) Taxi licenses

Expenditure on acquired taxi licenses is capitalized and amortized using the straight-line method over their useful lives, but not exceeding 20 years. Taxi licenses are not revalued as there is no active market for these assets.

2 主要會計政策 (續)

(a) 集團會計 (續)

(iii) 外幣換算

以外幣為本位之交易，均按交易當日之匯率折算。於結算日以外幣顯示之貨幣資產與負債則按結算日之匯率折算。由此產生之匯兌盈虧均計入損益賬。

附屬公司、共同控制實體及聯營公司以外幣顯示之資產負債表均按結算日之匯率折算，而損益賬則按平均匯率折算。由此產生之匯兌盈虧作為儲備變動入賬。

(b) 無形資產

(i) 商譽

商譽指收購成本超出於收購日集團應佔所收購附屬公司之淨資產之數額。

於二零零一年一月一日前產生之收購商譽已於儲備中對銷。若該商譽有減值，所產生之任何減值均記入綜合損益表。

於二零零一年一月一日或以後產生之收購商譽計入無形資產，並於其估計可用年期以直線法攤銷。

(ii) 出租車牌照

購入出租車牌照之開支將予資本化，並以直線法按不超過20年之可使用年期攤銷。由於出租車牌照並無活躍市場，故其價值不會被進行重估。

2 Principal accounting policies (Cont'd)

(b) Intangible assets (Cont'd)

(iii) Research and development costs

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognized as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. Such development costs are recognized as an asset and amortized on a straight-line basis over a period of not more than 5 years to reflect the pattern in which the related economic benefits are recognized. Development costs that do not meet the above criteria are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in the subsequent period.

(iv) Impairment of intangible assets

Where an indication of impairment exists, the carrying amount of any intangible asset, including goodwill previously written off against reserves, is assessed and written down immediately to its recoverable amount. Such impairment loss is recognized in the consolidated profit and loss account.

(c) Property, plant and equipment

(i) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are valued at intervals of not more than three years by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

2 主要會計政策 (續)

(b) 無形資產 (續)

(iii) 研究及開發成本

研究成本在發生時作為費用支銷。當能夠證明開發中產品技術之可行性及有意完成該產品，而亦有資源協助、成本可予識別，及有能力出售或使用該資產而能賺取盈利，則將新產品或改良產品之設計及測試之開發所涉及之成本確認為無形資產，並以直線法按不超過5年之期間攤銷，以反映將相關經濟效益確認之模式。不符合上述條件之開發成本在發生時作為費用支銷。已入賬為支出之開發成本不會在往後期間確認為資產。

(iv) 無形資產減值

如有跡象顯示出現減值，則無形資產之賬面值，包括之前已在儲備記賬之商譽，均需評估及即時撇減至可收回價值。其產生之任何減值均記入綜合損益表。

(c) 物業、廠房及設備

(i) 投資物業

投資物業乃在土地及樓宇中所佔之權益，而該等土地及樓宇之建築工程及發展經已完成，因其具有投資價值而持有，任何租金收入均按公平原則磋商。

投資物業皆由獨立估值師最少每隔三年估值一次；相隔期間每年由集團內具專業資格之高級職員負責估值。估值是以個別物業之公開市值為計算基準，而土地及樓宇並不分開估值。估值會用於年度賬目內。重估之增值撥入投資物業重估儲備，減值則首先以整個組合為基礎與先前之增值對銷，然後從經營盈利中扣除。其後任何增值將撥入經營盈利，惟最高以先前扣減之金額為限。

2 Principal accounting policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(i) Investment properties (Cont'd)

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realized in respect of previous valuations is released from the investment properties revaluation reserve to the consolidated profit and loss account.

(ii) Construction-in-progress

Construction-in-progress represents plant and properties under construction and is stated as cost less accumulated impairment losses. This includes cost of construction, plant and equipment and other direct costs (plus borrowing costs which include interest charges and exchange differences arising from foreign currency borrowings used to finance these projects during the construction period, to the extent these are regarded as an adjustment to interest costs.)

Construction-in-progress is not depreciated until such time as the assets are completed and ready for their intended use.

(iii) Other property, plant and equipment

Property, plant and equipment, other than investment properties and construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. 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 after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the consolidated profit and loss account in the period in which they are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditures are capitalized as additional costs of the property, plant and equipment.

2 主要會計政策 (續)

(c) 物業、廠房及設備 (續)

(i) 投資物業 (續)

在出售投資物業時，重估儲備中與先前估值有關之已變現部分，將從投資物業重估儲備轉撥至損益賬。

(ii) 在建工程

在建工程指建造中的廠房和物業，在建工程按成本值減累計減值損失列賬。包括工地成本、廠房及設備及其他直接成本(加上借貸成本，包括於施工期間的利息費用及為該等項目所借之外幣借款所產生之匯兌差額，倘該等費用被視作利息成本的調整)。

於該等資產竣工並可投入使用前，概不在建工程計提折舊。

(iii) 其他物業、廠房及設備

除投資物業及在建工程外，其他物業、廠房及設備按成本值減累計折舊及累計減值損失入賬。資產之原值包括購買價及使資產達致運作狀況及運往現址作擬定用途之直接成本。在固定資產投入運作後產生之支出，如維修保養及經常費用等，一般自費用發生時於綜合損益表中扣除。倘若當時之情況清楚顯示該項支出導致未來因使用該項物業、廠房及設備而獲得之經濟效益增加，則將該項支出撥作固定資產之額外成本。

2 Principal accounting policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(iv) Depreciation

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.

Leasehold land of other property, plant and equipment is depreciated over the period of the lease while other property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis after taking into account of the estimated residual value.

During the year, the Group changed its accounting estimates on the useful lives of certain property, plant and equipment. The expected useful lives as follow:

	Estimated useful lives as at 31 December 2002
Land use right	50 years
Building	10 years to 30 years
Plant and machinery	10 years to 20 years
Furniture, fixture and electronic equipment	5 years to 10 years
Motor vehicles	5 years to 10 years
Computer equipment	5 years
Moulds and other equipment	2 years to 10 years

The Group estimated that the impact on the change in the useful lives of those property, plant and equipment to the consolidated profit and loss accounts would be a decrease of depreciation expenses of approximately HK\$2,634,000 in 2002. The change was made to better reflect how the relevant asset is expected to be used over time, and to provide a better matching of revenues and expenses.

2 主要會計政策 (續)

(c) 物業、廠房及設備 (續)

(iv) 折舊

租約尚餘二十年或以下年期之投資物業均按租約尚餘年期折舊。

其他物業之租約土地按租約年期折舊，其他固定資產則於扣除估計殘值後，以直線法於其估計可用年限內將其成本值減累積減值虧損撇銷。

本年度，本集團若干物業、廠房及設備可使用年限之會計估計已作變更。各項資產之估計可使用年限如下：

截至二零零二年
十二月三十一日
之估計可使用年限

土地使用權	50年
樓宇	10-30年
廠房及機器	10-20年
傢俬、裝置及電子設備	5-10年
汽車	5-10年
電腦設備	5年
模具及其他設備	2-10年

本集團預計物業、廠房及機器之折舊年限之會計估計變更對於損益表之影響為：減少港幣2,634,000元之二零零二年度折舊開支。此等變更是為更真實反映相關資產的可服務年限，及更真實反映收入與費用以符合配比原則。

2 Principal accounting policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(v) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included construction-in-progress and other property, plant and equipment are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognized to reduce the asset to its recoverable amount. Such impairment losses are recognized in the consolidated profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a property, plant and equipment other than investment properties and construction-in-progress is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the consolidated profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to accumulated deficit and is shown as a movement in reserves.

(d) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the consolidated profit and loss account on a straight-line basis over the lease periods.

2 主要會計政策 (續)

(c) 物業、廠房及設備 (續)

(v) 減值與出售盈虧

在每年結算日，在建工程、其他物業、廠房及設備皆透過集團內部及外界所獲得的資訊，評核該等資產有否減值。如有跡象顯示該等資產出現減值，則估算其可收回價值，及在合適情況下將減值虧損入賬以將資產減至其可收回價值。此等減值虧損在綜合損益表入賬，但假若某資產乃按估值列賬，而減值虧損不超過該資產之重估盈餘，此等虧損則當作估值減少。

除出售投資物業及在建工程之收益或虧損外，出售物業、廠房及設備之收益或虧損將列算於綜合損益表內。出售固定資產之收益或虧損乃出售所得收入淨額與資產賬面值之差額。任何屬於被出售的資產之重估儲備結餘均轉撥至保留盈餘，並列作儲備變動。

(d) 經營租賃

經營租賃是指擁有資產之風險及回報實質上由出租公司保留之租賃。租賃款額在扣除自出租公司收取之任何獎勵金後，於租賃期內以直線法在綜合損益表中支銷。

2 Principal accounting policies (Cont'd)

(e) Inventories

Inventories comprise stocks and work in progress and are stated at the lower of cost and net realizable value. Cost, calculated on the first-in, first-out basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(f) Trade receivables

Provision is made against trade receivables to the extent they are considered to be doubtful. Trade receivables in the consolidated balance sheet are stated net of such provision.

(g) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash at banks.

(h) Provisions for warranty

Provisions are 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 will be required to settle the obligation, and a reliable estimate of the amount can be made.

