

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度(以港幣千元單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which includes all applicable Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK"). A summary of the significant accounting policies adopted by the group is set out below.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of land and buildings as set out in note 1(g).

(c) Subsidiaries and controlled enterprises

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(j)).

1. 主要會計政策

(a) 遵例聲明

本財務報表是按照香港會計師公會頒佈的所有適用的《香港財務報告準則》(包括所有適用的《會計實務準則》及解釋)、香港公認會計原則及香港《公司條例》的規定編製。本財務報表同時符合適用的《香港聯合交易所有限公司(「香港聯交所」) 主板證券上市規則》披露規定。以下是本集團採用的主要會計政策概要。

(b) 財務報表的編製基準

除土地使用權及建築物按重估值入賬(見附註1(g))外,本財務報表是以歷史成本作為編製基準。

(c) 附屬公司及受控制企業

按照香港《公司條例》規定,附屬公司是指本集團直接或間接持有其過半數已發行股本,或控制其過半數投票權,或控制其董事會組成的公司。當本公司有權直接或間接支配附屬公司的財務及經營政策,並藉此從其活動中取得利益,則這些附屬公司將視為受本公司控制。

集團於受控制附屬公司的投資均在綜合財務報表中合併計算。

集團內部往來的餘額和集團內部交易及其產生的未變現溢利,均在編製綜合財務報表時全數抵銷。集團內部交易所產生的未變現虧損的抵銷方法與未變現溢利相同,但抵銷額只限於沒有證據顯示已轉讓資產已出現減值。

本公司資產負債表所示於附屬公司的投資,是按成本減去任何減值虧損(見附註1(j))後入賬。

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates

An associate is an entity in which the group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the group's share of the associate's net assets. The consolidated income statement reflects the group's share of the post-acquisition results of the associates for the year, including any amortisation of positive or negative goodwill charged or credited during the year in accordance with note 1(e). When the group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred obligations in respect of the associate.

Unrealised profits and losses resulting from transactions between the group and its associates are eliminated to the extent of the group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the income statement.

In the company's balance sheet, an investment in an associate is stated at cost less any impairment losses (see note 1(j)).

(e) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the group's share of the fair value of the identifiable assets and liabilities acquired. Positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses (see note 1(j)).

1. 主要會計政策 (續)

(d) 聯營公司

聯營公司指本集團或本公司可以對其管理層發揮重大影響力，但不是控制或聯合控制其管理層的實體，所謂發揮重大影響力包括參與其財務及經營決策。

於聯營公司的投資是按權益法記入綜合財務報表，並先以成本入賬，其後就本集團所佔聯營公司淨資產在收購後的變動作出調整。綜合損益表反映年內本集團所佔聯營公司的收購後業績，包括根據附註1(e)在本年度列支或計入的正商譽或負商譽的任何攤銷。當本集團對聯營公司虧損的承擔額超出本集團於該聯營公司的賬面金額時，賬面金額將會減至零，並且不再確認其他虧損，但如本集團須向該聯營公司承擔義務則除外。

本集團與其聯營公司交易所產生的未變現損益按本集團所佔聯營公司權益比例抵銷，但假如未變現虧損顯示已轉讓資產出現減值，則這些未變現虧損將即時在損益表確認。

於本公司資產負債表，投資聯營公司按成本減任何減值虧損列賬（見附註1(j)）。

(e) 商譽

編製綜合財務報表時產生的正商譽是指投資成本超過本集團佔所收購可分資產與負債公允價值的數額。正商譽是按其預計可用年限，以直線法在綜合損益表內攤銷。正商譽是以成本減去任何累計攤銷及任何減值虧損（見附註1(j)）後，記入綜合資產負債表。



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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Goodwill (Continued)

In respect of acquisitions of associates, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. The cost of positive goodwill less any accumulated amortisation and any impairment losses (see note 1(j)) is included in the carrying amount of the interest in associates.

Negative goodwill arising on acquisitions of subsidiaries represents the excess of the group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated income statement.

In respect of any negative goodwill not yet recognised in the consolidated income statement, such negative goodwill is shown in the consolidated balance sheet as a deduction from assets in the same balance sheet classification as positive goodwill.

On disposal of a subsidiary or an associate during the year, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement is included in the calculation of the profit or loss on disposal.

1. 主要會計政策 (續)

(e) 商譽 (續)

至於收購聯營公司方面，正商譽是按其預計可使用年限，以直線法在綜合損益表內攤銷。正商譽是以成本減去任何累計攤銷及任何減值虧損（見附註 1(j)）後，計入聯營公司權益中。

收購附屬公司所產生的負商譽是指本集團佔所收購可分資產與負債公允價值超過投資成本的數額。假如負商譽關乎已在收購計劃中確定及可以可靠地計算，但尚未確認的預計未來虧損和支出，便會在未來虧損和支出確認時，在綜合損益表內確認。任何尚餘的負商譽（但以所收購非貨幣資產公允價值為限）則按應計折舊／攤銷的非貨幣資產的加權平均可用年限，在綜合損益表內確認。然而，如尚餘的負商譽數額高於所收購非貨幣資產公允價值，這部分負商譽便會立即在綜合損益表內確認。

至於尚未在綜合損益表內確認的任何負商譽，有關的負商譽會在綜合資產負債表內列示為資產的減項，與正商譽屬於同一個資產負債表類別。

如於年內出售附屬公司或聯營公司，以往未在綜合損益表攤銷的應佔購入商譽的數額，在計算出售的溢利或虧損時包括在內。

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Other investments in securities

The group's policies for investments in securities other than investments in subsidiaries and associates are as follows:

- (i) Investments held on a continuing basis for an identified long-term purpose are classified as investment securities. Investment securities are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the income statement, such provisions being determined for each investment individually.
- (ii) Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

(g) Fixed assets

- (i) Fixed assets are carried in the balance sheets on the following bases:
 - land and buildings held for own use are stated in the balance sheet at their revalued amount, being their open market value at the date of revaluation less any subsequent accumulated depreciation (see note 1(i)). Revaluations are performed by qualified valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date; and
 - plant, machinery and other fixed assets are stated in the balance sheet at cost less accumulated depreciation (see note 1(i)) and impairment losses (see note 1(j)).

1. 主要會計政策 (續)

(f) 其他證券投資

本集團有關證券投資的政策(於附屬公司及聯營公司投資除外)如下:

- (i) 持續持有作既定長期用途的投資歸類為「投資證券」。這類證券是以成本減去任何減值準備後記入資產負債表。當投資的公允價值下跌至低於賬面金額時，除非有證據證明減值屬於暫時性質，否則便會提撥減值準備，並在損益表內確認為支出。這類準備是就個別投資項目釐定。
- (ii) 出售證券投資的溢利或虧損是按估計出售收入淨額與投資賬面金額之間的差額釐定，並在產生時計入損益表。

(g) 固定資產

- (i) 固定資產是按下列基準記入資產負債表：
 - 持作自用的土地使用權及建築物以其重估值(即根據它們在重估日的公開市值，減去任何其後的累計折舊(見附註1(i))後得出的數額)記入資產負債表。重估工作由合資格的估值師定期進行，以確保這些資產的賬面金額與採用結算日的公允價值釐定的數額之間不會出現重大差異；及
 - 工業裝置、機器及其他固定資產以成本減去累計折舊(見附註1(i))及減值虧損(見附註1(j))後記入資產負債表。

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed assets (Continued)

- (ii) Changes arising on the revaluation of land and buildings held for own use are generally dealt with in reserves. The only exceptions are as follows:
- when a deficit arises on revaluation, it will be charged to the income statement, if and to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
 - when a surplus arises on revaluation, it will be credited to the income statement, if and to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the income statement.
- (iii) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.
- (iv) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal. On disposal of land and buildings, any related revaluation surplus is transferred from the revaluation reserve to retained profits.

(h) Operating lease charges

Where the group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

1. 主要會計政策 (續)

(g) 固定資產 (續)

- (ii) 重估持作自用土地及建築物而產生的變動一般會撥入儲備處理，但下列情況除外：
- 如果出現重估虧損，而且有關的虧損額超過就該項資產在重估當日前計入儲備的數額，便會在損益表列支；及
 - 如果以往曾將同一項資產的重估虧損在損益表列支，則在出現重估盈餘時，以往曾在損益表扣除的數額會撥入損益表計算。
- (iii) 在超過現有資產原先評估的表現水平的未來經濟效益很可能流入企業時，與固定資產有關而且已獲確認的其後支出便會加入資產的賬面金額。所有其他其後支出則在產生的期間確認為支出。
- (iv) 報廢或出售固定資產所產生的損益以估計出售所得淨額與資產的賬面金額之間的差額釐定，並於報廢或出售當日在損益表確認。出售土地及建築物時，任何相關的重估盈餘會由重估儲備轉入保留溢利。

(h) 經營租賃費用

假如本集團透過經營租賃使用資產，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內，以等額在損益表扣除；但如有其他基準能更清楚地反映租賃資產所產生的收益模式則除外。經營租賃協議所涉及的激勵措施均在損益表中確認為租賃淨付款總額的組成部分。或有租金在其產生的會計期間內在損益表扣除。

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Depreciation

Depreciation is calculated to write off the cost or valuation of fixed assets over their estimated useful lives as follows:

- land use rights are amortised on a straight-line basis over the period of the grant;
- buildings are depreciated on a straight-line basis over the shorter of their estimated useful lives, being 20 years from the date of completion, and the remaining period of the land use rights; and
- other fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements

租賃物業裝修

Plant and machinery

工業裝置及機械

Office equipment, furniture and fixtures

辦公室設備、傢具及固定裝置

Motor vehicles

汽車

Over the period of the lease

按租期

5 to 10 years

5 至 10 年

5 to 10 years

5 至 10 年

3 to 10 years

3 至 10 年

(j) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets (other than properties carried at revalued amounts);
- investments in subsidiaries and associates; and
- positive goodwill.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of such an asset exceeds its recoverable amount.

1. 主要會計政策 (續)

(i) 折舊

折舊是指按照固定資產的預計可用年限沖銷其成本或估值。計算方法如下：

- 土地使用權按使用期限以直線法攤銷；
- 建築物按預計可用年限（即落成日期起計 20 年）或尚餘租賃期兩者中的較短期間，以直線法計算折舊；及
- 其他固定資產按下列預計可用年限以直線法計算折舊：

Over the period of the lease

按租期

5 to 10 years

5 至 10 年

5 to 10 years

5 至 10 年

3 to 10 years

3 至 10 年

(j) 資產減值

董事在每個結算日審閱內部和外來的信息，以確定下列資產有否出現減值跡象，或以往確認的減值虧損是否不復存在或已經減少：

- 固定資產（按重估數額列賬的物業除外）；
- 於附屬公司及聯營公司的投資；及
- 正商譽。

如果發現有減值跡象，便會估計該資產的可收回數額。當資產的賬面金額高於可收回數額時，便會在損益表確認減值虧損。

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of assets (Continued)

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1. 主要會計政策 (續)

(j) 資產減值 (續)

(i) 計算可收回數額

資產的可收回數額以其銷售淨價和使用價值兩者中的較高數額為準。預期未來現金流量會按可以反映當時市場對貨幣時間值及資產特定風險的評估的稅前貼現率，貼現至其現值。如果資產所產生的現金流入基本上不獨立於其他資產所產生的現金流入，則以能獨立產生現金流入的最小資產組別（即現金產生單位）來釐定可收回數額。

(ii) 減值虧損轉回

就商譽以外的資產而言，如果用以釐定可收回數額的估計數字出現正面的變化，便會將資產減值虧損轉回。至於商譽的減值虧損，倘若虧損是由性質獨特及預計不會再出現的特殊外界因素所造成，而且可收回數額的增加明顯是與該特殊因素轉回有關，才會將減值虧損轉回。

所轉回的減值虧損以假設沒有在往年確認減值虧損而應已釐定的資產賬面金額為限。所轉回的減值虧損在確認轉回的年度內計入損益表。

(k) 存貨

存貨以成本及可變現淨值兩者中的較低數額入賬。

成本以加權平均成本法計算，其中包括所有採購成本、加工成本及運輸和將存貨變成現狀的其他成本。

可變現淨值是以日常業務過程中的估計售價減去完成生產及銷售所需的估計成本後所得之數。

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Inventories (Continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Cash equivalents

For the purpose of presentation in the balance sheets, cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity from the balance sheet date. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(m) Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in the income statement as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

1. 主要會計政策 (續)

(k) 存貨 (續)

所出售存貨的賬面金額在相關收入獲確認的期間內確認為支出。存貨數額撇減至可變現淨值及存貨的所有虧損，均在出現減值或虧損的期間內確認為支出。因可變現淨值增加引致存貨的任何減值轉回之數，均在出現轉回的期間內確認為已列作支出的存貨數額減少。

(l) 現金等價物

就資產負債表而言，現金等價物包括銀行存款及手頭現金、存放於銀行及其他財務機構的活期存款，以及短期而流動性極高的投資項目。這些項目可以容易地換算為已知的現金數額，所須承受的價值變動風險甚小，且在結算日後三個月內到期。就編製現金流量表而言，現金及現金等價物包括現金存款及手頭現金、存放於銀行及其他財務機構的活期存款，以及短期而流動性極高的投資項目。這些項目可以容易地換算為已知的現金數額，所須承受的價值變動風險甚小，且在購入後三個月內到期。就編製現金流量表而言，現金及現金等價物亦包括須於通知時償還並構成本集團現金管理一部份的銀行透支。

(m) 僱員福利

- (i) 薪金、年度獎金、有薪年假、假期旅遊津貼及各項非貨幣福利令本集團產生的成本，均在本集團僱員提供相關服務的年度內累計。如延遲付款或結算後構成重大的貨幣時間價值，則上述數額須按現值列賬。
- (ii) 根據香港《強制性公積金計劃條例》規定作出的強制公積金供款，均於產生時在損益表列支；但已計入尚未確認為開支的存貨成本的數額除外。



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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Employee benefits (Continued)

- (iii) Subsidiaries incorporated in the People's Republic of China ("PRC") participate in the retirement schemes operated by the local authorities for employees in the PRC. Contributions to these schemes are charged to the income statement when incurred.
- (iv) The group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine the present value, the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation of the group's net obligation results in a negative amount, the asset recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past services costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

1. 主要會計政策 (續)

(m) 僱員福利 (續)