The Group recognizes a provision for repairs or replacement of products still under warranty period at the balance sheet date. This provision is calculated based on past history of the level of repairs and replacements.

2 主要會計政策 (續)

(e) 存貨

存貨包括製成品及在製品，按成本值與可變現淨值二者之較低者入賬。成本值以先進先出法計算，並包括原材料、直接人工及所有生產經常開支之應佔部份。可變現淨值乃按預計銷售所得款項扣除估計營銷費用計算。

(f) 貿易應收賬款

凡被視為呆賬之貿易應收賬款，均提撥準備。在綜合資產負債表內列賬之應收賬款已扣除有關之準備金。

(g) 現金及現金等價物

現金及現金等價物按成本在資產負債表內列賬。在現金流量表中，現金及現金等價物包括庫存現金及銀行通知存款。

(h) 產品保養撥備

當集團因已發生的事件須承擔現有之法律性或推定性的責任，而解除責任時有可能消耗資源，並在責任金額能夠可靠地作出估算的情況下，需確立撥備。

集團為結算日仍在保用期產品之維修或更換確立撥備。此項撥備乃按照過往維修及更換產品之程度而計算。

2 Principal accounting policies (Cont'd)

(i) Employee benefits

(i) Retirement benefits obligation

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. The Group's subsidiaries incorporated in Mainland China make contributions to a state-sponsored defined contribution scheme for the Group's local staff on a monthly basis pursuant to PRC laws and relevant regulations issued by local social security authorities.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(ii) Equity compensation benefits

Share options are granted to directors and employees. No compensation cost is recognized upon the granting of options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital and share premium.

(j) Deferred taxation

Deferred taxation is provided under the liability method, in respect of the timing differences between profit as computed for taxation purposes and profit as stated in the consolidated accounts to the extent that it is probable that a liability or asset will crystallise.

(k) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

2 主要會計政策 (續)

(i) 僱員福利

(i) 退休金責任

本集團已安排本集團之香港僱員參加一項由獨立受託人管理的既定供款計劃，強制性公積金計劃（「強積金計劃」）。按照中華人民共和國法規，本集團設於中國大陸之附屬公司為本集團當地僱員向政府資助之既定供款計劃按月供款。

集團之供款於供款相關期內在損益表支銷。

(ii) 權益補償福利

本集團向董事及僱員授出購股權。該等購股權將不會確認補償成本。若購股權按市價之折讓價授出，則在損益賬中按該折讓確認為補償成本，並在資產負債表中列作權益增加。購股權被行使時，所得款項扣除任何交易成本後撥入股本（面值）及股份溢價。

(j) 遞延稅項

遞延稅項是根據負債法就因課稅計算的溢利與綜合財務報表所列示的重大時差的撥備，若認為在可見將來不會產生任何負債或資產則無需撥備。

(k) 或然負債及或然資產

或然負債指因已發生的事件而可能引起之責任，此等責任需就某一宗或多宗事件會否發生才能確認，而集團並不能完全控制這些未來事件會否實現。或然負債亦可能是因已發生的事件引致之現有責任，但由於可能不需要消耗經濟資源，或責任金額未能可靠地衡量而未有入賬。

2 Principal accounting policies (Cont'd)

(k) Contingent liabilities and contingent assets (Cont'd)

A contingent liability is not recognized but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

(l) Revenue recognition

Revenue from the sale of goods is recognized on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Operating lease rental income is recognized on a straight-line basis over the terms of the lease.

Subsidy income is recognized upon receipt from the relevant granting authorities.

(m) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset.

All other borrowing costs are charged to the consolidated profit and loss account in the year in which they are incurred.

2 主要會計政策 (續)

(k) 或然負債及或然資產 (續)

或然負債不會被確認，但會在賬目附註中披露。假若消耗資源之可能性改變導致可能出現資源消耗，此等負債將被確立為撥備。

或然資產指因已發生的事件而可能產生之資產，此等資產需就某一宗或多宗事件會否發生才能確認，而集團並不能完全控制這些未來事件會否實現。

或然資產不會被確認，但會於可能收到經濟效益時在賬目附註中披露。若實質確定有收到經濟效益時，此等效益才被確立為資產。

(l) 收益確認

銷貨收益在擁有權之風險及回報轉移時確認，通常亦即為貨品付運予客戶及所有權轉讓時。

利息收入依據未償還本金額及適用利率按時間比例確認。

經營租賃之租金收入於租賃期間內按直線法確認。

補貼收入於有關部門發放補貼時予以確認。

(m) 借貸成本

凡直接與購置、興建或生產某項資產(該資產必須經過頗長時間籌備以作預定用途或出售)有關之借貸成本，均資本化為資產之部分成本。

所有其他借貸成本均於發生年度內在綜合損益表支銷。

2 Principal accounting policies (Cont'd)

(n) Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of intangible assets, property, plant and equipment, inventories, receivables and bank balances and cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to intangible assets and property, plant and equipment.

In respect of geographical segment reporting, sales are based on the countries in which the customers are located. Total assets and capital expenditure are where the assets are located.

3 Turnover and segment information

The company is an investment holding company. The Group is principally engaged in the manufacture and sale of household electrical appliances, which include refrigerators, air-conditioners and mini-refrigerators. Revenues recognized during the year are as follows:

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Turnover	營業額		
Sales of refrigerators	冰箱銷售	314,400	283,624
Sales of air-conditioners	空調機銷售	745,207	1,138,884
Sales of mini-refrigerators	小型冰箱銷售	201,465	228,240
Others	其他	—	240
		<u>1,261,072</u>	<u>1,650,988</u>

2 主要會計政策 (續)

(n) 分部報告

按照本集團之內部財務報告，本集團已決定將業務分部資料作為主要分部報告，而地區分佈資料則作為從屬形式呈列。

未分配成本指集團整體性開支。分部資產主要包括無形資產、物業、廠房及設備、存貨、應收款項及銀行結餘與現金。分部負債指經營負債，而不包括例如稅項及若干集團整體性之借款等項目。資本性開支包括購入無形資產及物業、廠房及設備的費用。

至於地區分部報告，銷售額乃按照客戶所在國家計算。總資產及資本性開支按資產所在地計算。

3 營業額及分部資料

本公司為一間投資控股公司。本集團之主要業務為生產及銷售家庭電器，包括冰箱、空調機及小型冰箱。本年度列賬之收益如下：

3 Turnover and segment information (Cont'd)

Business segments

The Group is organized into three main business segments:

- Refrigerator business — manufacture and distribution of a broad range of refrigerators
- Air-conditioner business — manufacture and distribution of a broad range of air-conditioners
- Mini-refrigerator business — manufacture and distribution of a broad range of mini-refrigerators

Other business of the Group mainly comprises holding of investment properties and renting of cars and properties, neither of which are of a sufficient size to be reported separately.

3 營業額及分部資料 (續)

業務分部

集團經營三項主要業務分部：

- 冰箱業務 — 製造及分銷廣泛類別之冰箱
- 空調機業務 — 製造及分銷廣泛類別之空調機
- 小型冰箱業務 — 製造及分銷廣泛類別之小型冰箱

集團其他業務主要為持有投資物業及出租小汽車及物業，兩者的規模皆不足以作獨立項目報告。

		Refrigerator business 冰箱業務 2002 HK\$'000 港幣千元	Air-conditioner business 空調業務 2002 HK\$'000 港幣千元	Mini-refrigerator business 小型冰箱業務 2002 HK\$'000 港幣千元	Other businesses 其他業務 2002 HK\$'000 港幣千元	Elimination 抵銷 2002 HK\$'000 港幣千元	Group 集團 2002 HK\$'000 港幣千元
TURNOVER	營業額						
External sales	對外銷售	314,400	745,207	201,465	—	—	1,261,072
Inter-segment sales	分部間銷售	—	—	—	—	—	—
Total turnover	營業總額	314,400	745,207	201,465	—	—	1,261,072
RESULTS	業績						
Segment results	分部業績	(129,133)	(64,272)	19,155	1,510	(6,443)	(179,183)
Unallocated costs	未分配成本						(20,639)
Operating loss	經營虧損						(199,822)
Finance costs	財務費用	(21,676)	(18,117)	(191)	(251)	6,839	(33,396)
Finance cost unallocated	未分配財務費用						(2)
Share of losses of associated companies	應佔聯營公司虧損						(6,663)
Loss before taxation	稅前虧損						(239,883)
Taxation	稅項	—	(221)	(2,677)	(339)	—	(3,237)
Loss after taxation	稅後虧損						(243,120)
Minority interests	少數股東權益						(7,239)
Loss attributable to shareholders	股東應佔虧損						(250,359)
Segment assets	分部資產	407,170	768,713	261,517	13,975	—	1,451,375
Interests in associated companies	聯營公司權益						30,260
Unallocated assets	未分配資產						194,675
Total assets	總資產						1,676,310
Segment liabilities	分部負債	423,784	587,529	165,163	4,028		1,180,504
Unallocated liabilities	未分配負債						23,012
Total liabilities	總負債						1,203,516
Capital expenditures	資本性支出	10,347	26,404	64,619	744		102,114
Depreciation	折舊	34,518	36,306	5,267	482		76,573
Amortization of intangible assets other than goodwill	除商譽外之無形資產攤銷	—	—	—	537		537
Amortization of goodwill	商譽之攤銷						680
Other non-cash expenses	其他非現金性支出						
— (Write-back of) provision for inventory obsolescence	— 存貨殘次準備 (撥回)	(927)	11,389	—	—		10,462
— (Write-back of) provision for doubtful receivables	— 呆帳準備 (撥回)	14,054	8,667	(20)	—		22,701
— Impairment of property, plant and equipment	— 物業、廠房及設備之跌價準備	8,321	—	—	—		8,321