- (iii) 在中華人民共和國(「中國」)註冊成立的附屬公司參與由中國當地機構為中國僱員管理的退休計劃。該等計劃的供款於產生時在損益表列支。
- (iv) 本集團就界定利益退休計劃承擔的義務淨額是按每個計劃獨立計算，計算方法是估計僱員在本期和以往期間提供服務所賺取未來福利的數額；將預期累積福利數額貼現以釐定現值；及扣除任何計劃資產的公允價值。計算現值所用的貼現率是根據優質公司債券於結算日的收益率釐定；所參考公司債券的條款應與本集團就界定利益退休計劃承擔義務的條款相若。計算工作由合資格精算師運用預期累積福利單位法進行。

如計劃所提供的福利增加，關乎僱員以往服務的福利增加部分將按直線法，在直至福利成為既定福利的平均年期內在損益表列支。如屬即時實現的既定福利，則會即時在損益表確認開支。

在計算本集團就計劃承擔的義務時，如任何累計未確認的精算增益或損失超逾界定利益義務的現值與計劃資產的公允價值兩者中較高額的10%，超出部分會在參與計劃的僱員的預期平均尚餘工作年期內，在損益表確認；否則不會確認精算增益或損失。

如在計算本集團的義務淨額時出現負數，則所確認的資產不得超逾以下三個數額的淨總額，即任何累計未確認的精算損失淨額、任何累計未確認的以往服務成本及日後從計劃所得的任何退款或供款減額的現值。

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Employee benefits (Continued)

- (v) When the group grants directors or employees options to acquire shares of the company at a nominal consideration, no employee benefit cost or obligation is recognised at the date of grant. When the options are exercised, equity is increased by the amount of the proceeds received.
- (vi) Termination benefits are recognised when, and only when, the group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(n) Income tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1. 主要會計政策 (續)

(m) 僱員福利 (續)

- (v) 如本集團以象徵式價款授予董事或僱員可認購本公司股份的購股權，在授予當日不會確認僱員福利成本或義務。當購股權被行使時，股東權益按所收取款項相應增加。
- (vi) 合約終止補償只會在本集團根據正式、具體，且不大可能撤回的計劃終止僱員合約或根據該計劃自願遣散僱員而終止合約並作出補償時確認。

(n) 所得稅

- (i) 本年度所得稅包括本期所得稅及遞延所得稅資產和負債的變動。本期所得稅及遞延所得稅資產和負債的變動均在損益表內確認，但與直接確認為股東權益項目有關的，則確認為股東權益。
- (ii) 本期所得稅是按本年度應稅收入根據已執行或在結算日實質上已執行的稅率計算的預計應付稅項，加上以往年度的應付稅項的任何調整。
- (iii) 遞延所得稅資產和負債分別由可抵扣和應稅暫時差異產生。暫時差異是指資產和負債在財務報表上的賬面金額與這些資產和負債的計稅基礎的差異。遞延所得稅資產也可以由未利用可抵扣虧損和未利用稅款抵減產生。

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Income tax (Continued)

(iii) (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, negative goodwill treated as deferred income, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

1. 主要會計政策 (續)

(n) 所得稅 (續)

(iii) (續)

除了某些有限的例外情況外，所有遞延所得稅負債和遞延所得稅資產 (只限於很可能獲得能利用該遞延所得稅資產來抵扣的未來應稅溢利) 都會確認。支持確認由可抵扣暫時差異所產生遞延所得稅資產的未來應稅溢利包括因轉回目前存在的應稅暫時差異而產生的數額；但這些轉回的差異必須與同一稅務機關及同一應稅實體有關，並預期在可抵扣暫時差異預計轉回的同一期間或遞延所得稅資產所產生可抵扣虧損可向後期或向前期結轉的期間內轉回。在決定目前存在的應稅暫時差異是否足以支持確認由未利用可抵扣虧損和稅款抵減所產生的遞延所得稅資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應稅實體有關，並是否預期在能夠使用未利用可抵扣虧損和稅款抵減撥回的同一期間內轉回。

不確認為遞延所得稅資產和負債的暫時差異是產生自以下有限的例外情況：不可在稅務方面獲得扣減的商譽；作為遞延收入處理的負商譽；不影響會計或應稅溢利的資產或負債的初始確認 (如屬業務合併的一部分則除外)；以及投資附屬公司 (如屬應稅差異，只限於本集團可以控制轉回的時間，而且在可預見的將來不大可能轉回的暫時差異；或如屬可抵扣差異，則只限於很可能在將來轉回的差異)。

遞延所得稅額是按照資產和負債賬面金額的預期實現或清償方式，根據已執行或在結算日實質上已執行的稅率計量。遞延所得稅資產和負債均不貼現計算。

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Income tax (Continued)

(iii) (Continued)

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1. 主要會計政策 (續)

(n) 所得稅 (續)

(iii) (續)

本集團會在每個結算日評估遞延所得稅資產的賬面金額。如果本集團預期不再可能獲得足夠的應稅溢利以利用相關的稅務利益，該遞延所得稅資產的賬面金額便會調低；但是如果日後又可能獲得足夠的應稅溢利，有關減額便會轉回。

因分派股息而額外產生的所得稅是在支付相關股息的責任確立時確認。

(iv) 本期和遞延所得稅結餘及其變動額會分開列示，並且不予抵銷。本期和遞延所得稅資產只會在本公司或本集團有法定行使權以本期所得稅資產抵銷本期所得稅負債，並且符合以下附帶條件的情況下，才可以分別抵銷本期和遞延所得稅負債：

- 本期所得稅資產和負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產和清償該負債；或
- 遞延所得稅資產和負債：這些資產和負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：
 - 同一應稅實體；或
 - 不同的應稅實體。這些實體計劃在預期有大額遞延所得稅負債需要清償或遞延所得稅資產可以收回的每個未來期間，按淨額基準實現本期所得稅資產和清償本期所得稅負債，或同時變現該資產和清償該負債。



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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the company or group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue recognition

Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added or other sales taxes and is after deduction of any trade discounts.

(ii) Commission income

Commission income on sales referred to manufacturers is recognised when the goods are delivered by the manufacturers to the ultimate customers.

(iii) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

1. 主要會計政策 (續)

(o) 準備及或有負債

倘若本公司或本集團須就已發生的事件承擔法律或推定義務，而履行該義務預期會導致含有經濟效益的資源外流，並可作出可靠的估計，便會就該時間或數額不定的負債計提準備。如果貨幣時間價值重大，則按預計履行義務所需資源的現值計列準備。

倘若含有經濟效益的資源外流的可能性不大，或是無法對有關數額作出可靠的估計，便會將該義務披露為或有負債；但假如這類資源外流的可能性極低則除外。須視乎某宗或多宗未來事件是否發生才能確定存在與否的潛在義務，亦會披露為或有負債，但假如這類資源外流的可能性極低則除外。

(p) 收入確認

收入是在經濟效益可能會流入本集團，以及能夠可靠地計算收入和成本（如適用）時，根據下列基準在損益表內確認：

(i) 銷售貨品

收入在貨品送達客戶場地，而且客戶接收貨品及其所有權相關的風險及回報時確認。收入不包括增值稅或其他銷售稅，並已扣除任何營業折扣。

(ii) 佣金收入

向製造商轉介交易所得的佣金收入是在製造商向最終客戶交付貨品時確認。

(iii) 利息收入

銀行存款的利息收入以時間比例為基準，按尚餘本金及適用利率計算。

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

The results of foreign enterprises are translated into Hong Kong dollars at the average exchange rates for the year; balance sheet items are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

On disposal of a foreign enterprise, the cumulative amount of the exchange differences which relate to that foreign enterprise is included in the calculation of the profit or loss on disposal.

(r) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) Related parties

For the purposes of these financial statements, parties are considered to be related to the group if the group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

1. 主要會計政策 (續)

(q) 外幣換算

年內的外幣交易按交易日的匯率換算為港幣。以外幣為單位的貨幣資產及負債則按結算日的匯率換算為港幣。匯兌盈虧均撥入損益表處理。

海外企業的業績按年內的平均匯率換算為港幣，而資產負債表項目則按結算日當時的匯率換算為港幣。匯兌盈虧列作儲備變動。

出售海外企業而計算出售盈虧時，亦包括與該海外企業有關的累計匯兌差額。

(r) 借貸成本

除直接用作收購、建設或生產而需要相當長時間才可以投入原定用途或銷售的資產的借貸成本予以資本化外，借貸成本均在產生的期間內在損益表列支。

屬於合資格資產成本一部份的借貸成本在資產產生開支、借貸成本產生及使資產投入原定用途或銷售所必須的準備工作進行期間開始資本化。在使未合資格資產投入原定用途或銷售所必須的絕大部分準備工作中止或完成時，借貸成本便會暫停或停止資本化。

(s) 關聯人士

就本財務報表而言，如果本集團能夠直接或間接控制另一方人士或對另一方人士的財務及經營決策發揮重大的影響力，或另一方人士能夠直接或間接控制本集團或對本集團的財務及經營決策發揮重大的影響力，或本集團與另一方人士均受制於共同的控制或共同的重大的影響下，即被視為本集團的關聯人士。關聯人士可以是個別人士或其他實體。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the group's internal financial reporting, the group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses.

2. TURNOVER

The principal activities of the group are the design, development, manufacturing and sales of plush stuffed toys and steel and plastic toys.

Turnover represents the net invoiced value of toys sold, excludes value added tax and is net of any trade discounts.

1. 主要會計政策 (續)

(t) 分部報告

分部是指本集團內可明顯區分的組成部分，並且負責提供單項產品或服務（業務分部）或在一個特定的經濟環境中提供產品或服務（地區分部），並且承擔着不同於其他分部的風險和回報。

按照本集團的內部財務報告準則，本集團已就編製本財務報表選擇以業務分部為報告分部信息的主要形式，而地區分部則是次要的分部報告形式。

分部收入、支出、經營成果、資產及負債包含直接歸屬某一分部，以及可按合理的基準分配至該分部的項目的數額。例如，分部資產可能包括存貨、應收賬款及物業、機器及設備。分部收入、支出、資產及負債包含須在編製綜合財務報表時抵銷的集團內部往來的餘額和集團內部交易；但同屬一個分部的集團企業之間的集團內部往來的餘額和交易則除外。分部之間的轉移事項定價按與其他外界人士相若的條款計算。

分部資本開支是指在期內購入預計可於超過一個會計期間使用的分部資產（包括有形和無形資產）所產生的成本總額。

未能分配至分部的項目主要包括財務及企業資產、帶息借款、借款、企業及融資支出。

2. 營業額

本集團的主要業務是設計、發展、生產及銷售毛絨玩具與金屬及塑膠玩具。

營業額包括售出玩具的發票淨值，不計增值稅，但已扣除任何營業折扣。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

3. OTHER REVENUE AND NET (LOSS)/GAIN

3. 其他收入及 (虧損) / 收益淨額

| | | 2003 | 2002 |
|---|-----------------------------------|---------|--------|
| Other revenue | 其他收入 | | |
| Interest income from bank deposits (including related option premium income on dual currency option deposits) | 銀行存款利息收入 (包括雙重貨幣 期權存款的相關期權金收入) | 12,703 | 5,000 |
| Commission income | 佣金收入 | 577 | 4,838 |
| Sales of scrap materials | 出售報廢物料 | 852 | 1,690 |
| Sundry income | 雜項收入 | 2,295 | 2,933 |
| | | 16,427 | 14,461 |
| Other net (loss)/gain | 其他 (虧損) / 收益淨額 | | |
| Net gain/(loss) on sale of fixed assets | 出售固定資產收益 / (虧損) 淨額 | 285 | (202) |
| Net exchange (loss)/gain | 滙兌 (虧損) / 收益淨額 | (1,118) | 2,744 |
| Others | 其他 | (97) | - |
| | | (930) | 2,542 |

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度(以港幣千元單位列示)

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION 4. 除稅前正常業務溢利

Profit from ordinary activities before taxation is arrived at after charging/ (crediting): 除稅前正常業務溢利已扣除/ (計入) :

| | | 2003 | 2002 |
|---|---------------------------|---------|---------|
| (a) Finance costs: | 融資成本： | | |
| Interest on bank advances and other borrowings wholly repayable within five years | 須於五年內悉數償還的銀行貸款及其他借貸利息 | 166 | 3 |
| (b) Staff costs: | 員工成本： | | |
| Contributions to defined contribution retirement plan | 界定供款退休計劃的供款 | 7,472 | 7,008 |
| Expenses recognised in respect of defined benefit retirement plan (note 25(a)) | 就界定利益退休計劃確認的費用 (附註 25(a)) | 1,208 | – |
| Retirement costs | 退休計劃成本 | 8,680 | 7,008 |
| Salaries, wages and other benefits | 薪金、工資及其他福利 | 170,827 | 158,345 |
| | | 179,507 | 165,353 |
| (c) Other items: | 其他項目： | | |
| Auditors' remuneration | 核數師酬金 | 2,830 | 1,958 |
| Cost of inventories (note (i)) | 存貨成本 (附註(i)) | 686,290 | 698,074 |
| Depreciation (note (i)) | 折舊 (附註(i)) | 17,539 | 18,491 |
| Operating lease charges: | 經營租賃費用： | | |
| – hire of plant and machinery | – 租賃工業裝置及機器 | 53 | – |
| – hire of other assets (including property rentals) (note (i)) | – 租賃其他資產 (包括物業租金) (附註(i)) | 22,258 | 21,759 |
| Amortisation of negative goodwill arising on acquisition of subsidiary | 收購附屬公司產生之負商譽攤銷 | (1,591) | (1,591) |
| Amortisation of positive goodwill arising on acquisition of | 收購下列項目產生之正商譽攤銷 | | |
| – subsidiary | – 附屬公司 | 1,898 | 89 |
| – associate (note (ii)) | – 聯營公司 (附註(ii)) | 717 | 717 |
| Recovery of bad debts written off | 收回已撇銷之壞賬 | (5,141) | – |
| Provision for bad debts | 壞賬撥備 | 645 | 792 |
| Commission expenses | 佣金開支 | 11,336 | 6,776 |

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION (Continued)

Notes:

- (i) Cost of inventories includes \$164,845,000 (2002: \$170,660,000) relating to staff costs, depreciation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or note 4(b) for each of these types of expenses.
- (ii) Amortisation of positive goodwill in respect of associate is included in the share of profits less losses of associates for the year.