3 Turnover and segment information (Cont'd)

3 營業額及分部資料 (續)

		Refrigerator business	Air- conditioner business	Mini- refrigerator business	Other businesses	Elimination	Group
		冰箱業務 2001 HK\$'000 港幣千元	空調業務 2001 HK\$'000 港幣千元	小型冰箱 業務 2001 HK\$'000 港幣千元	其他業務 2001 HK\$'000 港幣千元	抵銷 2001 HK\$'000 港幣千元	集團 2001 HK\$'000 港幣千元
TURNOVER	營業額						
External sales	對外銷售	283,624	1,138,884	228,240	240	—	1,650,988
Inter-segment sales	分部間銷售	1,464	632	—	—	(2,096)	—
Total turnover	營業總額	<u>285,088</u>	<u>1,139,516</u>	<u>228,240</u>	<u>240</u>	<u>(2,096)</u>	<u>1,650,988</u>
RESULTS	業績						
Segment results	分部業績	(39,971)	111,895	28,282	1,123	(18,093)	83,326
Unallocated costs	未分配成本						(10,093)
Operating profit	經營盈利						73,143
Finance costs	財務費用	(29,020)	(23,224)	(1,228)	51	16,508	(36,913)
Finance cost unallocated	未分配財務費用						300
Share of profits less losses of associated companies	應佔聯營公司盈利						70
Profit before taxation	稅前盈利						36,600
Taxation	稅項	(2,858)	(10,822)	—	(9)		(13,689)
Profit after taxation	稅後盈利						22,911
Minority interests	少數股東權益						(12,152)
Profit attributable to shareholders	股東應佔盈利						<u>10,759</u>
Segment assets	分部資產	613,370	985,904	206,194	16,122	—	1,821,590
Interests in associates	聯營公司權益						25,596
Unallocated assets	未分配資產						187,447
Total assets	總資產						<u>2,034,633</u>
Segment liabilities	分部負債	463,392	688,764	126,485	1,488	—	1,280,129
Unallocated liabilities	未分配負債						38,732
Total liabilities	總負債						<u>1,318,861</u>
Capital expenditures	資本性支出	21,866	87,636	8,083	4,094	—	121,679
Depreciation	折舊	29,155	31,094	4,207	594	—	65,050
Amortization of intangible assets other than goodwill	除商譽外之無形資產攤銷				114	—	114
Amortization of goodwill	商譽之攤銷						680
Other non-cash expenses	其他非現金性支出						
— (Write-back of) provision for inventory obsolescence	— 存貨殘次準備(撥回)	11,424	(2,458)	—	—	—	8,966
— (Write-back of) provision for doubtful receivables	— 呆帳準備(撥回)	2,027	(11,031)	233	—	—	(8,771)

3 Turnover and segment information (Cont'd)

Geographical segments

The Group's three business segments are operated in five main geographical areas:

Mainland China	— manufacture and sale of household electrical appliances
Europe	— sale of household electrical appliances
Asia-Pacific countries	— sale of household electrical appliances
America	— sale of household electrical appliances
Africa	— sale of household electrical appliances

There are no sales between the geographical segments. Analysis of financial information by geographical segment is as follows:

Analysis of sales of refrigerators into domestic sales in Mainland China and export sales outside Mainland China by region is as follows:

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Domestic sales	國內銷售	272,552	265,881
Export sales	出口銷售		
Europe	歐洲	17,865	3,806
Asia-Pacific	亞太	23,001	13,937
Africa	非洲	352	—
America	美洲	630	—
Total export sales	出口銷售總額	41,848	17,743
Total	合計	314,400	283,624

3 營業額及分部資料 (續)

地區分部

集團三項業務分部在以下五個主要地區經營：

中國大陸	— 家用電器製造及分銷
歐洲	— 家用電器分銷
亞太地區	— 家用電器分銷
美洲	— 家用電器分銷
非洲	— 家用電器分銷

地區分部之間並無買賣活動。對地區分部之財務信息分析如下：

按地區劃分的在中國國內和對國外出口的冰箱銷售分析如下：

3 Turnover and segment information (Cont'd)

Analysis of sales of air-conditioners into domestic sales in Mainland China and export sales outside Mainland China by region as follows:

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Domestic sales	國內銷售	501,801	965,318
Export sales	出口銷售		
Europe	歐洲	109,928	85,868
America	美洲	69,137	39,579
Asia-Pacific	亞太	59,324	48,119
Africa	非洲	5,017	—
Total export sales	出口銷售總額	243,406	173,566
Total	合計	745,207	1,138,884

Analysis of sales of mini-refrigerators into domestic sales in Mainland China and export sales outside Mainland China by region is as follows:

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Domestic sales	國內銷售	45,060	72,859
Export sales	出口銷售		
Europe	歐洲	10,958	—
America	美洲	47,808	75,439
Asia-Pacific	亞太	95,248	79,942
Africa	非洲	2,391	—
Total export sales	出口銷售總額	156,405	155,381
Total	合計	201,465	228,240

No geographical segment analysis on total assets and capital expenditure is prepared as over 90% of the Group's total assets and capital expenditures were located/incurred in Mainland China.

3 營業額及分部資料(續)

按地區劃分的在中國國內和對國外出口的空調銷售分析如下：

按地區劃分的在中國國內和對國外出口的小型冰箱銷售分析如下：

由於本集團百分之九十之資產及資本支出皆位於／發生在中國內地，因此，並無呈列分部資料。

4 Other Revenue

4 其他業務收入

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Rental income	租賃收入	4,277	3,217
Less: outgoing in respect of the above rental income	減：租賃收入之成本	(209)	(173)
		4,068	3,044
Write-back of provision for doubtful receivables	呆帳準備撥回	—	8,771
Government subsidies	政府補貼收入	3,026	9,829
Sales of scrap materials	廢料銷售	5,261	8,320
Others	其他	1,405	2,884
		<u>13,760</u>	<u>32,848</u>

5 Operating (loss)/profit

5 經營(虧損)/盈利

Operating (loss)/profit is stated after charging and crediting the following:

經營(虧損)/盈利已計入及扣除下列項目：

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Charging:	扣除：		
Cost of inventories	存貨成本	945,481	1,066,081
Staff costs including directors' emoluments (see Note 11)	包括董事酬金在內之僱員支出 (見附註十一)	89,212	85,494
Contributions to retirement scheme	退休金計劃供款	8,323	6,791
Depreciation	折舊	76,573	65,050
Amortization of intangible assets	無形資產攤銷		
— Goodwill	— 商譽	680	680
— Other intangible assets	— 其他無形資產	537	114
Impairment of property, plant and equipment	物業、廠房及設備之減值準備	8,321	—
Provision for doubtful trade receivables	貿易應收款之呆帳準備	22,701	—
Provision for doubtful other receivables	其他應收款之呆帳準備	10,376	—
Provision for inventory obsolescence	存貨殘次準備	10,462	8,966
Write down of inventory to net realizable value	存貨跌價準備	—	10,620
Provision for warranty	產品保養準備	18,137	10,122
Auditors' remuneration	核數師酬金	1,411	1,367
Operating leases rental for land and buildings	土地及樓宇經營租賃租金	12,218	14,111
Net exchange loss	匯兌淨損失	—	1,940
Research and development costs	研究及開發費用	10,224	3,471
Loss on disposal of property, plant and equipment	出售物業、廠房及設備損失	8,312	2,172
Crediting:	計入：		
Net exchange gain	匯兌淨收益	3,433	—
Write back of provision for doubtful receivables	呆帳準備撥回	—	8,771
Reversal of write down of inventories	存貨跌價準備撥回	5,043	—

6 Finance costs, net

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元 (Note 31) (附註31)
Interest on short-term bank loans and overdrafts	短期銀行借款及透支之利息	39,205	43,281
Interest on other short-term borrowing	其他短期借款利息	—	2,056
Interest income	利息收入	(7,216)	(9,428)
Bank handling charges	銀行手續費	1,409	704
		<u>33,398</u>	<u>36,613</u>

6 財務費用

7 Taxation

No Hong Kong profits tax has been provided as the Group did not have any assessable profit under Hong Kong profits tax. PRC enterprise income tax has been calculated on the estimated assessable profit for the year at the rates prevailing in the respective jurisdictions.

7 稅項

由於本集團並無賺取任何應課香港利得稅收入，故此並無提取任何香港利得稅準備。中國企業所得稅乃根據本年之估計應課稅利潤按當地之現行稅率計算。

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Enterprise income tax	企業所得稅	<u>3,237</u>	<u>13,689</u>

There was no significant unprovided deferred taxation as at 31 December 2002 (2001: Nil).

於二零零二年十二月三十一日，本集團並無重大未撥備遞延稅項（二零零一年：零）。

8 Loss attributable to shareholders

Of the Group's loss for the year, a loss of HK\$261,658,000 (2001: HK\$13,118,000) has been dealt with in the accounts of the Company.

9 Dividends

The directors do not recommend the payment of a dividend for the year ended 31st December 2002 (2001: Nil).

10 (Loss)/Earnings per share

The calculation of basic and diluted (loss)/earnings per share is based on Group's loss attributable to shareholders of HK\$250,359,000 (2001: a profit of HK\$10,759,000)

The basic (loss)/earnings per share is based on the weighted average of 1,381,727,588 ordinary shares (2001: 1,297,519,287 shares) in issue during the year.

The diluted (loss)/earnings per share is based on 1,383,094,294 ordinary shares (2001: 1,300,472,306 shares) which is the weighted average number of ordinary shares in issue during the year plus the weighted average of 1,366,706 ordinary shares (2001: 2,953,019) deemed to be issued at the agreed exercise prices as if all outstanding share options had been exercised.

8 股東應佔虧損

本年集團虧損中，計入本公司賬目之虧損為港幣261,658,000元(二零零一年：港幣13,118,000元)。

9 股息

截至二零零二年十二月三十一日止年度內，本公司並無宣派任何股息(二零零一年：零)。

10 每股(虧損)／盈利

每股基本及攤薄(虧損)／盈利是根據集團之股東應佔綜合虧損港幣250,359,000元(二零零一年：盈利港幣10,759,000元)計算。

每股基本(虧損)／盈利是按年內已發行普通股之加權平均數1,381,727,588股(二零零一年：1,297,519,287股)計算。

每股攤薄(虧損)／盈利根據1,383,094,294股(二零零一年：1,300,472,306股)普通股計算，即年內已發行普通股之加權平均數，加上假設所有未行使之認股權證及購股權皆已行使而被視作無償發行之加權平均數1,366,706股(二零零一年：2,953,019股)普通股計算。

II Directors and senior management's emoluments

(a) Directors' emoluments

The aggregate amounts of emoluments payable to directors of the company during the year are as follows:

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Fees	袍金	177	224
Other emoluments:	其他酬金：		
Basic salaries, housing allowances, other allowances and benefits in kind	基本薪金、房屋津貼、 其他津貼及實物利益	4,405	4,380
Discretionary bonuses	酌情發放之花紅	82	—
Contributions to pension schemes for directors (and past directors)	為董事(及前任董事)作出之 退休金供款	71	133
		<u>4,735</u>	<u>4,737</u>

Benefit from share options exercised amounted to HK\$140,000 (2001: HK\$20,805,000) was realized.

Directors' fees disclosed above include HK\$150,000 (2001: HK\$159,000) paid to independent non-executive directors.

The emoluments of the directors fell within the following bands:

Emolument bands	酬金組別	Number of directors 董事人數	
		2002	2001
HK\$0 — HK\$1,000,000	港幣0元 - 港幣1,000,000元	7	10
HK\$1,000,001 — HK\$1,500,000	港幣1,000,001元 - 港幣1,500,000元	—	1
HK\$1,500,001 — HK\$2,000,000	港幣1,500,001元 - 港幣2,000,000元	1	—
HK\$2,000,001 — HK\$2,500,000	港幣2,000,001元 - 港幣2,500,000元	<u>1</u>	<u>1</u>

None of the directors waived the right to receive emoluments during the year.

II 董事及高級管理人員酬金

(a) 董事酬金

年內本公司向董事支付之酬金總額如下：

已實現行使之股權利益為港幣140,000元(二零零一年：港幣20,805,000元)

上述披露之董事袍金包括向獨立非執行董事支付之款項港幣150,000元(二零零一年：港幣159,000元)。

支付予董事之酬金組別如下：

於本年度，各董事均無放棄任何薪酬。

II Directors and senior management's emoluments(Cont'd)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2001: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2001: two) individuals during the year are as follows:

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Basic salaries, housing allowances, other allowances and benefits in kind	基本薪金、房屋津貼、 其他津貼及實物利益	5,551	5,017
Discretionary bonuses	酌情發放之花紅	82	—
Contribution to pension schemes	退休金供款	311	189
		<u>5,944</u>	<u>5,206</u>

The emoluments fell within the following bands:

支付之酬金組別如下：

Emolument bands	酬金組別	Number of individuals 人數	
		2002	2001
HK\$0 — HK\$1,000,000	港幣0元 - 港幣1,000,000元	3	3
HK\$1,000,001 — HK\$1,500,000	港幣1,000,001元 - 港幣1,500,000元	—	1
HK\$1,500,001 — HK\$2,000,000	港幣1,500,001元 - 港幣2,000,000元	1	—
HK\$2,000,001 — HK\$2,500,000	港幣2,000,001元 - 港幣2,500,000元	1	1
		<u>5</u>	<u>5</u>

12 Intangible assets

12 無形資產

		Group 集團		
		Goodwill 商譽 HK\$'000 港幣千元	Taxi licenses 出租車執照 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元 (Note 31) (附註31)
Year ended 31 December 2002:		截至二零零二年十二月三十一日止年度		
Opening net book amount	期初賬面淨值	5,441	6,392	11,833
Additions	本年度增加	—	—	—
Amortization charges	本年度攤銷	(680)	(537)	(1,217)
Closing net book amount	期末賬面淨值	<u>4,761</u>	<u>5,855</u>	<u>10,616</u>
At 31 December 2002		於二零零二年十二月三十一日		
Cost	成本	6,801	6,506	13,307
Accumulated amortization	累計攤銷	<u>(2,040)</u>	<u>(651)</u>	<u>(2,691)</u>
Net book amount	賬面淨值	<u>4,761</u>	<u>5,855</u>	<u>10,616</u>
At 31 December 2001		於二零零一年十二月三十一日		
Cost	成本	6,801	6,506	13,307
Accumulated amortization	累計攤銷	<u>(1,360)</u>	<u>(114)</u>	<u>(1,474)</u>
Net book amount	賬面淨值	<u>5,441</u>	<u>6,392</u>	<u>11,833</u>

13 Property, plant and equipment

13 物業、廠房及設備

(a) Group

(a) 集團

		Investment properties	Construction-in-progress	Land use rights	Buildings	Plant and machinery	Furniture, fixtures and electronic equipment	Motor vehicles	Computer equipment	Moulds and other equipment	Total
		投資物業	建築中物業	土地使用權	樓宇	廠房及機器	傢俬、裝置及電子設備	汽車	電腦設備	其他設備	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Cost/Valuation:	成本值/估值:										
At 1 January 2002	於二零零二年一月一日	168,000	12,042	63,981	156,076	515,996	70,106	20,906	10,698	162,792	1,180,597
Additions	添置	—	28,326	3,770	29,743	31,870	1,670	1,936	4,799	—	102,114
Transfers	轉撥	—	(38,455)	—	5,838	21,710	(4,992)	106	—	15,793	—
Disposals	處置	—	(119)	—	—	(4,647)	(4,163)	(3,889)	—	(1,271)	(14,089)
Foreign exchange adjustments	匯兌調整	—	(5)	(30)	(81)	(255)	(26)	(10)	(7)	(88)	(502)
At 31 December 2002	於二零零二年十二月三十一日	168,000	1,789	67,721	191,576	564,674	62,595	19,049	15,490	177,226	1,268,120
Representing:	代表:										
At cost	成本值	—	1,789	67,721	191,576	564,674	62,595	19,049	15,490	177,226	1,100,120
At valuation	估值	168,000	—	—	—	—	—	—	—	—	168,000
		168,000	1,789	67,721	191,576	564,674	62,595	19,049	15,490	177,226	1,268,120
Accumulated depreciation and impairment:	累計折舊及減值:										
At 1 January 2002	於二零零二年一月一日	—	—	(7,106)	(45,367)	(236,790)	(30,447)	(15,160)	(654)	(84,039)	(419,563)
Charge for the year	本年計提	—	—	(1,379)	(8,461)	(42,213)	(6,379)	(817)	(2,484)	(14,840)	(76,573)
Impairment charge	耗蝕支出	—	(550)	—	—	(2,729)	—	—	—	(5,042)	(8,321)
Disposals	處置	—	—	—	—	857	1,782	3,014	—	124	5,777
Foreign exchange adjustments	匯兌調整	—	—	5	20	122	13	7	—	55	222
At 31 December 2002	於二零零二年十二月三十一日	—	(550)	(8,480)	(53,808)	(280,753)	(35,031)	(12,956)	(3,138)	(103,742)	(498,458)
Net book value:	賬面淨值:										
At 31 December 2002	於二零零二年十二月三十一日	168,000	1,239	59,241	137,768	283,921	27,564	6,093	12,352	73,484	769,662
At 31 December 2001	於二零零一年十二月三十一日	168,000	12,042	56,875	110,709	279,206	39,659	5,746	10,044	78,753	761,034

13 Property, plant and equipment (Cont'd)

(b) Company

		(b) 公司		
		Furniture, fixtures and electronic equipment	Motor vehicles	Total
		傢俬、裝置及 電子設備	汽車	總額
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
Cost:	成本：			
At 1 January 2002	於二零零二年一月一日	653	1,869	2,522
Additions	添置	50	—	50
Disposals	處置	(17)	—	(17)
		<u>686</u>	<u>1,869</u>	<u>2,555</u>
At 31 December 2002	於二零零二年十二月三十一日			
Accumulated depreciation	累計折舊：			
At 1 January 2002	於二零零二年一月一日	(284)	(1,524)	(1,808)
Charge for the year	本年計提	(111)	(113)	(224)
Disposals	處置	1	—	1
		<u>(394)</u>	<u>(1,637)</u>	<u>(2,031)</u>
At 31 December 2002	於二零零二年十二月三十一日			
Net book value:	賬面淨值：			
At 31 December 2002	於二零零二年十二月三十一日	<u>292</u>	<u>232</u>	<u>524</u>
At 31 December 2001	於二零零一年十二月三十一日	<u>369</u>	<u>345</u>	<u>714</u>

(c) Investment properties

The investment properties represent 11 floors and 12 car parking spaces in Guo Xin Building, located in Guangzhou, the PRC, with the lease terms of 50 years.