4. 除稅前正常業務溢利 (續)

附註：

- (i) 存貨成本包括與員工成本、折舊費用及經營租賃費用有關的164,845,000元(二零零二年：170,660,000元)，有關數額亦已記入以上附註4(b)分開列示的各類開支總額中。
- (ii) 攤銷聯營公司之正商譽已計入本年度應佔聯營公司溢利減虧損。

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

5. 綜合損益表所示的所得稅

(a) 綜合損益表所示的稅項為：

| | | 2003 | 2002 |
|--|-----------------------|--------|----------------|
| | | | restated 重報 |
| Current tax – Provision for Hong Kong Profits Tax | 本期稅項 – 香港利得稅準備 | | |
| Tax for the year | 本年度稅項 | 8,489 | 6,340 |
| Under-provision in respect of prior years | 以往年度準備不足 | 223 | 108 |
| | | 8,712 | 6,448 |
| Current tax – Outside Hong Kong | 本期稅項 – 香港以外地區 | | |
| Tax for the year | 本年度稅項 | 3,775 | 3,846 |
| Over-provision in respect of prior years | 以往年度準備過剩 | (37) | – |
| | | 3,738 | 3,846 |
| Deferred tax | 遞延稅項 | | |
| Origination and reversal of temporary differences | 暫時性差異產生及轉回 | 773 | 402 |
| Effect of increase in tax rate on deferred tax balances at 1 January | 稅率提高對一月一日之遞延稅項結餘之影響 | 407 | – |
| | | 1,180 | 402 |
| | | 13,630 | 10,696 |

In March 2003, the Hong Kong Government announced an increase in the Profits Tax rate applicable to the group's operations in Hong Kong from 16% to 17.5%. This increase is taken into account in the preparation of the group's 2003 financial statements. Accordingly, the provision for Hong Kong Profits Tax for 2003 is calculated at 17.5% (2002: 16%) of the estimated assessable profits for the year. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

於二零零三年三月，香港政府宣布將適用於本集團在香港營運之業務之利得稅率由16%調高至17.5%。本集團已在編製二零零三年財務報表時考慮到稅率調高的影響。因此，二零零三年香港利得稅準備是按本年度的估計應評稅溢利以17.5%（二零零二年：16%）的稅率計算。香港以外地區之附屬公司之稅項按有關國家適用之現行稅率計算。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度(以港幣千元單位列示)

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(a) Taxation in the consolidated income statement represents: (Continued)

In accordance with the relevant regulations and the Enterprises Income Tax Law applicable in the PRC, the PRC subsidiaries are exempted from Enterprise Income Tax for two years starting from the first profit making year and thereafter subject to Enterprise Income Tax at 50% of the standard tax rate for the following three years. During the year ended 31 December 2003, the PRC subsidiaries are subject to Enterprise Income Tax at 50% of the standard tax rate of 27% (2002: 27%).

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

| | | 2003 | 2002 |
|---|------------------------------|---------|---------|
| Profit before tax | 除稅前溢利 | 134,582 | 124,185 |
| Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned | 按照在相關國家獲得溢利的適用稅率計算除稅的溢利的名義稅項 | 14,459 | 10,934 |
| Tax effect of non-deductible expenses | 不可扣減支出之稅項影響 | 460 | 345 |
| Tax effect of non-taxable revenue | 毋須課稅收入之稅項影響 | (1,068) | (691) |
| Effect on opening deferred tax balances resulting from an increase in tax rate during the year | 因在本年度調高稅率而對遞延所得稅期初結餘造成的影響 | (407) | - |
| Under-provision in prior years | 以往年度準備不足 | 186 | 108 |
| Actual tax expense | 實際稅項支出 | 13,630 | 10,696 |

6 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

| | | 2003 | 2002 |
|---------------------------------|---------|--------|-------|
| Fees | 袍金 | 244 | 240 |
| Salaries and other emoluments | 薪金及其他酬金 | 9,343 | 9,179 |
| Retirement scheme contributions | 退休計劃供款 | 853 | 326 |
| | | 10,440 | 9,745 |

5. 於綜合損益表內之所得稅 (續)

(a) 綜合損益表所示的稅項為：(續)

根據有關規例及中國適用的企業所得稅法，中國附屬公司可以在首個獲利營運年度起計兩年獲豁免企業所得稅，並於其後三年獲減免按標準稅率計算的企業所得稅的50%。於截至二零零三年十二月三十一日止年度內，中國附屬公司須按標準稅率27%（二零零二年：27%）的50%繳納企業所得稅。

(b) 按適用稅率就稅項開支與會計溢利之對賬：

6. 董事酬金

根據香港《公司條例》第161條列報的董事酬金如下：

Notes on the Financial Statements 財務報表附註

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6. DIRECTORS' REMUNERATION (Continued)

One of the directors has waived his entitlement to certain remuneration of \$1,542,000 during the year ended 31 December 2003 (2002: \$Nil).

Included in the directors' remuneration were fees of \$244,300 (2002: \$240,000) paid to the independent non-executive directors during the year.

In addition, certain directors were granted options to subscribe for shares in the company. Details of the share options granted and outstanding in respect of each director as at 31 December 2003 are set out under the paragraph "Share Option Scheme" of the report of the directors and note 26.

The remuneration of the directors is within the following bands:

6. 董事酬金 (續)

一位董事放棄收取截至二零零三年十二月三十一日止年度應得之若干酬金 1,542,000 元 (二零零二年：零元)。

董事酬金包括年內支付予獨立非執行董事的袍金 244,300 元 (二零零二年：240,000 元)。

此外，若干董事獲授購股權以認購本公司股份。各董事於二零零三年十二月三十一日已獲授及尚未行使之購股權詳情載於董事會報告書「購股權計劃」一段及附註 26。

酬金在以下範圍內的董事人數如下：

| | | 2003 | 2002 |
|-----------------------|-----------------------|-----------------------------|-----------------------------|
| | | Number of directors 董事人數 | Number of directors 董事人數 |
| \$ | 元 | | |
| Nil – 1,000,000 | 零 – 1,000,000 | 4 | 2 |
| 1,000,001 – 1,500,000 | 1,000,001 – 1,500,000 | – | 1 |
| 1,500,001 – 2,000,000 | 1,500,001 – 2,000,000 | 2 | 1 |
| 2,000,001 – 2,500,000 | 2,000,001 – 2,500,000 | 1 | 1 |
| 4,000,001 – 4,500,000 | 4,000,001 – 4,500,000 | 1 | 1 |

7. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2002: three) are directors whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of other one (2002: two) individual are as follows:

7. 最高酬金人士

在五位酬金最高的人士中，四位 (二零零二年：三位) 為董事，有關的酬金詳情載於附註 6。其他一位 (二零零二年：兩位) 人士的酬金總額如下：

| | | 2003 | 2002 |
|---------------------------------|---------|-------|-------|
| Salaries and other emoluments | 薪金及其他酬金 | 1,634 | 3,059 |
| Retirement scheme contributions | 退休計劃供款 | – | 116 |
| | | 1,634 | 3,175 |

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For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度(以港幣千元單位列示)

7. INDIVIDUALS WITH HIGHEST EMOLUMENTS (Continued)

The emoluments of the one (2002: two) individual with the highest emoluments are within the following bands:

| | | 2003 | 2002 |
|-----------------------|-----------------------|-----------------------------|-----------------------------|
| | | Number of individuals 人數 | Number of individuals 人數 |
| \$ | 元 | | |
| 1,000,001 – 1,500,000 | 1,000,001 – 1,500,000 | – | 1 |
| 1,500,001 – 2,000,000 | 1,500,001 – 2,000,000 | 1 | 1 |

7. 最高酬金人士 (續)

該一位(二零零二年:兩位)最高酬金人士的酬金在以下範圍內:

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a profit of \$90,357,000 (2002: \$68,415,000) which has been dealt with in the financial statements of the company.

Reconciliation of the above amount to the company's profit for the year:

8. 股東應佔溢利

股東應佔綜合溢利包括一筆已列入本公司財務報表的90,357,000元(二零零二年:68,415,000元)溢利。

上述數額與本公司本年度溢利之對賬如下:

| | | 2003 | 2002 |
|---|--------------------------|--------|----------------|
| | | | restated 重報 |
| Amount of consolidated profit attributable to shareholders dealt with in the company's financial statements | 列入本公司財務報表的股東應佔綜合溢利數額 | 90,357 | 68,415 |
| Final dividend from subsidiary attributable to the profit of the previous financial year, approved and paid during the year | 附屬公司於年內獲核准及支付的以往財政年度末期股息 | – | 15,600 |
| Company's profit for the year (note 29) | 本公司本年度溢利(附註29) | 90,357 | 84,015 |

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度(以港幣千元單位列示)

9. DIVIDENDS

(a) Dividends attributable to the year

| | | 2003 | 2002 |
|---|--|--------|--------|
| Interim dividend declared and paid of \$0.030 (2002: \$0.024) per share | 已宣派及支付中期股息每股 0.030 元 (二零零二年: 0.024 元) | 19,755 | 15,600 |
| Final dividend proposed after the balance sheet date of \$0.060 (2002: \$0.064) per share | 於結算日後建議分派末期股息每股 0.060 元 (二零零二年: 0.064 元) | 39,509 | 41,885 |
| | | 59,264 | 57,485 |

Note:

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

附註:

於結算日後建議分派的末期股息並未於結算日確認為負債。

(b) Dividends attributable to the previous financial year, approved and paid during the year

| | | 2003 | 2002 |
|---|---|--------|--------|
| Final dividend in respect of the previous financial year, approved and paid during the year, of \$0.064 (2002: \$0.048) per share | 於年內獲批准及支付的以往財政年度末期股息每股 0.064 元 (二零零二年: 0.048 元) | 41,885 | 31,200 |

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of \$120,952,000 (2002: \$113,489,000) and the weighted average of 654,363,387 ordinary shares (2002: 633,972,625 shares after adjusting for the capitalisation issue in 2002) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of \$120,952,000 (2002: \$113,489,000) and the weighted average number of ordinary shares of 661,058,326 (2002: 637,260,609) shares after adjusting for the effects of all dilutive potential ordinary shares under the company's share option scheme.

9. 股息

(a) 本年度股息

(b) 於年內獲批准及支付之以往財政年度股息

10. 每股盈利

(a) 每股基本盈利

每股基本盈利是按照本年度的股東應佔溢利 120,952,000 元 (二零零二年: 113,489,000 元) 及年內已發行之加權平均普通股股數 654,363,387 股 (二零零二年: 就二零零二年之資本化發行作出調整後為 633,972,625 股) 計算。

(b) 每股攤薄盈利

每股攤薄盈利是根據本公司的股東應佔溢利 120,952,000 元 (二零零二年: 113,489,000 元) 及已就本公司購股權計劃下所有具備潛在攤薄影響的普通股作出調整得出之加權平均普通股股數 661,058,326 股 (二零零二年: 637,260,609 股) 計算。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

10. EARNINGS PER SHARE (Continued)

(c) Reconciliations

| | | 2003 | 2002 |
|---|----------------------|------------------|------------------|
| | | Number of shares | Number of shares |
| | | 股份數目 | 股份數目 |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 用作計算每股基本盈利的普通股加權平均股數 | 654,363,387 | 633,972,625 |
| Deemed issue of ordinary shares for no consideration | 視為不計價款發行之普通股 | 6,694,939 | 3,287,984 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 用作計算每股攤薄盈利的普通股加權平均股數 | 661,058,326 | 637,260,609 |

10. 每股盈利 (續)

(c) 對賬

11. CHANGES IN ACCOUNTING POLICY

In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. With effect from 1 January 2003, in order to comply with Statement of Standard Accounting Practice 12 (revised) issued by the Hong Kong Society of Accountants, the group and the company adopted a new policy for deferred tax as set out in note 1(n). As a result of the adoption of this accounting policy, the group's and the company's profit for the year has been decreased by \$1,180,000 and \$46,000 respectively (2002: decreased by \$402,000 and increased by \$509,000 respectively) and the group's and the company's net assets as at the year end have been increased by \$4,585,000 and decreased by \$11,000 respectively (2002: increased by \$4,417,000 and \$35,000 respectively).

The new accounting policy has been adopted retrospectively, with the opening balance of retained profits and reserves and the comparative information adjusted for the amounts relating to prior periods as disclosed in the consolidated statement of changes in equity.

11. 會計政策的修訂

在以往年度，遞延所得稅負債是就收益及支出的會計與稅務處理方法之間，由所有重大時差產生相當可能於可見將來實現的稅項影響，以負債法提撥準備。同時，遞延所得稅資產也只會合理肯定可實現時才會確認。為了符合香港會計師公會頒佈的《會計實務準則》第12號（經修訂）的規定，本集團及本公司由二零零三年一月一日起在遞延所得稅方面採用了新的會計政策（見附註1(n)）。由於採用了這項會計政策，本集團及本公司本年度的利潤分別減少了1,180,000元及46,000元（二零零二年：分別減少402,000元及增加509,000元）；而本集團及本公司截至本年結日之淨資產分別增加4,585,000元及減少11,000元（二零零二年：分別增加4,417,000元及35,000元）。

本集團追溯採用這項新的會計政策，在綜合權益變動表中與以往年度有關的數額，均已在保留溢利和儲備的期初結餘及比較資料作出相應的前期調整。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

12. SEGMENT REPORTING

Segment information is presented in respect of the group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the group's internal financial reporting.

Business segments

The group comprises two main business segments:

- plush stuffed toys
- steel and plastic toys

12. 分部報告

分部資料是按本集團的業務和地區分部作出呈述。由於業務分部資料對本集團的內部財務匯報工作意義較大，故已選為報告分部資料的主要形式。

業務分部

本集團的主要業務分部如下：

- 毛絨玩具
- 金屬及塑膠玩具

| | Plush stuffed toys 毛絨玩具 | | Steel and plastic toys 金屬及塑膠玩具 | | Unallocated 未分配數額 | | Consolidated 綜合數額 | |
|---|----------------------------|----------------|-----------------------------------|---------------|----------------------|--------------|----------------------|----------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Revenue from external customers 來自外界客戶的收入 | 885,326 | 850,447 | 46,521 | 59,923 | - | - | 931,847 | 910,370 |
| Other revenue from external customers 來自外界客戶的其他收入 | 3,711 | 9,340 | 13 | 121 | 12,703 | 5,000 | 16,427 | 14,461 |
| Total 總額 | 889,037 | 859,787 | 46,534 | 60,044 | 12,703 | 5,000 | 948,274 | 924,831 |
| Segment result 分部經營成果 | 130,824 | 120,302 | 4,774 | 4,369 | - | - | 135,598 | 124,671 |
| Profit from operations 經營溢利 | | | | | | | 135,598 | 124,671 |
| Finance costs 融資成本 | | | | | | | (166) | (3) |
| Share of profits less losses of associates 應佔聯營公司溢利減虧損 | | | | | | | (850) | (483) |
| Taxation 稅項 | | | | | | | (13,630) | (10,696) |
| Profit attributable to shareholders 股東應佔溢利 | | | | | | | 120,952 | 113,489 |

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

12. SEGMENT REPORTING (Continued)

Business segments (Continued)

| | | Plush stuffed toys 毛絨玩具 | | Steel and plastic toys 金屬及塑膠玩具 | | Consolidated 綜合數額 | |
|---|----------------------|----------------------------|---------|-----------------------------------|-------|----------------------|---------|
| | | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Depreciation in respect of fixed assets for the year | 本年度固定資產折舊 | 16,333 | 16,965 | 1,206 | 1,526 | 17,539 | 18,491 |
| Amortisation of goodwill for the year | 本年度商譽攤銷 | 218 | (874) | 89 | 89 | 307 | (785) |
| Significant non-cash expenses (other than depreciation and amortisation) | 大額非現金費用 (折舊及攤銷除外) | 645 | 792 | - | - | 645 | 792 |
| Segment assets | 分部資產 | 442,098 | 328,379 | 42,135 | 9,538 | 484,233 | 337,917 |
| Interest in associates | 於聯營公司的權益 | 4,596 | 4,198 | - | - | 4,596 | 4,198 |
| Unallocated assets | 未分配資產 | | | | | 271,885 | 324,663 |
| Total assets | 資產總值 | | | | | 760,714 | 666,778 |
| Segment liabilities | 分部負債 | 75,970 | 81,237 | 35,632 | 8,191 | 111,602 | 89,428 |
| Unallocated liabilities | 未分配負債 | | | | | 53,835 | 51,508 |
| Total liabilities | 負債總額 | | | | | 165,437 | 140,936 |
| Capital expenditure incurred during the year | 本年度內產生的 資本開支 | 159,647 | 21,961 | 239 | 2,686 | 159,886 | 24,647 |

Geographical segments

The group participates in several principal economic environments as set out below.

In presenting information on the basis of geographical segments, segment turnover is based on the geographical destination of delivery of goods. Segment assets and capital expenditure are based on the geographical location of the assets.

12. 分部報告 (續)

業務分部 (續)

地區分部

本集團在下列數個主要經濟環境中經營。

在呈述地區分部信息時，分部營業額乃根據交付貨品的目的地釐定。分部資產及資本開支則以資產的所在地為計算基準。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度(以港幣千元單位列示)

13. FIXED ASSETS

(a) The group

| | Land use rights and buildings | Leasehold improvements | Plant and machinery | Office equipment, furniture and fixtures | Motor vehicles | Total |
|--|-------------------------------------|---------------------------|------------------------|---|-------------------|----------|
| | 土地 使用權及 建築物 | 租賃 物業裝修 | 工業裝置 及機器 | 辦公室 設備、 傢具及 固定裝置 | 汽車 | 總計 |
| Cost or valuation: | | | | | | |
| 成本或估值： | | | | | | |
| At 1 January 2003 | | | | | | |
| 於二零零三年一月一日 | 40,879 | 16,809 | 79,528 | 17,049 | 8,153 | 162,418 |
| Additions | | | | | | |
| 增置 | | | | | | |
| – through acquisition of subsidiary (note 30) | | | | | | |
| – 透過收購附屬公司 (附註 30) | – | – | – | 1,134 | 1,629 | 2,763 |
| – others | | | | | | |
| – 其他 | 2,784 | 4,426 | 9,875 | 2,748 | 962 | 20,795 |
| Disposals | | | | | | |
| 出售 | – | (1,990) | (4,671) | (3,339) | (1,682) | (11,682) |
| Transfer from construction in progress (note 14) | | | | | | |
| 轉撥自在建工程 (附註 14) | 3,630 | – | 341 | – | – | 3,971 |
| At 31 December 2003 | | | | | | |
| 於二零零三年十二月三十一日 | 47,293 | 19,245 | 85,073 | 17,592 | 9,062 | 178,265 |
| Representing: | | | | | | |
| 代表： | | | | | | |
| Cost | | | | | | |
| 成本 | – | 19,245 | 85,073 | 17,592 | 9,062 | 130,972 |
| Valuation – 2003 | | | | | | |
| 二零零三年估值 | 47,293 | – | – | – | – | 47,293 |
| | 47,293 | 19,245 | 85,073 | 17,592 | 9,062 | 178,265 |
| Aggregate amortisation and depreciation: | | | | | | |
| 攤銷及折舊總額： | | | | | | |
| At 1 January 2003 | | | | | | |
| 於二零零三年一月一日 | 2,432 | 11,449 | 39,694 | 12,693 | 5,531 | 71,799 |
| Charge for the year | | | | | | |
| 本年度開支 | 2,063 | 3,018 | 9,033 | 2,008 | 1,417 | 17,539 |
| Written back on disposal | | | | | | |
| 出售時撥回 | – | (1,990) | (4,661) | (3,122) | (1,412) | (11,185) |
| At 31 December 2003 | | | | | | |
| 於二零零三年十二月三十一日 | 4,495 | 12,477 | 44,066 | 11,579 | 5,536 | 78,153 |
| Net book value: | | | | | | |
| 賬面淨值： | | | | | | |
| At 31 December 2003 | | | | | | |
| 於二零零三年十二月三十一日 | 42,798 | 6,768 | 41,007 | 6,013 | 3,526 | 100,112 |
| At 31 December 2002 | | | | | | |
| 於二零零二年十二月三十一日 | 38,447 | 5,360 | 39,834 | 4,356 | 2,622 | 90,619 |

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

13. FIXED ASSETS (Continued)

13. 固定資產 (續)

(b) The company

(b) 本公司

| | | Leasehold improvements | Plant and machinery | Motor vehicles | Office equipment, furniture and fixtures 辦公室 設備、 傢具及 固定裝置 | Total |
|--------------------------------|---------------|---------------------------|------------------------|-------------------|---|----------|
| | | 租賃 物業裝修 | 工業裝置 及機器 | 汽車 | 總計 | |
| Cost: | 成本： | | | | | |
| At 1 January 2003 | 於二零零三年一月一日 | 14,170 | 24,180 | 3,768 | 12,409 | 54,527 |
| Additions | 增置 | 4,065 | 5,914 | 379 | 2,051 | 12,409 |
| Disposals | 出售 | (1,990) | (4,421) | (783) | (3,071) | (10,265) |
| | | | | | | |
| At 31 December 2003 | 於二零零三年十二月三十一日 | 16,245 | 25,673 | 3,364 | 11,389 | 56,671 |
| Aggregate depreciation: | 折舊總額： | | | | | |
| At 1 January 2003 | 於二零零三年一月一日 | 9,518 | 20,300 | 2,586 | 9,541 | 41,945 |
| Charge for the year | 本年度開支 | 2,701 | 3,191 | 710 | 1,441 | 8,043 |
| Written back on disposal | 出售時撥回 | (1,990) | (4,411) | (783) | (3,069) | (10,253) |
| | | | | | | |
| At 31 December 2003 | 於二零零三年十二月三十一日 | 10,229 | 19,080 | 2,513 | 7,913 | 39,735 |
| Net book value: | 賬面淨值： | | | | | |
| At 31 December 2003 | 於二零零三年十二月三十一日 | 6,016 | 6,593 | 851 | 3,476 | 16,936 |
| At 31 December 2002 | 於二零零二年十二月三十一日 | 4,652 | 3,880 | 1,182 | 2,868 | 12,582 |

(c) The analysis of net book value of land use rights and buildings is as follows:

(c) 土地使用權及建築物賬面淨值的分析如下：

| | | 2003 | 2002 |
|----------------------|--------|--------|--------|
| Outside Hong Kong | 香港境外 | | |
| – medium-term leases | – 中期租賃 | 42,798 | 38,447 |

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

13. FIXED ASSETS (Continued)

- (d) The group's land use rights and buildings held for own use were revalued at 30 November 2001 by Mr. Raymond Ho Kai Kwong who is an associate member of the Hong Kong Institute of Surveyors and a qualified surveyor of Vigers Hong Kong Ltd., at their open market value. The revaluation surplus of \$701,000 has been transferred to the land use rights and buildings revaluation reserve of the group.

The valuation at 31 December 2003 was performed by the directors of the company, who are not qualified valuers, with reference to the relevant market indices. In their opinion, there have been no significant changes in the value of land and buildings since 31 December 2002.

The carrying amount of the land use rights and buildings held for own use of the group at 31 December 2003 would have been \$42,171,000 (2002: \$37,513,000) had they been carried at cost less accumulated depreciation.

13. 固定資產 (續)

- (d) 本集團持作自用的土地使用權及建築物已於二零零一年十一月三十日經由香港測量師學會會員兼威格斯(香港)有限公司的合資格測量師何繼光先生,以公開市值為基準進行重估。為數701,000元的重估盈餘已轉撥到本集團的土地使用權及建築物重估儲備。

於二零零三年十二月三十一日進行之估值乃由本公司董事(並非合資格估值師)參考相關市場指數後作出,並認為土地及建築物之價值自二零零二年十二月三十一日起並無重大改變。

假如本集團持作自用的土地使用權及建築物是按成本減去累計折舊後入賬,則這些土地使用權及建築物於二零零三年十二月三十一日的賬面金額應為42,171,000元(二零零二年:37,513,000元)。

14. CONSTRUCTION IN PROGRESS

| | | 2003 | 2002 |
|---------------------------------------|--------------------|---------|---------|
| At 1 January | 於一月一日 | 282 | 113 |
| Additions | 增置 | 3,689 | 7,308 |
| Transfer to fixed assets (note 13(a)) | 轉撥往固定資產 (附註 13(a)) | (3,971) | (7,139) |
| At 31 December | 於十二月三十一日 | - | 282 |

14. 在建工程

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

15. GOODWILL

15. 商譽

| | | Negative goodwill 負商譽 | Positive goodwill 正商譽 | Total 總計 |
|----------------------------------|---------------|--------------------------|--------------------------|-------------|
| Cost: | 成本： | | | |
| At 1 January 2003 | 於二零零三年一月一日 | (18,960) | 888 | (18,072) |
| Additions (note 30) | 增置 (附註 30) | - | 108,581 | 108,581 |
| At 31 December 2003 | 於二零零三年十二月三十一日 | (18,960) | 109,469 | 90,509 |
| Accumulated amortisation: | 累計攤銷： | | | |
| At 1 January 2003 | 於二零零三年一月一日 | 6,183 | (89) | 6,094 |
| Amortisation for the year | 本年度攤銷 | 1,591 | (1,898) | (307) |
| At 31 December 2003 | 於二零零三年十二月三十一日 | 7,774 | (1,987) | 5,787 |
| Carrying amount: | 賬面金額： | | | |
| At 31 December 2003 | 於二零零三年十二月三十一日 | (11,186) | 107,482 | 96,296 |
| At 31 December 2002 | 於二零零二年十二月三十一日 | (12,777) | 799 | (11,978) |

Negative goodwill is amortised to the consolidated income statement on a straight-line basis over ten years. Positive goodwill is amortised to the consolidated income statement on a straight-line basis over ten to fifteen years.

負商譽在十年內按直線法於綜合損益表攤銷。正商譽亦在十至十五年內按直線法於綜合損益表攤銷。

16. INTEREST IN SUBSIDIARIES

16. 於附屬公司的權益

| | | 2003 | 2002 |
|--------------------------|-------------|---------|---------|
| Unlisted shares, at cost | 非上市股份 (按成本) | 111,064 | 111,064 |
| Loan to subsidiary | 授予附屬公司之貸款 | 140,556 | - |
| | | 251,620 | 111,064 |

The loan to a subsidiary is unsecured, interest free and has no fixed repayment term.

授予附屬公司之貸款乃無抵押、免息及無固定還款期。

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the group. The class of shares held is ordinary unless otherwise stated.

下表只載列對本集團的業績、資產或負債有重大影響的附屬公司詳情。除另有註明者外，所持有的股份均為普通股。

All of these are controlled subsidiaries as defined under note 1(c) and have been consolidated into the group financial statements.

這些附屬公司均為附註1(c)所界定的受控制附屬公司，並已在本集團的財務報表中綜合計算。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度(以港幣千元單位列示)

16. INTEREST IN SUBSIDIARIES (Continued)

16. 於附屬公司的投資 (續)

| Company name 公司名稱 | Place and incorporation and operation 註冊成立及經營地點 | Particulars of issued and fully paid up capital/ registered capital 已發行及繳足股本／註冊資本詳情 | Attributable equity interest 應佔股本權益 | Principal activity 主要業務 |
|---|--|--|--|---|
| C & H Toy of America, Inc. # | United States of America 美國 | US\$1,000,000 1,000,000 美元 | 100% | Trading of plush stuffed toys 買賣毛絨玩具 |
| J.Y. Toys Co., Limited 香港正潤玩具有限公司 | Hong Kong 香港 | US\$1,500,000 1,500,000 美元 | 100% | Trading and manufacture of steel and plastic toys 買賣及製造金屬及塑膠玩具 |
| J.Y. International Company Limited | Hong Kong 香港 | US\$500,000 500,000 美元 | 100% | Trading of plush stuffed toys and investment holding 買賣毛絨玩具及投資控股 |
| * Jung Yoon Toys (Shanghai) Co., Limited # * 正潤玩具(上海)有限公司# | PRC 中國 | US\$420,000 420,000 美元 | 100% | Manufacture of plush stuffed toys 製造毛絨玩具 |
| * C & H Toys (Suzhou) Co., Ltd. # * 希安琦玩具(蘇州)有限公司# | PRC 中國 | US\$9,200,000 9,200,000 美元 | 100% | Manufacture of plush fabrics and plush stuffed toys 製造毛絨布料及毛絨玩具 |
| Dream INKO Co., Ltd | South Korea 南韓 | KRW100,000,000 100,000,000 韓圓 | 100% | Design, development and trading of plush stuffed toys 設計、開發及買賣毛絨玩具 |

* These are wholly-owned foreign investment enterprises registered under the Laws of the PRC.

* 根據中國法例註冊成立的全資外國投資企業。

Subsidiaries not audited by KPMG.