The investment properties were revalued every 3 years. The investment properties amounted to approximately \$168,000,000 (2001: \$168,000,000) were revalued at 31 December 2001 by Vigers Hong Kong Limited, independent qualified valuers. The deficit on revaluation was offset against the property revaluation reserve.

The directors are of the opinion that the carrying value of the investment properties as at 31 December 2002 approximated the open market value.

Property, plant and equipment with net book value of approximately HK\$95,916,000 (2001: HK\$116,967,000) were pledged as security for the Group's short-term bank loans.

13 物業、廠房及設備 (續)

(b) 公司

		(b) 公司		
		Furniture, fixtures and electronic equipment	Motor vehicles	Total
		傢俬、裝置及 電子設備	汽車	總額
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
Cost:	成本：			
At 1 January 2002	於二零零二年一月一日	653	1,869	2,522
Additions	添置	50	—	50
Disposals	處置	(17)	—	(17)
		<u>686</u>	<u>1,869</u>	<u>2,555</u>
At 31 December 2002	於二零零二年十二月三十一日			
Accumulated depreciation	累計折舊：			
At 1 January 2002	於二零零二年一月一日	(284)	(1,524)	(1,808)
Charge for the year	本年計提	(111)	(113)	(224)
Disposals	處置	1	—	1
		<u>(394)</u>	<u>(1,637)</u>	<u>(2,031)</u>
At 31 December 2002	於二零零二年十二月三十一日			
Net book value:	賬面淨值：			
At 31 December 2002	於二零零二年十二月三十一日	<u>292</u>	<u>232</u>	<u>524</u>
At 31 December 2001	於二零零一年十二月三十一日	<u>369</u>	<u>345</u>	<u>714</u>

(c) 投資物業

該投資物業為位於中國廣州市國信大廈之十一個樓層及十二個車位，租約年期為50年。

投資物業每三年評估一次。該物業約值168,000,000元(2001年：168,000,000元)，於二零零一年十二月三十一日由獨立專業估值師威格斯香港有限公司評估。重估減值在物業價值重估儲備中沖銷。

董事會認為該等投資物業於二零零二年十二月三十一日之帳面價值與市值相近。

賬面淨值約港幣95,916,000元之物業、廠房及設備(2001年：港幣116,967,000元)已用作抵押作為本集團短期銀行借款之擔保。

14 Interests in subsidiaries

14 附屬公司權益

		Company 公司	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Unlisted equity interests, at cost	非上市股份	20,997	20,997
Due from subsidiaries	應收附屬公司款項	586,843	603,563
		607,840	624,560
Less: Provision for impairment in value	減：減值準備	(248,160)	(2,817)
		359,680	621,743

The amounts due from subsidiaries are unsecured, interest free and are repayable on demand.

應收附屬公司款項均為無抵押、免息及在要求時償還。

The particulars of the significant subsidiaries are:

重要附屬公司詳情如下：

Name 公司名稱	Place and date of incorporation/ establishment and kind of legal entity 註冊/成立地點及日期， 及公司類型	Principal activities and place of operation 主要業務	Particulars of issued share capital 已發行及繳足股本	Interest held 應佔權益
DIRECTLY HELD				
直接持有				
China Refrigeration Industry Co., Ltd. ("China Refrigeration")	The PRC, 28 March 1985 limited liability company	Manufacture and sale of refrigerators in the PRC	Registered Capital US\$10,000,000	95%
中國雪櫃實業有限公司 ([中雪公司])	中國，一九八五年三月二十八日 有限責任公司	冰箱製造及分銷	註冊資本 美金10,000,000元	95%
Hualing Technology Limited ("Hualing Technology")	Hong Kong, 23 December 1992 limited liability company	Investment holding in Hong Kong	Ordinary Shares of HK\$10	100%
華凌科技有限公司 ([華凌科技])	香港，一九九二年十二月二十三日 有限責任公司	投資控股	普通股港幣10元	100%
Hualing Investments Limited ("Hualing Investments")	Hong Kong, 18 February 1993 limited liability company	Investment holding in Hong Kong	Ordinary Shares of HK\$2	100%
華凌投資有限公司 ([華凌投資])	香港，一九九三年二月十八日 有限責任公司	投資控股	普通股港幣2元	100%

14 Interests in subsidiaries (Cont'd)

14 附屬公司權益 (續)

Name	Place and date of incorporation/ establishment and kind of legal entity 註冊/成立地點及日期， 及公司類型	Principal activities and place of operation 主要業務	Particulars of issued share capital 已發行及繳足股本	Interest held 應佔權益
DIRECTLY HELD (Cont'd) 直接持有 (續)				
Hualing International Limited 華凌國際有限公司	Hong Kong, 4 March 1993 limited liability company 香港，一九九三年三月四日 有限責任公司	Trading in Hong Kong 貿易	Ordinary Shares of HK\$2 普通股港幣2元	100%
Hualing Refrigerant Engineering Limited 華凌製冷工程有限公司	Hong Kong, 28 February 1995 limited liability company 香港，一九九五年二月二十八日 有限責任公司	Investment holding in Hong Kong 投資控股	Ordinary Shares of HK\$2 普通股港幣2元	100%
Hualing (Far East) Limited 華凌(遠東)有限公司	The British Virgin Islands, 10 September 1993 limited liability company 英屬處女群島，一九九三年 九月十日有限責任公司	Investment holding in Hong Kong 投資控股	Ordinary Shares of US\$1 普通股美金1元	100%
INDIRECTLY HELD 間接持有				
Hualing Air-conditioning 華凌空調	The PRC, 10 May 1993 limited liability company 中國，一九九三年五月十日 有限責任公司	Manufacture and sale of air-conditioners and electronic appliances in the PRC 空調及家電 之製造及分銷	Registered Capital US\$20,000,000 註冊資本 美金20,000,000元	100%
Guangzhou Hualing Electrical Household Appliance Enterprise Co., Ltd. ("Hualing Household") 廣州華凌家電企業有限公司 (「華凌家電」)	The PRC, 28 March 1995 limited liability company 中國，一九九五年三月二十八日 有限責任公司	Distributor of HUALING brand products in the PRC 在中國銷售華 凌品牌之產品	Registered Capital RMB3,000,000 註冊資本人民幣 3,000,000元	95.5%
Hefei Hualing 合肥華凌	The PRC, 20 June 1993 limited liability company 中國，一九九三年六月二十日 有限責任公司	Manufacture and sale of mini-refrigerators in the PRC 小型冰箱製造及分銷	Registered Capital \$35,000,000 註冊資本 35,000,000元	55%

14 Interests in subsidiaries (Cont'd)

14 附屬公司權益 (續)

Name 公司名稱	Place and date of incorporation/ establishment and kind of legal entity 註冊/成立地點及日期， 及公司類型	Principal activities and place of operation 主要業務	Particulars of issued share capital 已發行及繳足股本	Interest held 應佔權益
INDIRECTLY HELD (Cont'd) 間接持有 (續)				
Guangzhou Hualing Refrigeration Co., Ltd. 廣州華凌雪櫃有限公司	The PRC, 21 March 1996 limited liability company 中國，一九九六年三月二十一日 有限責任公司	Manufacture and sale of refrigerators in the PRC 冰箱製造及分銷	Registered Capital US\$1,441,715 註冊資本 美金1,441,715元	96.25% 96.25%
Growth Plus Properties Ltd. 英屬處女群島，一九九七年 七月一日有限責任公司	The British Virgin Islands, 1 July 1997 limited liability company 英屬處女群島，一九九七年 七月一日有限責任公司	Investment holding in the British Virgin Islands 投資控股	Ordinary Shares of US\$1 普通股美金1元	100% 100%
China Appliances.com Limited 中國家電網有限公司	The British Virgin Islands, 2 March 2000 limited liability company 英屬處女群島，二零零零年 三月二日有限責任公司	Investment holding in the British Virgin Islands 投資控股	Ordinary Shares of US\$1 普通股美金1元	100% 100%
Chengdu Hualing Electrical Household Appliance Co., Ltd. 成都華凌家電有限公司 (「成都華凌」)	The PRC, 1 August 2001 limited liability company 中國，二零零一年八月一日 有限責任公司	Distributor of HUALING brand products in the PRC 在中國銷售華 凌品牌之產品	Registered Capital RMB2,500,000 註冊資本人民幣 2,500,000元	99.775% 99.775%
Guangzhou Hualing Property Management Co., Ltd. ("Hualing Property") 廣州華凌物業管理有限公司 (「華凌物業」)	The PRC, 3 August 2000 limited liability company 中國，二零零零年八月三日 有限責任公司	Property management in the PRC 物業管理	Registered Capital RMB500,000 註冊資本 人民幣500,000元	95.5% 95.5%
Guangzhou Hualing Shopping Mall Co., Ltd. ("Hualing Shopping Mall") 廣州市華凌商場有限公司 (「華凌商場」)	The PRC, 1 October 2000 limited liability company 中國，二零零零年十月一日 有限責任公司	Distributor of HUALING brand products in the PRC 在中國銷售華 凌品牌之產品	Registered Capital RMB500,000 註冊資本 人民幣500,000元	95.5% 95.5%
Guangzhou Ma Hui Hualing Taxi ("Hualing Taxi") 廣州馬會華凌出租車隊 (「華凌車隊」)	The PRC, 2 May 1995 limited liability company 中國，一九九五年五月二日 有限責任公司	Taxi license leasing in the PRC 出租車執照租賃	Registered Capital RMB2,000,000 註冊資本 人民幣2,000,000元	57% 57%