並非由畢馬威會計師事務所審核的附屬公司。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

17. INTEREST IN ASSOCIATES

17. 於聯營公司的投資

| | | The group 本集團 | | The company 本公司 | |
|--------------------------|--------------|------------------|-------|--------------------|------|
| | | 2003 | 2002 | 2003 | 2002 |
| Unlisted shares, at cost | 非上市股份 (按成本值) | – | – | 1,248 | – |
| Share of net assets | 應佔資產淨值 | 2,445 | 1,330 | – | – |
| Goodwill | 商譽 | 2,151 | 2,868 | – | – |
| | | 4,596 | 4,198 | 1,248 | – |

Details of associates are as follows:

聯營公司之詳情如下：

| Name of associate | Form of business structure | Place of incorporation and operation | Particulars of issued and paid up capital 已發行及繳足股本詳情 | group's effective interest | Proportion of ownership interest held | | | Principal activity |
|---------------------------------|----------------------------|--------------------------------------|---|----------------------------|---------------------------------------|--------------------|-------------------|-----------------------------------|
| | | | | | by the company | held by subsidiary | held by associate | |
| 聯營公司名稱 | 商業架構形式 | 註冊成立及經營地點 | | 本集團的實際權益 | 本公司所持有 | 附屬公司所持有 | 聯營公司所持有 | 主要業務 |
| Sung Won Industries Inc. | Incorporated | South Korea | 20,000 ordinary shares of KRW5,000 each | 36% | – | 36% | – | Trading of plush stuffed toys |
| | 註冊成立 | 南韓 | 20,000 股每股 5,000 韓圓之普通股 | | | | | 買賣毛絨玩具 |
| Kedington Enterprises Inc. | Incorporated | British Virgin Islands | 800,000 ordinary shares of US\$1 each | 20% | 20% | – | – | Investment holding |
| | 註冊成立 | 英屬處女群島 | 800,000 股每股 1 美元之普通股 | | | | | 投資控股 |
| Yuan Lin Toys (Suzhou) Co., Ltd | Incorporated | PRC | Registered capital of US\$1,000,000 | 20% | – | – | 100% | Manufacture of plush stuffed toys |
| 元林玩具 (蘇州) 有限公司 | 註冊成立 | 中國 | 1,000,000 美元之註冊股本 | | | | | 製造毛絨玩具 |

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18. INVESTMENT SECURITIES

| | | 2003 | 2002 |
|---|--------------------|--------|------|
| Golf club memberships, at cost | 高爾夫球會會籍 (按成本) | | |
| – through acquisition of subsidiary (note 30) | – 透過收購附屬公司 (附註 30) | 11,313 | – |

19. PLEDGED BANK DEPOSITS

As at 31 December 2003, bank deposits of the group and the company were pledged to secure banking facilities granted by certain banks. They include long-term bank deposits of \$62 million (2002: \$78 million) which were pledged to the extent of 141% (2002: 141%) of the outstanding bank loans which amounted to \$36,524,000 at 31 December 2003 (2002: \$33,054,000).

As at 31 December 2002, short-term bank deposits of \$4 million of the group and the company were also pledged to secure import and foreign exchange facilities granted by certain banks.

20. INVENTORIES

| | | The group 本集團 | | The company 本公司 | |
|------------------|-----|------------------|---------|--------------------|--------|
| | | 2003 | 2002 | 2003 | 2002 |
| Raw materials | 原材料 | 70,525 | 56,856 | 31,598 | 29,244 |
| Work in progress | 在製品 | 23,292 | 25,105 | 11,381 | 12,494 |
| Finished goods | 製成品 | 33,800 | 21,592 | 18,610 | 9,558 |
| | | 127,617 | 103,553 | 61,589 | 51,296 |

Raw materials of the group and the company are stated net of general provisions of \$3,146,000 (2002: \$3,146,000) and \$2,313,000 (2002: \$2,313,000) respectively, made in order to state these inventories at the lower of their cost and estimated net realisable value.

18. 投資證券

19. 已抵押銀行存款

於二零零三年十二月三十一日，本集團及本公司之銀行存款已抵押作為所獲若干銀行信貸之擔保。該等銀行存款包括長期銀行存款 62,000,000 元 (二零零二年：78,000,000 元)，作為於二零零三年十二月三十一日尚未償還之 36,524,000 元 (二零零二年：33,054,000 元) 銀行貸款之 141% (二零零二年：141%) 抵押。

於二零零二年十二月三十一日，本集團及本公司之短期銀行存款 4,000,000 元，亦作為所獲若干銀行入口及外幣兌換信貸之抵押。

20. 存貨

本集團及本公司之原材料分別已扣減一般準備 3,146,000 元 (二零零二年：3,146,000 元) 及 2,313,000 元 (二零零二年：2,313,000 元)，以求按成本或估計可變現淨值兩者中的較低數額列示這些存貨。

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For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

21. Trade and other receivables

21. 應收賬款及其他應收款

| | | The group 本集團 | | The company 本公司 | |
|--|----------------------|------------------|---------|--------------------|---------|
| | | 2003 | 2002 | 2003 | 2002 |
| Trade debtors, bills receivable, deposits and prepayments | 應收賬款、應收票據、 按金及預付款 | 133,503 | 114,293 | 43,705 | 68,776 |
| Amount due from ultimate holding company | 應付最終控股公司款項 | 22 | 29,176 | - | 28,806 |
| Amounts due from fellow subsidiaries | 應付同系附屬公司款項 | 9,502 | 8,576 | 1,167 | 716 |
| Amounts due from associates | 應付聯營公司款項 | 5,868 | 3,396 | 2,893 | 3,396 |
| Amounts due from subsidiaries | 應付附屬公司款項 | - | - | 15,423 | 9,631 |
| | | 148,895 | 155,441 | 63,188 | 111,325 |

Amounts due from ultimate holding company, fellow subsidiaries, subsidiaries and associates are unsecured, interest free and repayable on demand.

Deposits include an amount of \$15,394,000 (2002: \$Nil) paid to the ultimate holding company in respect of a lease entered into by Dream INKO Co., Ltd.

Included in trade and other receivables are trade debtors and bills receivable (net of specific allowances for bad and doubtful debts) with the following ageing analysis.

應收最終控股公司、同系附屬公司、附屬公司及聯營公司款項為無抵押、免息及須於要求時償還。

按金包括就與 Dream INKO Co., Ltd 訂立之租約支付予最終控股股東之 15,394,000 元 (二零零二年：零元)。

應收賬款及其他應收款包括應收賬款及應收票據 (已扣除呆壞賬特別準備)，其賬齡分析如下：

| | | The group 本集團 | | The company 本公司 | |
|---|---------------------------|------------------|--------|--------------------|--------|
| | | 2003 | 2002 | 2003 | 2002 |
| Current | 本期 | 65,051 | 51,446 | 26,065 | 42,497 |
| 1 to 3 months | 距發票日期 1 至 3 個月 | 12,851 | 25,864 | 8,133 | 14,626 |
| More than 3 months but less than 12 months | 距發票日期超過 3 個月 但少於 12 個月 | 8,440 | 7,579 | 91 | 1,023 |
| Over 1 year | 距發票日期超過一年 | 15 | - | - | - |
| | | 86,357 | 84,889 | 34,289 | 58,146 |

Trade receivables, which generally have terms of 14 to 90 days, are recognised and carried in the balance sheets at original invoice amounts less provisions for overdue debts which are considered by the directors to be doubtful.

應收賬款 (一般具備 14 天至 90 天信貸期) 按原發票額，減去董事就視為呆賬的逾期債項所作準備，於資產負債表內確認及列賬。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

22. CASH AND CASH EQUIVALENTS

22. 現金及現金等價物

| | | The group 本集團 | | The company 本公司 | |
|---|-----------------|------------------|---------|--------------------|---------|
| | | 2003 | 2002 | 2003 | 2002 |
| Deposits with banks and other financial institutions | 銀行及其他財務 機構存款 | 141,129 | 193,511 | 126,451 | 181,689 |
| Cash at bank and in hand | 銀行存款及現金 | 64,056 | 44,572 | 31,632 | 25,351 |
| | | 205,185 | 238,083 | 158,083 | 207,040 |

During the year, the company entered into dual currency option deposit contracts with certain banks and consequently was exposed to foreign exchange risk to the extent of the amount invested for such deposits. As at 31 December 2003, the company had placed deposits under such contracts in the total amount of US\$4,549,000 (equivalent to \$35,316,000) (2002: US\$5,697,000 (equivalent to \$44,435,000), JPY300,000,000 (equivalent to \$19,710,000) and EUR1,242,000 (equivalent to \$10,174,000)) with banks.

In the opinion of the directors, the dual currency option deposits were placed to enhance the return on the company's surplus cash while the exchange risk in relation to the deposits was within an acceptable level.

年內，本公司與若干銀行訂立雙重貨幣（選擇權）存款合約，因而須面對外幣兌換風險，惟以投資於該等存款之金額為限。根據該等合約，於二零零三年十二月三十一日，本公司在銀行共有4,549,000美元（相等於35,316,000元）（二零零二年：5,697,000美元（相等於44,435,000元）、300,000,000日圓（相等於19,710,000元）及1,242,000歐羅（相等於10,174,000元））之存款。

董事認為，訂立雙重貨幣（選擇權）存款合約旨在提高本公司額外現金之回報，而存款所涉及的外幣兌換風險處於可接受水平。

23. TRADE AND OTHER PAYABLES

23. 應付賬款及其他應付款

| | | The group 本集團 | | The company 本公司 | |
|--|------------|------------------|--------|--------------------|--------|
| | | 2003 | 2002 | 2003 | 2002 |
| Creditors and accrued charges | 應付賬款及應計費用 | 94,067 | 83,581 | 26,343 | 41,110 |
| Amount due to ultimate holding company | 應付最終控股公司款項 | 480 | 3,742 | - | - |
| Amounts due to fellow subsidiaries | 應付同系附屬公司款項 | 1,563 | 181 | - | 162 |
| Amounts due to subsidiaries | 應付附屬公司款項 | - | - | 56,679 | 51,316 |
| Amounts due to associates | 應付聯營公司款項 | 3,720 | 1,924 | 3,720 | - |
| | | 99,830 | 89,428 | 86,742 | 92,588 |

Amounts due to ultimate holding company, fellow subsidiaries, subsidiaries and associates are unsecured, interest free and repayable on demand.

應付最終控股公司、同系附屬公司、附屬公司及聯營公司款項為無抵押、免息及須於要求時償還。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

23. TRADE AND OTHER PAYABLES (Continued)

Included in creditors and accrued charges are trade creditors and bills payable with the following ageing analysis:

| | | The group 本集團 | | The company 本公司 | |
|------------------------------------|--------------------|------------------|--------|--------------------|--------|
| | | 2003 | 2002 | 2003 | 2002 |
| Within 1 month | 距發票日期 1 個月內 | 37,344 | 22,845 | 8,229 | 11,210 |
| After 1 month but within 3 months | 距發票日期 1 個月後但 3 個月內 | 5,585 | 1,346 | 1,405 | 88 |
| After 3 months but within 6 months | 距發票日期 3 個月後但 6 個月內 | 1,798 | 1,346 | - | - |
| After 6 months but within 1 year | 距發票日期 6 個月後但一年內 | 24 | 953 | - | - |
| Over 1 year | 距發票日期超過一年 | 918 | - | - | - |
| | | 45,669 | 26,490 | 9,634 | 11,298 |

23. 應付賬款及其他應付款 (續)

應付賬款及應計費用包括應付賬款及應付票據，其賬齡分析如下：

24. BANK LOANS AND OVERDRAFTS

At 31 December 2003, the bank loans and overdrafts were repayable as follows:

| | | The group 本集團 | | The company 本公司 | |
|---------------------------------|-----------|------------------|--------|--------------------|--------|
| | | 2003 | 2002 | 2003 | 2002 |
| Within 1 year or on demand | 一年內或接獲通知時 | 44,333 | 8,030 | 36,524 | 222 |
| After 1 year but within 2 years | 一年後但兩年內 | - | 33,054 | - | 33,054 |
| | | 44,333 | 41,084 | 36,524 | 33,276 |

24. 銀行貸款及透支

於二零零三年十二月三十一日，銀行貸款及透支的還款期如下：

At 31 December 2003, the bank loans and overdrafts were secured as follows:

| | | The group 本集團 | | The company 本公司 | |
|---------------------------|---------|------------------|--------|--------------------|--------|
| | | 2003 | 2002 | 2003 | 2002 |
| Unsecured bank overdrafts | 無抵押銀行透支 | - | 222 | - | 222 |
| Bank loans | 銀行貸款 | | | | |
| - secured | - 有抵押 | 36,524 | 33,054 | 36,524 | 33,054 |
| - unsecured | - 無抵押 | 7,809 | 7,808 | - | - |
| | | 44,333 | 41,084 | 36,524 | 33,276 |

於二零零三年十二月三十一日，銀行貸款及透支之抵押如下：

The bank loans were secured by certain bank deposits as disclosed in note 19.

銀行貸款乃按附註 19 所述以若干銀行存款作為抵押。

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For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

25. EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement plan

Following the acquisition of a subsidiary, Dream INKO Co., Ltd, the group participates in a defined benefit retirement plan which covers the group's Korean employees. A portion of the group's liability under this plan is covered by deposits with an insurance company in South Korea.

The latest independent actuarial valuation of the plan was at 31 December 2003 prepared by qualified staff of Watson Wyatt Hong Kong Limited, who are members of the Society of Actuaries of the United States of America, using the projected unit credit method. The actuarial valuation indicates that the group's obligation under the defined benefit retirement plan is 39% covered by the plan assets.

(i) The amounts recognised in the balance sheets are as follows:

| | | The group 本集團 | | The company 本公司 | |
|---------------------------------|-----------|------------------|------|--------------------|------|
| | | 2003 | 2002 | 2003 | 2002 |
| Present value of obligations | 義務之現值 | 18,135 | - | 4,505 | - |
| Fair value of plan assets | 計劃資產之公允價值 | (7,033) | - | - | - |
| Net unrecognised actuarial gain | 未確認精算收益淨額 | 670 | - | - | - |
| | | 11,772 | - | 4,505 | - |

The plan assets represent the deposits placed with the insurance company.