14 Interests in subsidiaries (Cont'd)

14 附屬公司權益 (續)

Name	Place and date of incorporation/ establishment and kind of legal entity 註冊/成立地點及日期， 及公司類型	Principal activities and place of operation	Particulars of issued share capital	Interest held
公司名稱		主要業務	已發行及繳足股本	應佔權益
INDIRECTLY HELD (Cont'd)				
間接持有 (續)				
Hualing Technology (Investment) Limited	The British Virgin Islands, 25 October 2002 limited liability company	Investment holding in the British Virgin Islands	Ordinary Shares of US\$1	100%
華凌科技(投資)有限公司	英屬處女群島， 二零零二年十月二十五日 有限責任公司	投資控股	普通股美金1元	100%
Henan Hualing Electrical Household Appliance Co., Ltd.	The PRC, 11 June 2002 limited liability company	Distributor of HUALING brand products in the PRC	Registered Capital RMB5,000,000	100%
河南華凌電器銷售有限公司	中國，二零零二年六月十一日 有限責任公司	在中國銷售華凌品牌之產品	註冊資本 人民幣5,000,000元	100%
Chongqing Shuigang Hualing Electrical Household Appliance Co., Ltd.	The PRC, 5 April 2002 limited liability company	Distributor of HUALING brand products in the PRC	Registered Capital RMB3,000,000	100%
重慶穗港華凌電器銷售有限公司	中國，二零零二年四月五日 有限責任公司	在中國銷售華凌品牌之產品	註冊資本 人民幣3,000,000元	100%

15 Interests in associated companies

15 聯營公司權益

		Group 集團	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Investment at cost:	投資，按成本值：		
Unlisted equity interests, at cost	非上市股份，按成本值	39,760	27,173
Share of post-acquisition reserve	應佔收購後儲備	(8,099)	(1,110)
		31,661	26,063
Less: Provision for impairment in value	減：減值準備	(1,401)	(467)
		30,260	25,596

The particulars of the principal associates are:

主要聯營公司之詳情如下：

Name 公司名稱	Place and date of incorporation/ establishment and kind of legal entity 註冊/成立地點及 日期及公司類型	Principal activities 主要業務	Particulars of issued share capital 已發行及 繳足股本	Interest held indirectly 間接 持有權益
Xian Dongling Refrigerating Compressors Co., Ltd. ("Xian Dongling") *	The PRC, 27 September 1995 limited liability company	Manufacture and sale of refrigerator compressors	Registered Capital US\$18,670,000	25%
西安東凌製冷壓縮機有限公司 ([西安東凌]) *	中國，一九九五年九月二十七日 有限責任公司	製造及分銷冰箱壓縮機	註冊資本 美金18,670,000元	25%
Guangzhou Hualing Polyfoam Co., Ltd. ("Hualing Polyfoam")	The PRC, 28 December 1991 limited liability company	Manufacture and sale of polyfoam products	Registered Capital US\$1,000,000	19%
廣州華凌泡沫塑料有限公司 ([華凌泡沫])	中國，一九九一年十二月二十八日 有限責任公司	製造及分銷泡沫塑料產品	註冊資本 美金1,000,000元	19%
Beijing Wide Vision Network Co., Ltd. ("Beijing Wide")	The PRC, 18 December 2000 limited liability company	Manufacture and sale of computer hardware and telecommunication equipment	Registered Capital RMB3,000,000	33%
北京創源景家電網絡信息科技有限公司 ([北京創源景])	中國，二零零零年十二月十八日 有限責任公司	製造及分銷計算機硬件 和電訊設備	註冊資本 人民幣3,000,000元	33%

* Pursuant to an approval document ([2002]No.005) from Xian Ministry of Foreign Trade and Economic Committee, the issued and paid-up capital of Xian Dongling was increased from US\$11,340,000 to US\$18,670,000 in 2002.

* 根據西安對外貿易經濟合作局批文([2002]第005號)，2002年西安東凌的已發行及繳足資本由美金11,340,000元增加至美金18,670,000元。

All associates in the PRC are sino-foreign equity joint venture.

於中國成立之聯營公司均為中外合資經營。

16 Inventories

		Group 集團	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Raw materials	原材料	199,898	222,254
Work-in-progress	在製品	13,296	27,008
Finished goods	製成品	205,347	397,462
		418,541	646,724
Less: Provision for inventory obsolescence	減：存貨殘次準備	(21,945)	(11,483)
		396,596	635,241

At 31 December 2002, the carrying amount of inventories that are carried at net realizable value amounted to HK\$22,640,000 (2001: HK\$227,436,000).

於二零零二年十二月三十一日，存貨按可變淨現值記賬總額為港幣22,640,000元（2001年：港幣227,436,000元）。

17 Trade and other receivables

		Group 集團		Company 公司	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元	2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Trade receivables	貿易應收款	132,460	300,874	—	—
Notes receivable	應收票據	48,283	7,085	—	—
Prepayment and other receivables	預付賬款及其他應收款	68,311	77,076	445	467
		249,054	385,035	445	467

No standard credit term policy was adopted by the Group as the credit terms granted by the Group's varies towards different customers. As at 31 December 2002, the aging analysis of the trade receivables was as follows:

本集團給予客戶的信用條款各不相同，因此本集團並無標準的信用政策。於二零零二年十二月三十一日，貿易應收款之賬齡分析如下：

		Group 集團		Company 公司	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元	2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Within 1 year	一年內	174,824	327,695	—	—
Over 1 year but within 2 years	一年以上至兩年內	26,642	26,126	—	—
Over 2 years	兩年以上	25,180	18,538	—	—
Less: Provision for doubtful receivables	減：呆賬準備	(94,186)	(71,485)	—	—
		132,460	300,874	—	—

18 Prepaid value-added tax

Hualing Household has paid input value-added taxes to the State Tax Bureau for the finished goods purchased from China Refrigeration. In accordance with the PRC tax regulations, these value-added taxes can be offset with the output value-added tax arising from the sales in the future but are not refundable.

18 預付增值稅

華凌家電為購自中國雪櫃的產成品向國家稅務局付了進項增值稅。根據中國稅收法規，這些增值稅可被未來銷售這些產品的銷項增值稅所抵扣，但不可返還。

19 Trade and other payables

19 貿易和其他應付款

		Group 集團		Company 公司	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元	2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Trade payables	貿易應付款	262,081	336,466	—	—
Provision for staff welfare and bonus	職工福利及獎勵基金	12,688	15,155	7,712	5,508
Accruals	預提費用	107,331	167,191	—	402
Advances from customers	預收賬款	107,866	92,155	—	—
Notes payable	應付票據	60,550	32,878	—	—
Payable for property, plant and equipment	購置物業、廠房及設備應付款	32,173	7,579	—	—
Others	其他	30,115	21,795	295	1,177
		<u>612,804</u>	<u>673,219</u>	<u>8,007</u>	<u>7,087</u>

At 31 December 2002, the aging analysis of the trade payables was as follows:

於二零零二年十二月三十一日，貿易應付款之賬齡分析如下：

		Group 集團		Company 公司	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元	2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Within 1 year	一年內	235,266	326,511	—	—
Over 1 year but within 2 years	一年以上至兩年內	22,042	7,479	—	—
Over 2 years	兩年以上	4,773	2,476	—	—
		<u>262,081</u>	<u>336,466</u>	<u>—</u>	<u>—</u>

20 Taxes payable

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元 (Note 31) (附註31)
Value-added tax	增值稅	20,568	42,561
PRC enterprise income tax	中華人民共和國企業所得稅	4,880	8,528
Others	其他	366	1,670
		<u>25,814</u>	<u>52,759</u>

20 應付稅金

21 Provisions for warranty

The movement of provisions for warranty were analyzed as follows:

		HK\$'000 港幣千元
At 1 January 2002	於二零零二年一月一日	7,930
Charge for the year	本年計提	18,137
Less: Amounts utilized	減：已動用款項	<u>(9,957)</u>
At 31 December 2002	於二零零二年十二月三十一日	<u>16,110</u>

21 產品保養準備

對產品保養準備變動之分析如下：

Two subsidiaries of the Group, Hualing Household and Hualing Air-conditioning, provide free repair and replacement services ranging from one year to three years after sales. The cost of the warranty obligation under which Hualing Household and Hualing Air-conditioning agree to remedy defects in its products is accrued at the time the related sales are recognized. As at 31 December 2002, the Group had provided for expected warranty claims on household electrical appliance items sold.