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

25. 僱員退休福利

(a) 界定利益退休計劃

於收購附屬公司 Dream INKO Co., Ltd 後，本集團為其韓國僱員參與一項界定利益退休計劃。本集團於該計劃下之部份負債乃以存放於一間韓國保險公司之款項支付。

最近期之獨立精算估值報告乃由華信惠悅顧問有限公司之合資格僱員（彼等均為 Society of Actuaries of the United States of America 之會員）於二零零三年十二月三十一日使用預期累積福利單位法進行。精算估值報告顯示本集團於定額福利計劃項下之責任為計劃資產覆蓋之 39%。

(i) 於資產負債表內確認之數額如下：

| | | The group 本集團 | | The company 本公司 | |
|---------------------------------|-----------|------------------|------|--------------------|------|
| | | 2003 | 2002 | 2003 | 2002 |
| Present value of obligations | 義務之現值 | 18,135 | - | 4,505 | - |
| Fair value of plan assets | 計劃資產之公允價值 | (7,033) | - | - | - |
| Net unrecognised actuarial gain | 未確認精算收益淨額 | 670 | - | - | - |
| | | 11,772 | - | 4,505 | - |

計劃資產指存放於保險公司之存款。

部份上述負債預期將於一年或之後清償。然而，由於未來供款亦與日後提供的服務和日後精算假設與市況的變動有關，故將有關數額從未來十二個月的應付數額中分開並不可行。

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For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

25. EMPLOYEE RETIREMENT BENEFITS (Continued)

(a) Defined benefit retirement plan (Continued)

(ii) Movements in the net liability recognised in the balance sheets are as follows:

| | | The group 本集團 | | The company 本公司 | |
|---|-------------------------|------------------|------|--------------------|------|
| | | 2003 | 2002 | 2003 | 2002 |
| At 1 January | 於一月一日 | - | - | - | - |
| Addition through acquisition of subsidiary (note 30) | 透過收購附屬公司增加 (附註 30) | 8,500 | - | - | - |
| Payments to employees and insurance company | 支付予僱員及保險公司 之款項 | (3,795) | - | (1,165) | - |
| Expense recognised in the income statements (note 4(b)) | 於損益表內確認之支出 (附註 4(b)) | 1,208 | - | 456 | - |
| Transfer from other provision (note) | 轉自其他準備 (附註) | 5,859 | - | 5,214 | - |
| At 31 December | 於十二月三十一日 | 11,772 | - | 4,505 | - |

Note: Prior to the acquisition of Dream INKO Co., Ltd, the group made contributions in respect of its expatriate Korean employees in Hong Kong and PRC to the retirement plan operated by the ultimate holding company. The group had no further obligations for the payment of retirement benefits associated with this plan beyond the contributions made.

(iii) Expense recognised in the consolidated income statement is as follows:

| | | The group 本集團 | |
|--|-------------|------------------|------|
| | | 2003 | 2002 |
| Current service cost | 本年度服務成本 | 1,051 | - |
| Interest cost | 利息費用 | 205 | - |
| Actuarial expected return on plan assets | 計劃資產之預期精算回報 | (48) | - |
| | | 1,208 | - |

25. 僱員退休福利 (續)

(a) 界定利益退休計劃 (續)

(ii) 於資產負債表內確認之負債淨額變動如下：

The group
本集團

The company
本公司

| | 2003 | 2002 | 2003 | 2002 |
|---|---------|------|---------|------|
| At 1 January | - | - | - | - |
| Addition through acquisition of subsidiary (note 30) | 8,500 | - | - | - |
| Payments to employees and insurance company | (3,795) | - | (1,165) | - |
| Expense recognised in the income statements (note 4(b)) | 1,208 | - | 456 | - |
| Transfer from other provision (note) | 5,859 | - | 5,214 | - |
| At 31 December | 11,772 | - | 4,505 | - |

附註：於收購 Dream INKO Co., Ltd 前，本集團為其駐守香港及中國之韓國僱員向由最終控股公司設立之退休計劃作出供款。除所作出之供款外，本集團於本計劃下並無其他退休福利付款之責任。

(iii) 於綜合損益表內確認之支出：

The group
本集團

| | 2003 | 2002 |
|--|-------|------|
| Current service cost | 1,051 | - |
| Interest cost | 205 | - |
| Actuarial expected return on plan assets | (48) | - |
| | 1,208 | - |

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For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

25. EMPLOYEE RETIREMENT BENEFITS (Continued)

(a) Defined benefit retirement plan (Continued)

(iii) Expense recognised in the consolidated income statement is as follows: (Continued)

The expense is recognised in the following line item in the consolidated income statement:

| | | The group 本集團 | |
|-------------------------|------|------------------|------|
| | | 2003 | 2002 |
| Administrative expenses | 行政開支 | 1,208 | – |

The actual return on plan assets (taking into account all changes in the fair value of the plan assets excluding contributions paid and received) was net income of \$39,000.

(iv) The principal actuarial assumptions used as at 31 December 2003 are as follows:

| | | |
|--|------------|---------|
| Discount rate | 貼現率 | 5.25% |
| Expected rate of return on plan assets | 計劃資產之預期回報率 | 5% |
| Future salary increases | 未來薪酬升幅 | 4% – 8% |

(b) Defined contribution retirement plan

(i) The group operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of \$20,000. Contributions to the scheme vest immediately.

25. 僱員退休福利 (續)

(a) 界定利益退休計劃 (續)

(iii) 於綜合損益表內確認之支出：(續)

支出於綜合損益表內確認為以下項目：

| | | The group 本集團 | |
|-------------------------|------|------------------|------|
| | | 2003 | 2002 |
| Administrative expenses | 行政開支 | 1,208 | – |

計劃資產之實際回報（經計及計劃資產公允價值（不包括已付及已收之供款）之變動）為收入淨額 39,000 元。

(iv) 於二零零三年十二月三十一日使用之主要精算假設如下：

| | | |
|--|------------|---------|
| Discount rate | 貼現率 | 5.25% |
| Expected rate of return on plan assets | 計劃資產之預期回報率 | 5% |
| Future salary increases | 未來薪酬升幅 | 4% – 8% |

(b) 定額供款退休計劃

(i) 本集團按照香港《強制性公積金計劃條例》的規定為根據香港《僱傭條例》聘用的僱員設立強制性公積金計劃（「強積金計劃」）。強積金計劃是一個定額供款退休計劃，由獨立受託人管理。根據強積金計劃，僱主及僱員均須按照僱員之相關入息的5%向計劃作出供款，而每月相關入息之上限為20,000元。向計劃作出的供款即時成為既定僱員福利。

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For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

25. EMPLOYEE RETIREMENT BENEFITS (Continued)

(b) Defined contribution retirement plan (Continued)

(ii) As stipulated by the regulations of the PRC, the group participates in various defined contribution retirement plans organised by the relevant authorities for its PRC employees. The group is required to make contributions to the retirement plans which are calculated based on certain prescribed rates and the salaries, bonuses and certain allowances of its PRC employees. The group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

26. EQUITY COMPENSATION BENEFITS

The company has a share option scheme which was adopted on 22 January 2002 whereby the directors of the company are authorised, at their discretion, to invite employees of the group, including directors of any company in the group, to take up options to subscribe for shares of the company. The exercise price of the options was the highest of (i) the nominal value of the shares, (ii) the closing price of the shares on the SEHK on the date of grant and (iii) the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options vest after one year and are exercisable for a period to be notified by the directors to each option-holder upon the grant of option, such period not to exceed ten years from the date on which the option is granted. Each option gives the holder the right to subscribe for one share and the consideration paid by each holder for the options granted is \$1.00.

(a) Movements in share options

| | | 2003 | 2002 |
|---------------------------------------|----------------|-------------|------------|
| | | Number | Number |
| | | 數目 | 數目 |
| At 1 January | 於一月一日 | 30,550,000 | – |
| Issued | 已發行 | 2,600,000 | 30,550,000 |
| Exercised | 已行使 | (8,480,000) | – |
| Lapsed on departure of option holders | 因購股權持有人離開公司而失效 | (3,640,000) | – |
| <hr/> | | | |
| At 31 December | 於十二月三十一日 | 21,030,000 | 30,550,000 |
| <hr/> | | | |
| Options vested at 31 December | 於十二月三十一日歸屬之購股權 | 685,000 | – |

25. 僱員退休福利 (續)

(b) 定額供款退休計劃 (續)

(ii) 根據中國法規，本集團參與相關機關為其中國僱員所營辦的各項定額供款計劃。本集團須就該等退休計劃，按若干指定比率及其中國僱員之薪金、花紅及若干津貼作出供款。除上文所述於每年就該等計劃作出供款外，本集團並無其他支付退休福利的重大承擔。

26. 股本權益補償福利

本公司於二零零二年一月二十二日採納一項購股權計劃。據此，本公司董事獲授權酌情邀請本集團僱員（包括本集團任何成員公司之董事）接受購股權以認購本公司股份。購股權之行使價為(i) 股份票面值、(ii) 股份於購股權授予當日於香港聯交所錄得的收市價及(iii) 股份於緊接購股權授予當日前五個營業日在香港聯交所錄得的平均收市價三者之最高數額。購股權在授予日期起計一年後歸屬，並可於董事於授出購股權時知會各購股權持有人之期間內行使，惟該期間不得超逾授出購股權當日起計十年。持有人有權憑每項購股權認購一股股份，而每名持有人須就獲授之購股權繳付 1.00 元之代價。

(a) 購股權之變動

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度(以港幣千元單位列示)

26. EQUITY COMPENSATION BENEFITS (Continued)

26. 股本權益補償福利 (續)

(b) Terms of unexpired and unexercised share options at balance sheet date

(b) 於結算日未到期、未行使的購股權的條款

| Date granted 授予日期 | Exercise period 行使期間 | Exercise price 行使價 | 2003 | 2002 |
|------------------------------|--|-----------------------|--------------|--------------|
| | | | Number 數目 | Number 數目 |
| 7 February 2002 二零零二年二月七日 | 7 February 2003 to 7 February 2012 二零零三年二月七日至 二零一二年二月七日 | \$1.18 | 18,430,000 | 30,550,000 |
| 15 April 2003 二零零三年四月十五日 | 15 April 2004 to 15 April 2013 二零零四年四月十五日至 二零一三年四月十五日 | \$1.43 | 2,600,000 | – |
| | | | 21,030,000 | 30,550,000 |

In respect of the options granted, the maximum percentage of the share options which may be exercised is determined in stages as follows:

對於已授出之購股權，以下為分階段可行使之購股權最高百分比：

| | |
|--|-----------------------|
| On or after 1st year anniversary 授出一週年之日或其後 | 30% |
| On or after 2nd year anniversary 授出兩週年之日或其後 | another 30% 另外 30% |
| On or after 3rd year anniversary 授出三週年之日或其後 | another 40% 另外 40% |

(c) Details of share options granted during the year, all of which were granted for a nominal consideration

(c) 於本年度授出之購股權(全部均為按象徵式價款授出)詳情

| Exercise period 行使期間 | Exercise price 行使價 | 2003 | 2002 |
|--|-----------------------|--------------|--------------|
| | | Number 數目 | Number 數目 |
| 7 February 2003 to 7 February 2012 二零零三年二月七日至二零一二年二月七日 | \$1.18 | – | 30,550,000 |
| 15 April 2004 to 15 April 2013 二零零四年四月十五日至二零一三年四月十五日 | \$1.43 | 2,600,000 | – |
| | | 2,600,000 | 30,550,000 |

Notes on the Financial Statements 財務報表附註

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26. EQUITY COMPENSATION BENEFITS (Continued)

26. 股本權益補償福利 (續)

(d) Details of share options exercised during the year

(d) 於年內行使之購股權詳情

| Exercise date | 行使日期 | Exercise price 行使價 | Market value | | Proceeds received 已收所得款項 | Number 數目 |
|-----------------|------------|-----------------------|--|--|-----------------------------|--------------|
| | | | per share at exercise date 於行使日期之每股市價 | | | |
| 13 May 2003 | 二零零三年五月十三日 | \$1.18 | \$1.42 | | 5,258 | 4,456,000 |
| 11 August 2003 | 二零零三年八月十一日 | \$1.18 | \$1.82 | | 4,519 | 3,829,000 |
| 14 October 2003 | 二零零三年十月十四日 | \$1.18 | \$1.88 | | 230 | 195,000 |
| | | | | | 10,007 | 8,480,000 |

27. INCOME TAX IN THE BALANCE SHEETS

27. 資產負債表所示之所得稅

(a) Current taxation in the balance sheets represent:

(a) 資產負債表所示之本期所得稅為：

| | | The group 本集團 | | The company 本公司 | |
|---|-----------------------|------------------|----------|--------------------|----------|
| | | 2003 | 2002 | 2003 | 2002 |
| Provision for Hong Kong | | | | | |
| Profits Tax for the year | 本年度香港利得稅準備 | 8,489 | 6,340 | 8,000 | 6,000 |
| Provisional Profits Tax paid | 已付暫繳利得稅 | (2,225) | (1,265) | (2,096) | (982) |
| | | 6,264 | 5,075 | 5,904 | 5,018 |
| Balance of Profits Tax provision relating to prior years | 以往年度利得稅準備結餘 | 16,482 | 12,591 | 16,482 | 12,591 |
| Taxation outside Hong Kong | 香港以外地區稅項 | 3,227 | 3,084 | - | - |
| Less: Tax reserve certificates purchased under order of the Commissioner of Inland Revenue (note) | 減：按稅務局局長指令購入之儲稅券 (附註) | (16,482) | (10,489) | (16,482) | (10,489) |
| | | 9,491 | 10,261 | 5,904 | 7,120 |

Note: As at 31 December 2003, tax reserve certificates totalling \$16,482,000 were purchased by the company pending the resolution of certain enquiries raised by the Hong Kong Inland Revenue Department ("IRD") relating to the years of assessment 1998/99 to 2002/2003. Based on the information available to date, the directors of the company consider the tax provisions included in the financial statements in the aggregate amount of \$16,482,000 for the above years of assessment are adequate after taking into account the nature of the enquiries raised by the IRD and the bases upon which the company's assessable profits for the years of assessment prior to 1998/99 have been agreed with the IRD.