本集團之兩間附屬公司(華凌家電及華凌空調)提供產品售後一至三年之免費維修及零件更換服務。華凌家電及華凌空調於提供產品維護服務而發生的成本於相關產品銷售確認時計提。於二零零二年十二月三十一日，本集團對已出售之家用電器計提了預期之保養準備。

22 Bank loans and other borrowings

22 銀行借款和其他借款

		Group 集團	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Short-term bank loans, secured	短期銀行借款，已擔保	491,876	518,574
Long-term bank loans, secured	長期銀行借款，已擔保	38,592	16,500
		<u>530,468</u>	<u>535,074</u>

At 31 December 2002, the Group's bank loans and other borrowings were repayable as follows:

於二零零二年十二月三十一日，本集團銀行借款和其他借款償還情況如下：

		Bank loans 銀行借款		Other borrowings 其他借款	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元	2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Within one year	一年以內	491,876	518,574	—	30,000
Over one year and within two years	一年以上兩年以內	38,592	16,500	—	—
		<u>530,468</u>	<u>535,074</u>	<u>—</u>	<u>30,000</u>

Interest of the bank loans and other borrowings is charged on the outstanding balances at the range of 5.31% per annum to 7.02% per annum (2001: 5.49% to 7.43% per annum).

銀行借款及其他借款之年利率在未償還餘額之5.31%至7.02%之間（二零零一年：年利率5.49%至7.43%）。

Property, plant and equipment with net book value of approximately HK\$95,916,000 (2001: HK\$116,967,000) were pledged as security for the Group's short-term bank loans.

本集團用作銀行短期借款抵押的若干物業、廠房及設備的帳面淨值約為港幣95,916,000元（二零零一年：116,967,000）。

Subsequent to year end, short-term bank loans of HK\$218,484,000 have been renewed and will be due for repayments in the first quarter of 2004.

在二零零二年十二月三十一日後，本集團續借了港幣218,484,000元的銀行短期借款，這些借款將於二零零四年第一季度到期償還。

23 Pension and other post-retirement obligation

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The contributions from each of the employer and employees are subject to a cap of \$1,000 per month and thereafter contributions are voluntary. For the year ended 31 December 2002, no contribution was forfeited.

The Group companies incorporated in the PRC participate in the local retirement schemes of the PRC. Pursuant to the relevant regulation, the Group is currently required to make a monthly contribution equivalent to 15% to 28% of the monthly salaries in respect of its full-time and temporary employees. The aggregate amount of the Group's contributions (net of forfeited contributions) for the year ended 31 December 2002 amounted to approximately HK\$8,323,000 (2001: HK\$6,791,000).

24 Share capital and share options

(a) Share capital

		Authorised Ordinary shares of HK\$0.1 each 法定股本 普通股每股面值 港幣0.1元	
		'000 股份數目(千股)	HK\$'000 港幣千元
At 31 December 2002 and 2001	二零零二和二零零一年十二月三十一日	1,600,000	160,000
		Issued and fully paid Ordinary shares of HK\$0.1 each 已發行及繳足股本 普通股每股面值 港幣0.1元	
		'000 股份數目(千股)	HK\$'000 港幣千元
At 31 December 2000	二零零零年十二月三十一日	1,179,056	117,906
Issue of shares	發行股份	120,000	12,000
Exercise of share options	行使購股權	81,460	8,146
At 31 December 2001	二零零一年十二月三十一日	1,380,516	138,052
Exercise of share options (Note 24(b))	行使購股權(附註二十四(b))	1,360	136
At 31 December 2002	二零零二年十二月三十一日	1,381,876	138,188

23 退休金及其他退休後責任

本集團已安排本集團之香港僱員參加一項由獨立受託人管理的既定供款計劃，強制性公積金計劃(「強積金計劃」)。根據強制性公積金法例規定，本集團(僱主)及本集團之僱員均須每月將僱員月薪的5%作為強積金供款，僱主及僱員作出強制性供款的上限為每月1,000元，高於此金額所作之供款屬自願性質。截至二零零二年十二月三十一日，尚無強積金款被沒收。

本集團參與中國本地退休金計劃。根據有關條款，本集團現須每月支付相當於全職及臨時員工月薪15%至28%之供款。於截至二零零二年十二月三十一日止年度，本集團之供款總額(已扣除沒收之供款)約為港幣8,323,000元(二零零一年：港幣6,791,000元)。

24 股本及購股權

(a) 股本

24 Share capital and share options (Cont'd)

(b) 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 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.

Movements in the number of share options outstanding during the year are as follows:

Categories of grantees	Total number of grantees	As at 1 January 2002				As at 31 December 2002		
		Granted	Exercised	Cancelled	Lapsed	December 2002		
受讓人	受讓人數	二零零二年一月一日	授出	行使	注銷	失效	十二月三十一日	
Directors	董事	12	6,800,000	—	—	—	6,800,000	
Employees	僱員	66	1,680,000	—	(1,360,000)	—	320,000	
Others	其他	3	2,000,000	—	—	(2,000,000)	—	
		81	10,480,000	—	(1,360,000)	—	(2,000,000)	7,120,000

At an Extraordinary General Meeting of the company held on 26 November 1993, the Executive Share Option Scheme was approved and adopted. At 31 December 2002 there were 7,120,000 options outstanding which are exercisable at any time prior to 31 December 2003.

24 股本及購股權 (續)

(b) 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)。認購價由董事釐定，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。

於本年度購股權之變動如下：

於一九九三年十一月二十六日舉行之股東特別大會上，本公司通過並採納行政人員購股權計劃。於二零零二年十二月三十一日，可於二零零三年十二月三十一日前任何時間行使之購股權尚存7,120,000股。

25 Reserves

25 儲備

		Share premium 股份溢價 HK\$'000 港幣千元	General reserve fund 一般儲備 基金 HK\$'000 港幣千元	Enterprise expansion fund 企業 發展基金 HK\$'000 港幣千元	Exchange reserve 匯兌儲備 HK\$'000 港幣千元	Property revaluation reserve 物業價值 重估儲備 HK\$'000 港幣千元	Accumulated losses 累計虧損 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
(a) Group	(a) 集團							
Balances as at 1 January 2001	二零零一年一月一日餘額	446,533	33,144	16,958	28,497	13,000	(54,952)	483,180
Issue of ordinary shares	發行普通股	64,702	—	—	—	—	—	64,702
Share issue expenses	發行費用	(2,016)	—	—	—	—	—	(2,016)
Profit appropriation	利潤分配	—	333	—	—	—	(333)	—
Deficit on revaluation of investment properties	投資物業重估減值	—	—	—	—	(13,000)	—	(13,000)
Profit attributable to shareholders	股東應佔利潤	—	—	—	—	—	10,759	10,759
Balances as at 31 December 2001	二零零一年十二月三十一日餘額	509,219	33,477	16,958	28,497	—	(44,526)	543,625
Issue of ordinary shares	發行普通股	173	—	—	—	—	—	173
Share issue expenses	發行費用	(9)	—	—	—	—	—	(9)
Profit appropriation	利潤分配	—	3,884	—	—	—	(3,884)	—
Translation difference during the year	本年度匯兌差異	—	—	—	(158)	—	—	(158)
Loss attributable to shareholders	股東應佔虧損	—	—	—	—	—	(250,359)	(250,359)
Balances as at 31 December 2002	二零零二年十二月三十一日餘額	509,383	37,361	16,958	28,339	—	(298,769)	293,272
(b) Company	(b) 公司							
Balances as at 1 January 2001	二零零一年一月一日餘額	446,533	—	—	—	—	(7,467)	439,066
Issue of ordinary shares	發行普通股	64,702	—	—	—	—	—	64,702
Share issue expenses	發行費用	(2,016)	—	—	—	—	—	(2,016)
Loss for the year	本年虧損	—	—	—	—	—	(13,118)	(13,118)
Balances as at 31 December 2001	二零零一年十二月三十一日餘額	509,219	—	—	—	—	(20,585)	488,634
Issue of ordinary shares	發行普通股	173	—	—	—	—	—	173
Share issue expenses	發行費用	(9)	—	—	—	—	—	(9)
Loss for the year	本年虧損	—	—	—	—	—	(261,658)	(261,658)
Balances as at 31 December 2002	二零零二年十二月三十一日餘額	509,383	—	—	—	—	(282,243)	227,140

The company had no reserves as at 31 December 2002 available for distribution to shareholders (2001: Nil).

(c) The company's PRC subsidiaries are required to follow the laws and regulations of the PRC and their articles of association. These subsidiaries are required to provide for certain statutory funds, namely, general reserve fund, and enterprise expansion fund, which are appropriated from net profit after taxation but before dividend distribution. These PRC subsidiaries are required to allocate at least 10% of its net profit to the reserve fund until the balance of such fund has reached 50% of its registered capital. Such appropriations are determined at the discretion of the directors. The general reserve fund can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital.