附註：於二零零三年十二月三十一日，本公司購買總額達 16,482,000 元之儲稅券，以待香港稅務局（「稅局」）就一九九八／九九課稅年度至二零零二／零三課稅年度提出的部份質詢定案。根據截至本日止可取得之資料所示，本公司董事經考慮稅局提出質詢之性質，以及本公司於一九九八／九九課稅年度前應評稅溢利所採納獲稅局同意的基準後，認為就上述課稅年度於財務報表內作出總數達 16,482,000 元之準備乃屬充足。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度(以港幣千元單位列示)

27. INCOME TAX IN THE BALANCE SHEET (Continued)

(b) Deferred tax assets and liabilities recognised:

(i) The group

The components of deferred tax (assets)/liabilities recognised in the balance sheet and the movements during the year are as follows:

| | Depreciation allowances in excess of related depreciation 超過相關折舊的折舊免稅額 | Tax losses brought forward 可抵扣虧損結轉 | Defined benefit retirement plan 界定利益退休計劃 | Provision for retirement allowances 退休金準備 | Other short-term temporary differences 其他短期暫時差異 | Total 總計 |
|--|---|---------------------------------------|---|--|--|-------------|
| Deferred tax arising from: 來自下列各項之遞延稅項： | | | | | | |
| At 1 January 2002 於二零零二年一月一日 | | | | | | |
| – as previously reported – 上年度報告 | – | – | – | – | – | – |
| – prior period adjustments – 前期調整 | 896 | (4,260) | – | (507) | (948) | (4,819) |
| – as restated – 已重報 | 896 | (4,260) | – | (507) | (948) | (4,819) |
| Charged/(credited) to consolidated income statement 於綜合損益表內列支/(計入) | (195) | 152 | – | (291) | 736 | 402 |
| At 31 December 2002 (restated) 於二零零二年十二月三十一日 (重報) | 701 | (4,108) | – | (798) | (212) | (4,417) |
| At 1 January 2003 於二零零三年一月一日 | | | | | | |
| – as previously reported – 上年度報告 | – | – | – | – | – | – |
| – prior period adjustments – 前期調整 | 701 | (4,108) | – | (798) | (212) | (4,417) |
| – as restated – 已重報 | 701 | (4,108) | – | (798) | (212) | (4,417) |
| Reclassification 重新分類 | – | – | (657) | 657 | – | – |
| Addition through acquisition of subsidiary (note 30) 透過收購附屬公司增加 (附註 30) | 38 | – | (347) | – | (1,039) | (1,348) |
| Charged/(credited) to consolidated income statement 於綜合損益表內列支/(計入) | (502) | 240 | (3) | 141 | 1,304 | 1,180 |
| At 31 December 2003 於二零零三年十二月三十一日 | 237 | (3,868) | (1,007) | – | 53 | (4,585) |

27. 資產負債表所示之所得稅 (續)

(b) 已確認遞延稅項資產及負債

(i) 本集團

於資產負債表內確認之遞延稅項(資產)/負債項目, 以及於年內之變動如下:

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

27. INCOME TAX IN THE BALANCE SHEET (Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

(ii) The company

The components of deferred tax (assets)/liabilities recognised in the balance sheet and the movements during the year are as follows:

| | | Depreciation allowances in excess of related depreciation 超過相關折舊的折舊免稅額 | Defined benefit retirement plan 界定利益退休計劃 | Provision for retirement allowances 退休金準備 | Other short-term temporary differences 其他短期暫時差異 | Total 總計 |
|--|--------------------|---|---|--|--|-------------|
| Deferred tax arising from: | 來自下列各項之遞延稅項： | | | | | |
| At 1 January 2002 | 於二零零二年一月一日 | | | | | |
| – as previously reported | – 上年度報告 | - | - | - | - | - |
| – prior period adjustments | – 前期調整 | 1,077 | - | (372) | (231) | 474 |
| – as restated | – 已重報 | 1,077 | - | (372) | (231) | 474 |
| Credited to income statement | 於損益表內計入 | (464) | - | (45) | - | (509) |
| At 31 December 2002 (restated) | 於二零零二年十二月三十一日 (重報) | 613 | - | (417) | (231) | (35) |
| At 1 January 2003 | 於二零零三年一月一日 | | | | | |
| – as previously reported | – 上年度報告 | - | - | - | - | - |
| – prior period adjustments | – 前期調整 | 613 | - | (417) | (231) | (35) |
| – as restated | – 已重報 | 613 | - | (417) | (231) | (35) |
| Reclassification | 重新分類 | - | (417) | 417 | - | - |
| Charged/(credited) to income statement | 於損益表內列支/(計入) | 117 | 23 | - | (94) | 46 |
| At 31 December 2003 | 於二零零三年十二月三十一日 | 730 | (394) | - | (325) | 11 |

27. 資產負債表所示之所得稅 (續)

(b) 已確認遞延稅項資產及負債 (續)

(ii) 本公司

於資產負債表內確認之遞延稅項 (資產) / 負債項目，以及於年內之變動如下：

| | | Depreciation allowances in excess of related depreciation 超過相關折舊的折舊免稅額 | Defined benefit retirement plan 界定利益退休計劃 | Provision for retirement allowances 退休金準備 | Other short-term temporary differences 其他短期暫時差異 | Total 總計 |
|--|--------------------|---|---|--|--|-------------|
| Deferred tax arising from: | 來自下列各項之遞延稅項： | | | | | |
| At 1 January 2002 | 於二零零二年一月一日 | | | | | |
| – as previously reported | – 上年度報告 | - | - | - | - | - |
| – prior period adjustments | – 前期調整 | 1,077 | - | (372) | (231) | 474 |
| – as restated | – 已重報 | 1,077 | - | (372) | (231) | 474 |
| Credited to income statement | 於損益表內計入 | (464) | - | (45) | - | (509) |
| At 31 December 2002 (restated) | 於二零零二年十二月三十一日 (重報) | 613 | - | (417) | (231) | (35) |
| At 1 January 2003 | 於二零零三年一月一日 | | | | | |
| – as previously reported | – 上年度報告 | - | - | - | - | - |
| – prior period adjustments | – 前期調整 | 613 | - | (417) | (231) | (35) |
| – as restated | – 已重報 | 613 | - | (417) | (231) | (35) |
| Reclassification | 重新分類 | - | (417) | 417 | - | - |
| Charged/(credited) to income statement | 於損益表內列支/(計入) | 117 | 23 | - | (94) | 46 |
| At 31 December 2003 | 於二零零三年十二月三十一日 | 730 | (394) | - | (325) | 11 |

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

27. INCOME TAX IN THE BALANCE SHEET (Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

(ii) The company (Continued)

| | | The group 本集團 | | The company 本公司 | |
|--|--------------------|------------------|---------|--------------------|------|
| | | 2003 | 2002 | 2003 | 2002 |
| Net deferred tax asset recognised on the balance sheet | 於資產負債表確認之遞延所得稅資產淨值 | (4,596) | (4,580) | - | (35) |
| Net deferred tax liability recognised on the balance sheet | 於資產負債表確認之遞延所得稅負債淨額 | 11 | 163 | 11 | - |
| | | (4,585) | (4,417) | 11 | (35) |

27. 資產負債表所示之所得稅 (續)

(b) 已確認遞延稅項資產及負債 (續)

(ii) 本公司 (續)

28. SHARE CAPITAL

28. 股本

| | | 2003 | | 2002 | |
|---|-------------------|------------------------------------|--------------|------------------------------------|--------------|
| | | No. of shares' 000 股份數目 (千股) | Amount 金額 | No. of shares' 000 股份數目 (千股) | Amount 金額 |
| <i>Authorised:</i> | 法定股本： | | | | |
| Ordinary shares of US\$0.01 | 每股面值0.01美元普通股 | 5,000,000 | 390,000 | 140,000 | 10,794 |
| Increase in authorised capital (note (i)) | 增加法定股本 (附註(i)) | - | - | 4,860,000 | 379,206 |
| | | 5,000,000 | 390,000 | 5,000,000 | 390,000 |
| <i>Issued and fully paid:</i> | 已發行及繳足股本： | | | | |
| At 1 January | 於一月一日 | 650,000 | 50,574 | 140,000 | 10,794 |
| Shares issued under share option scheme | 根據購股權計劃發行股份 | 8,480 | 661 | - | - |
| Capitalisation issue (note (i)) | 資本化發行 (附註(i)) | - | - | 347,500 | 27,105 |
| New issue on public offer (note (ii)) | 公開發售之新發行 (附註(ii)) | - | - | 162,500 | 12,675 |
| At 31 December | 於十二月三十一日 | 658,480 | 51,235 | 650,000 | 50,574 |

Notes:

- (i) Pursuant to a written resolution passed by the shareholders on 22 January 2002, the authorised share capital of the company was increased from US\$1,400,000 to US\$50,000,000 by the creation of a further 4,860,000,000 shares. In addition, \$27,105,000 (US\$3,475,000) standing to the credit of the share premium account (after taking into account the share premium arising from the new issue and placing of the company's shares pursuant to the listing of the company's shares on the SEHK) was applied in paying up in full at par 347,500,000 shares of US\$0.01 each for allotment and issue to the shareholders in proportion to their then holdings.
- (ii) In February 2002, 162,500,000 shares were issued at an issue price of \$1.20 each upon the listing of the company's shares on the SEHK.

附註：

- (i) 根據於二零零二年一月二十二日經股東通過的書面決議，本公司透過增設 4,860,000,000 股股份，把法定股本由 1,400,000 美元增加至 50,000,000 美元。該決議亦就按面值配發及發行 347,500,000 股每股面值 0.01 美元股份予當時股東（按彼等當時股權比例），以 27,105,000 元（3,475,000 美元）之股份溢價賬進賬金額（經計及因本公司在香港聯交所上市所發售新股及配售時產生的股份溢價）全數支付該批配發及發行股份總面值。
- (ii) 在二零零二年二月，本公司以每股發行價 1.20 元在香港聯交所上市並發行 162,500,000 股股份。

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29. RESERVES

(a) The group

29. 儲備

(a) 本集團

| | | Share premium (note (ii)) | General reserve fund (note (i)) | Revaluation reserve – Land use rights and buildings (note (ii)) 土地使用權 及建築物 重估儲備 (附註(ii)) | Retained profits | Total |
|--|----------------------------------|---------------------------------|--|---|---------------------|----------|
| | | 股份溢價 (附註(ii)) | 一般 儲備金 (附註(i)) | | 保留溢利 | 總額 |
| At 1 January 2002 | 於二零零二年一月一日 | | | | | |
| – as previously reported | – 上年度報告 | 20,817 | 8,204 | 701 | 238,577 | 268,299 |
| – prior period adjustment in respect of deferred tax (note 11) | – 遞延所得稅 之前期調整 (附註 11) | – | – | – | 4,819 | 4,819 |
| – as restated | – 已重報 | 20,817 | 8,204 | 701 | 243,396 | 273,118 |
| Dividends approved in respect of the previous year (note 9(b)) | 本年度內批准屬於上 一年度的股息 (附註 9(b)) | – | – | – | (31,200) | (31,200) |
| Transfer between reserves | 儲備間轉撥 | – | 3,758 | – | (3,758) | – |
| Premium on shares issued pursuant to public offer | 根據公開發售 發行股份之溢價 | 182,325 | – | – | – | 182,325 |
| Public offer expenses | 公開發售開支 | (19,759) | – | – | – | (19,759) |
| Capitalisation issue | 資本化發行 | (27,105) | – | – | – | (27,105) |
| Realisation of revaluation reserve | 重估儲備變現 | – | – | (37) | 37 | – |
| Profit for the year (as restated) | 本年度溢利 (重報) | – | – | – | 113,489 | 113,489 |
| Dividends declared in respect of the current year (note 9(a)) | 本年度已宣派股息 (附註 9(a)) | – | – | – | (15,600) | (15,600) |
| At 31 December 2002 | 於二零零二年十二月三十一日 | 156,278 | 11,962 | 664 | 306,364 | 475,268 |

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度(以港幣千元單位列示)

29. RESERVES (Continued)

(a) The group (Continued)

| | | Share premium (note (ii)) | General reserve fund (note (i)) | Exchange reserve | Revaluation reserve – Land use rights and buildings (note (ii)) | Retained profits | Total |
|---|-------------------------------|------------------------------|------------------------------------|------------------|--|------------------|----------|
| | | 股份溢價 (附註(ii)) | 一般儲備金 (附註(i)) | 匯兌儲備 | 土地使用權及建築物重估儲備 (附註(ii)) | 保留溢利 | 總額 |
| At 1 January 2003 | 於二零零三年一月一日 | | | | | | |
| – as previously reported | – 上年度報告 | 156,278 | 11,962 | – | 664 | 301,947 | 470,851 |
| – prior period adjustment in respect of deferred tax (note 11) | – 遞延所得稅之前期調整 (附註 11) | – | – | – | – | 4,417 | 4,417 |
| – as restated | – 已重報 | 156,278 | 11,962 | – | 664 | 306,364 | 475,268 |
| Dividends approved in respect of the previous year (note 9(b)) | 本年度內批准屬於上一 年度的股息 (附註 9(b)) | – | – | – | – | (41,885) | (41,885) |
| Transfer between reserves | 儲備間轉撥 | – | 2,523 | – | – | (2,523) | – |
| Premium on exercise of share options | 行使購股權之溢價 | 9,346 | – | – | – | – | 9,346 |
| Realisation of revaluation reserve | 重估儲備變現 | – | – | – | (37) | 37 | – |
| Profit for the year | 本年度溢利 | – | – | – | – | 120,952 | 120,952 |
| Dividends declared in respect of the current year (note 9(a)) | 本年度已宣派股息 (附註 9(a)) | – | – | – | – | (19,755) | (19,755) |
| Exchange differences on translation of financial statements of foreign entities | 換算海外實體 財務報表 產生的匯兌差額 | – | – | 116 | – | – | 116 |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | 165,624 | 14,485 | 116 | 627 | 363,190 | 544,042 |

Notes:

- (i) According to the PRC laws applicable to wholly-owned foreign investment enterprises, the PRC subsidiaries of the company are required to set up a general reserve fund and appropriate at least 10% of their annual net profits after taxation, as determined under PRC accounting regulations, to the general reserve fund until the balance of the fund equals to 50% of the respective enterprise's registered capital. This fund can be used to make good losses and to convert into paid-up capital.
- (ii) The application of the share premium account is governed by section 48B of the Hong Kong Companies Ordinance. The revaluation reserve has been set up and will be dealt with in accordance with the accounting policy adopted for the revaluation of land use rights and buildings held for own use (note 1(g)).