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）。

(c) 本公司在中國之附屬公司須遵循中國的法律和規定及彼等的公司章程細則。此等附屬公司須提供若干法定基金，分別為儲備基金、企業發展基金、員工獎勵及福利基金、均自除稅後但未計股息分派的純利中提取。此等中國之附屬公司從其純利中提取最少10%列入儲備基金，直至該儲備基金結餘達至其註冊資本的50%為止此等撥款由董事的酌情釐定。儲備基金僅在有關當局批准後始可用作抵銷累積虧損或增加資本。

26 Consolidated cash flow statement

26 綜合現金流量表

(a) Reconciliation of (loss)/profit before taxation to net cash inflow from operating activities:

(a) 除稅前(虧損)/盈利與經營活動之現金流入淨額對賬表

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元 (Note 31) (附註31)
(Loss)/Profit before taxation	除稅前(虧損)/盈利	(239,883)	36,600
Adjustments:	調整:		
Depreciation	折舊	76,573	65,050
Amortization of intangible assets	無形資產攤銷	1,217	794
Share of loss/(profit) of associated companies	投資聯營公司之虧損/(盈利)	6,663	(70)
Impairment of property, plant and equipment	固定資產減值	8,321	—
Loss on disposals of property, plant and equipment	出售固定資產虧損	8,312	2,172
Provisions for warranty	產品保養撥備	8,180	3,339
Provision for impairment in value for associated companies	對聯營公司投資之減值撥備	934	—
Government subsidies	政府補貼	(3,026)	(9,829)
Operating (loss)/profit before working capital changes	營運資金變動前之經營(虧損)/盈利	(132,709)	98,056
Decrease (Increase) in due from related companies	應收關聯公司款項減少(增加)	2,441	(2,822)
Decrease (Increase) in trade and other receivables	貿易及其他應收款減少(增加)	135,981	(75,480)
Decrease (Increase) in inventories	存貨淨值減少(增加)	238,645	(8,270)
Increase in prepaid value-added taxes	預付增值稅增加	(18,574)	(1,102)
(Decrease) Increase in due to related companies	應付關聯公司款項(減少)增加	(1,559)	6,142
(Decrease) Increase in trade and other payables	貿易及其他應付款(減少)增加	(71,889)	20,431
Decrease in other taxes payable	其他應付稅款減少	(23,297)	(39,627)
Interest income	利息收入	(7,216)	(9,428)
Interest expense	利息支出	39,205	43,281
Bank handling charges	銀行手續費	1,409	704
Effect of foreign exchange translation	外幣匯兌影響	122	—
Cash inflow generated from operations	經營現金流入	162,559	31,885
Interest paid	已付利息	(39,205)	(43,281)
Interest received	已收利息	7,216	9,428
Tax paid	已付稅款	(6,885)	(6,056)
Bank handling charges paid	已付銀行手續費	(1,409)	(704)
Net cash inflow/(outflow) from operating activities	經營活動產生之現金流入/(流出)淨額	122,276	(8,728)

(b) Analysis of cash and cash equivalents

(b) 現金及其等價物分析

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Cash on hand	現金	1,194	791
Cash at banks	銀行存款	173,068	186,248
		174,262	187,039

26 Consolidated cash flow statement (Cont'd)

(c) Analysis of changes in financing during the year

		Share capital including premium 股份及股份溢價		Bank Loans 銀行借款		Minority interests 少數股東權益	
		2002	2001	2002	2001	2002	2001
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Beginning of the year	年初金額	647,271	564,439	535,074	540,402	34,095	19,019
Minority interests in share of losses and exchange reserves	少數股東應佔 虧損及匯兌儲備	—	—	—	—	7,239	12,152
Cash inflows from financing	融資現金流入	300	82,832	—	—	—	—
Proceeds from new borrowings	新增借款流入	—	—	533,986	61,144	—	—
Repayment of loans	借款之返還	—	—	(538,592)	(66,472)	—	—
Share of net asset value of subsidiary acquired by minority interest	少數股東應佔 附屬公司淨資產	—	—	—	—	—	2,924
End of the year	年末餘額	647,571	647,271	530,468	535,074	41,334	34,095

(d) Major non-cash transaction

As disclosed in Note 15, pursuant to an approval document ([2002] No. 005) from Xian Ministry of Foreign Trade and Economic Committee, the issued and paid-up capital of Xian Dongling was increased from US\$11,340,000 to US\$18,670,000 in 2002. US\$1,471,000 (equivalent to HK\$11,474,000) was paid through injection of machinery and equipment.

(c) 本年度融資項目變動分析如下：

(d) 主要非現金交易

如賬目附註十五刊載，根據西安市對外貿易經濟合作局批文([2002]第005號)，2002年西安東凌為止發行及繳足資本由美金11,340,000元增加為美金18,670,000元。其中美金1,471,000元(為值於港幣11,474,000元)乃以機器設備形式出資。

27 Contingent liabilities

		Group 集團		Company 公司	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元	2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Guarantees for bank loans and overdrafts of subsidiaries	為附屬公司之銀行借款及透支所作擔保	—	—	22,523	—
Discounted letters of credit with recourse	有追索權之已貼現信用證	—	14,751	—	—
Bills of exchange discounted/endorsed with recourse	有追索權之已貼現/背書匯票	155,056	84,905	—	—
		155,056	99,656	22,523	—

Management anticipates that no material liabilities will arise from the above bank and other guarantees which arose in the ordinary course of business.

管理層預計上述來自日常業務之銀行擔保及其他擔保不會產生重大負債。

28 Commitments

- (a) Capital commitments for purchases of property, plant and equipment

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Contracted but not provided for	已簽約但未撥備	6,802	43,893
Authorized but not contracted for	已批准但未簽約	—	—
		<u>6,802</u>	<u>43,893</u>

- (b) Commitments under operating leases

As at 31 December 2002, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Not later than one year	第一年內	4,012	6,050
Later than one year and not later than five years	第一年後至第五年內	<u>5,935</u>	<u>6,320</u>
		<u>9,947</u>	<u>12,370</u>

- (a) 物業、廠房及設備之資本承擔

- (b) 經營租賃承擔

於二零零二年十二月三十一日，集團根據不可撤銷之經營租賃而於未來支付之最低租賃付款總額如下：

29 Related party transactions

(a) Balances with related companies are:

	Group 集團		Company 公司	
	2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元	2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Due from related companies:				
— Yungang Plastic Company Ltd. (“Yungang Plastic”), a company in which the Group had 14.25% equity interest 應收雲港塑料有限公司 （「雲港塑料」），本集團 持有14.25%權益	583	223	—	—
— Guangzhou Hualing Polyfoam Co., Ltd. (“Hualing Polyfoam”), a company in which the Group had 19% equity interest 應收廣州華凌泡沫有限公司 （「華凌泡沫」），本集團 持有19%權益	10	10	—	—
— Guangzhou Finance Company Limited (“Guangzhou Finance”), a wholly-owned subsidiary of GZITIC 應收越信隆財務有限公司 （「越信隆」），廣州信託的 全資附屬公司	—	35	—	35
— Beijing Wide Vision Network Co., Ltd., a company in which the Group had 33% equity interest 應收北京創源泉有限公司， 本集團持有33%權益	—	2,766	—	6
	<u>593</u>	<u>3,034</u>	<u>—</u>	<u>41</u>

(a) 與關聯公司交易之餘額如下：

	Group 集團		Company 公司	
	2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元	2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Due to related companies				
— Yungang Plastic 應付關聯公司 — 雲港塑料	8,124	8,494	—	—
— Xian Dongling — 西安東凌	5,602	5,542	—	—
— Hualing Polyfoam — 華凌泡沫	2,034	3,326	—	—
— Guangzhou Finance — 越信隆	2,560	2,517	2,553	2,510
	<u>18,320</u>	<u>19,879</u>	<u>2,553</u>	<u>2,510</u>

29 Related party transactions (Cont'd)

- (b) Significant related party transactions, which were carried out in the normal course of business are as follows:

		Group 集團	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Purchases from Hualing Polyfoam	向華凌泡沫採購貨品	5,638	6,942
Purchases from and processing charges paid to Yungang Plastic	向雲港塑料採購貨品及支付加工費	9,297	14,135
Purchases from Xian Dongling	向西安東凌採購貨品	1,018	—
		<u>15,953</u>	<u>21,077</u>

Purchases from associated companies were conducted in the normal course of business at prices and terms no less than those charged by and contracted with other third party suppliers of the Group.

30 Ultimate holding company

The directors regard Guangzhou International Trust and Investment Corporation ("GZITIC"), a company incorporated in the People's Republic of China, as being the ultimate holding company.

31 Comparative figures

Certain of the 2001 comparative figures have been reclassified to conform to current year's presentation.

32 Approval of accounts

The accounts were approved by the board of directors on 16 April 2003.

29 關聯方交易 (續)

- (b) 正常業務中與關聯公司進行的重大交易如下：

		Group 集團	
		2002 HK\$'000 港幣千元	2001 HK\$'000 港幣千元
Purchases from Hualing Polyfoam	向華凌泡沫採購貨品	5,638	6,942
Purchases from and processing charges paid to Yungang Plastic	向雲港塑料採購貨品及支付加工費	9,297	14,135
Purchases from Xian Dongling	向西安東凌採購貨品	1,018	—
		<u>15,953</u>	<u>21,077</u>

向聯營公司採購貨品是在正常業務範圍內進行，交易價格及條款均不遜於向集團其他第三方供應商所收取之價格及訂約之條款。

30 最終控股公司

董事認為本公司之最終控股公司為在中華人民共和國註冊成立之廣州國際信托投資公司("GZITIC")。

31 比較數字

若干二零零一年之可比數字已重列以配合年內報表之表述。

32 賬目通過

本年度賬目已於二零零三年四月十六日由董事會通過。