附註：

- (i) 根據適用於全資外國投資企業之中國法律，本公司之中國附屬公司須設立一般儲備金，並至少須將年度除稅後純利(按中國會計規例計算)之10%轉撥往儲備金內，直至儲備之結餘相等於各有關企業註冊資本之50%為止。此項儲備可用作彌補虧損及轉換為繳足股本用途。
- (ii) 股份溢價賬的用途受到香港《公司條例》第48B條所管轄。本公司已設立重估儲備，並會根據就重估持作自用土地使用權及建築物所採用的會計政策處理這些儲備(附註1(g))。

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29. RESERVES (Continued)

29. 儲備 (續)

(b) The company

(b) 本公司

| | | Share premium 股份溢價 | Retained profits 保留溢利 | Total 總額 |
|---|-------------------------------|--------------------------|-----------------------------|-------------|
| At 1 January 2002 | 於二零零二年一月一日 | | | |
| – as previously reported | – 上年度報告 | 20,817 | 198,765 | 219,582 |
| – prior period adjustment in respect of deferred tax (note 11) | – 遞延所得稅 之前期調整 (附註 11) | – | (474) | (474) |
| – as restated | – 已重報 | 20,817 | 198,291 | 219,108 |
| Dividends approved in respect of the previous year (note 9(b)) | 本年度內批准屬於上一年度 的股息 (附註 9(b)) | – | (31,200) | (31,200) |
| Premium on shares issued pursuant to public offer | 根據公開發售發行 股份之溢價 | 182,325 | – | 182,325 |
| Public offer expenses | 公開發售開支 | (19,759) | – | (19,759) |
| Capitalisation issue | 資本化發行 | (27,105) | – | (27,105) |
| Profit for the year (as restated) | 本年度溢利 (重報) | – | 84,015 | 84,015 |
| Dividends declared in respect of the current year (note 9(a)) | 本年度已宣派股息 (附註 9(a)) | – | (15,600) | (15,600) |
| At 31 December 2002 | 於二零零二年十二月三十一日 | 156,278 | 235,506 | 391,784 |
| At 1 January 2003 | 於二零零三年一月一日 | | | |
| – as previously reported | – 上年度報告 | 156,278 | 235,471 | 391,749 |
| – prior period adjustment in respect of deferred tax (note 11) | – 遞延所得稅 之前期調整 (附註 11) | – | 35 | 35 |
| – as restated | – 已重報 | 156,278 | 235,506 | 391,784 |
| Dividends approved in respect of the previous year (note 9(b)) | 本年度內批准屬於上一年度 的股息 (附註 9(b)) | – | (41,885) | (41,885) |
| Premium on exercise of share options | 因行使購股權產生之溢價 | 9,346 | – | 9,346 |
| Profit for the year | 本年度溢利 | – | 90,357 | 90,357 |
| Dividends declared in respect of the current year (note 9(a)) | 本年度已宣派股息 (附註 9(a)) | – | (19,755) | (19,755) |
| At 31 December 2003 | 於二零零三年十二月三十一日 | 165,624 | 264,223 | 429,847 |

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度(以港幣千元單位列示)

29. RESERVES (Continued)

(b) The company (Continued)

At 31 December 2003, the aggregate amount of reserves available for distribution to shareholders of the company was \$264,223,000 (2002: \$235,506,000). After the balance sheet date the directors proposed a final dividend of \$0.060 per share (2002: \$0.064 per share), amounting to \$39,509,000 (2002: \$41,885,000). This dividend has not been recognised as a liability at the balance sheet date.

29. 儲備 (續)

(b) 本公司 (續)

於二零零三年十二月三十一日，可供分發予本公司股東的儲備總額為 264,223,000 元（二零零二年：235,506,000 元）。董事於結算日後建議分派末期股息每股 0.060 元（二零零二年：每股 0.064 元），合共 39,509,000 元（二零零二年：41,885,000 元）。這些股息於結算日尚未確認為負債。

30. ACQUISITION OF SUBSIDIARY

30. 收購附屬公司

| | | 2003 |
|---|----------------------|-----------|
| Net assets acquired: | 所購入的資產淨值： | |
| Fixed assets (note 13(a)) | 固定資產 (附註 13(a)) | 2,763 |
| Investment securities (note 18) | 投資證券 (附註 18) | 11,313 |
| Deferred tax assets (note 27(b)) | 遞延所得稅資產 (附註 27(b)) | 1,348 |
| Trade debtors, bills receivable, deposits and prepayments | 應收賬款、應收票據、按金及預付款 | 61,710 |
| Cash at bank and in hand | 銀行存款及現金 | 123,154 |
| Creditors and accrued charges | 應付賬款及應計費用 | (165,026) |
| Current taxation | 本期所得稅 | (1,189) |
| Defined benefit retirement plan (note 25(a)) | 界定利益退休計劃 (附註 25(a)) | (8,500) |
| | | 25,573 |
| Positive goodwill arising on consolidation (note 15) | 綜合計算時產生的正商譽 (附註 15) | 108,581 |
| Total purchase price paid, satisfied in cash (including expenses capitalised) | 以現金償付的總收購價 (包括資本化開支) | 134,154 |
| Less: cash of the subsidiary acquired | 減：收購所得的附屬公司現金 | (123,154) |
| Net cash outflow in respect of the purchase of subsidiary | 購入附屬公司的現金流出淨額 | 11,000 |

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

31. COMMITMENTS

- (a) Capital commitments outstanding at 31 December 2003 not provided for in the financial statements were as follows:

| | | The group | | The company | |
|----------------|-----|-----------|-------|-------------|------|
| | | 本集團 | | 本公司 | |
| | | 2003 | 2002 | 2003 | 2002 |
| Contracted for | 已訂約 | 4,694 | 2,921 | 4,694 | 212 |

- (b) At 31 December 2003 the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

| | | The group | | The company | |
|---------------------------------|---------|-----------|--------|-------------|--------|
| | | 本集團 | | 本公司 | |
| | | 2003 | 2002 | 2003 | 2002 |
| Within 1 year | 1年內 | 22,718 | 19,782 | 14,944 | 13,927 |
| After 1 year but within 5 years | 1年後但5年內 | 31,182 | 30,164 | 21,688 | 27,210 |
| After 5 years | 5年後 | - | 3,205 | - | 3,204 |
| | | 53,900 | 53,151 | 36,632 | 44,341 |

The group leases a number of properties under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

- (c) During the year, the company entered into a long-term structured deposit contract with a bank and committed to place a total of US\$15,000,000 (equivalent to \$116,445,000) over a period of 3 years to July 2005. At 31 December 2003, an aggregate amount of US\$8,000,000 (equivalent to \$62,104,000) was placed with the bank.

31. 承擔

- (a) 於二零零三年十二月三十一日未償付而又未在財務報表內提撥準備的資本承擔如下：

| | | The group | | The company | |
|----------------|-----|-----------|-------|-------------|------|
| | | 本集團 | | 本公司 | |
| | | 2003 | 2002 | 2003 | 2002 |
| Contracted for | 已訂約 | 4,694 | 2,921 | 4,694 | 212 |

- (b) 於二零零三年十二月三十一日，根據不可解除的經營租賃在日後應付的最低租賃付款額總數如下：

| | | The group | | The company | |
|---------------------------------|---------|-----------|--------|-------------|--------|
| | | 本集團 | | 本公司 | |
| | | 2003 | 2002 | 2003 | 2002 |
| Within 1 year | 1年內 | 22,718 | 19,782 | 14,944 | 13,927 |
| After 1 year but within 5 years | 1年後但5年內 | 31,182 | 30,164 | 21,688 | 27,210 |
| After 5 years | 5年後 | - | 3,205 | - | 3,204 |
| | | 53,900 | 53,151 | 36,632 | 44,341 |

本集團以經營租賃租用部分物業。這些租賃一般初步為期1至3年，並且有權選擇在到期日後續期。各項經營租賃均不包含或有租金。

- (c) 本年度內，本公司與一間銀行訂立長期結構式存款合約並承諾在至二零零五年七月為止的3年內存款合共15,000,000美元（相等於116,445,000元）。於二零零三年十二月三十一日，存於該銀行之存款合共為8,000,000美元（相等於62,104,000元）。

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

32. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the group entered into the following transactions with its related parties:

- (i) The group acquired 100% equity interest in Dream INKO Co., Ltd from the shareholders of the group's ultimate holding company, C & H Co., Ltd, for a consideration of \$134,154,000.

32. 重大關聯人士交易

於年內，本集團曾與其關聯人士進行下列交易：

- (i) 本集團自本集團最終控股公司C & H Co., Ltd之股東收購 Dream INKO Co., Ltd 100% 股本權益，代價為 134,154,000 元。

| | | 2003 | 2002 |
|------------------------------------|-----------------------------------|---------|---------|
| (ii) Sales to: | (ii) 銷售予： | | |
| The ultimate holding company: | 最終控股公司： | | |
| – C & H Co., Ltd (note 34(ii)) | – C & H Co., Ltd (附註 34(ii)) | 246,171 | 454,886 |
| Fellow subsidiaries: | 同系附屬公司： | | |
| – Jung Yoon Textiles (Private) Ltd | – Jung Yoon Textile (Private) Ltd | 176 | – |
| – C & H Lanka (PVT) Ltd | – C & H Lanka (PVT) Ltd | – | 1,469 |
| – Gina World Co., Ltd | – Gina World Co., Ltd | 14,866 | 37,106 |
| – Dream INKO Co., Ltd (note (a)) | – Dream INKO Co., Ltd (附註(a)) | 62,692 | – |
| | | 323,905 | 493,461 |
| Associates: | 聯營公司： | | |
| – Sung Won Industries Inc. | – Sung Won Industries Inc. | 25,867 | 11,261 |
| – Yuan Lin Toys (Suzhou) Co., Ltd | – 元林玩具 (蘇州) 有限公司 | 480 | – |
| | | 26,347 | 11,261 |

Notes on the Financial Statements 財務報表附註

For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

32. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

32. 重大關聯人士交易 (續)

During the year, the group entered into the following transactions with its related parties: (Continued)

於年內，本集團曾與其關聯人士進行下列交易：
(續)

| | | 2003 | 2002 |
|--|-----------------------------------|---------------|----------------|
| (iii) Purchases from: | (iii) 採購自： | | |
| The ultimate holding company: | 最終控股公司： | | |
| – C & H Co., Ltd | – C & H Co., Ltd | 44,798 | 105,526 |
| Fellow subsidiaries: | 同系附屬公司： | | |
| – C & H Lanka (PVT) Ltd | – C & H Lanka (PVT) Ltd | – | 2,525 |
| – Jung Yoon Textiles (Private) Ltd | – Jung Yoon Textile (Private) Ltd | – | 5,312 |
| – Dream INKO Co., Ltd (note (a)) | – Dream INKO Co., Ltd (附註(a)) | 11,562 | – |
| | | <u>56,360</u> | <u>113,363</u> |
| Associates: | 聯營公司： | | |
| – Sung Won Industries Inc. | – Sung Won Industries Inc. | 996 | 10,268 |
| – Yuan Lin Toys (Suzhou) Co., Ltd | – 元林玩具 (蘇州) 有限公司 | 3,907 | – |
| | | <u>4,903</u> | <u>10,268</u> |
| (iv) Sales commission paid/payable to: | (iv) 已付/應付的銷售佣金： | | |
| The ultimate holding company: | 最終控股公司： | | |
| – C & H Co., Ltd | – C & H Co., Ltd | 3,318 | 1,822 |
| Fellow subsidiary: | 同系附屬公司： | | |
| – Dream INKO Co., Ltd (note (a)) | – Dream INKO Co., Ltd (附註(a)) | 3,031 | – |
| | | <u>6,349</u> | <u>1,822</u> |
| (v) Sales commission received/receivable from: | (v) 已收/應收銷售佣金： | | |
| The ultimate holding company: | 最終控股公司： | | |
| – C & H Co., Ltd | – C & H Co., Ltd | 517 | 4,838 |
| Fellow subsidiary: | 同系附屬公司： | | |
| – Dream INKO Co., Ltd (note (a)) | – Dream INKO Co., Ltd (附註(a)) | 38 | – |
| | | <u>555</u> | <u>4,838</u> |
| (vi) Rentals paid/payable to: | (vi) 已付/應付租金： | | |
| The ultimate holding company: | 最終控股公司： | | |
| – C & H Co., Ltd | – C & H Co., Ltd | 1,164 | – |
| (vii) Processing fees paid/payable to: | (vii) 已付/應付加工費： | | |
| Associate: | 聯營公司： | | |
| – Yuan Lin Toys (Suzhou) Co., Ltd | – 元林玩具 (蘇州) 有限公司 | 10,331 | – |

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For the year ended 31st December 2003 (Expressed in thousands of Hong Kong dollars) 截至二零零三年十二月三十一日止年度 (以港幣千元單位列示)

32. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (a) Dream INKO Co., Ltd was incorporated on 1 August 2003 as part of the restructuring of the businesses of C & H Co., Ltd. It was acquired by the group on 30 September 2003. The transactions with Dream INKO Co., Ltd included in this note relate to those entered into prior to 30 September 2003.
- (b) The directors of the company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business on normal commercial terms.

33. POST BALANCE SHEET EVENTS

After the balance sheet date the directors proposed a final dividend. Further details are disclosed in note 9.

34. COMPARATIVE FIGURES

- (i) Certain comparative figures have been adjusted as a result of the change in accounting policy for deferred taxation, details of which are set out in note 11.
- (ii) As disclosed in the company's announcements dated 29 August 2003 and 8 September 2003 and the group's interim report for the six months ended 30 June 2003, certain sales to C & H Co., Ltd for the year ended 31 December 2002 were misclassified as sales to third parties and not disclosed as related party transactions in the 2002 financial statements of the group. The sales amount to C & H Co., Ltd for the year ended 31 December 2002 should be \$454,886,000 and this amount has been included in note 32 on the financial statements.

35. ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company at 31 December 2003 to be C & H Co., Ltd., which is incorporated in the Republic of Korea.

32. 重大關聯人士交易 (續)

附註：

- (a) Dream INKO Co., Ltd 乃於二零零三年八月一日註冊成立，作為 C & H Co., Ltd 業務重組之一部份。其於二零零三年九月三十日被本集團收購。本附註內所載與 Dream INKO Co., Ltd 之交易與於二零零三年九月三十日前訂立者有關。
- (b) 本公司董事認為，上述與關聯人士之交易乃於正常業務過程中按正常商業條款訂立。

33. 結算日後事項

董事於結算日後建議分派末期股息，有關詳情載於附註 9。

34. 比較數字

- (i) 由於修訂了關於遞延所得稅的會計政策，故部分比較數字已作出調整，有關詳情載於附註 11。
- (ii) 誠如本公司日期為二零零三年八月二十九日及二零零三年九月八日所刊發之公佈，以及本集團截止二零零三年六月三十日止六個月之中期報告所披露，截至二零零二年十二月三十一日止年度銷售予 C & H Co., Ltd 之若干金額錯誤分類為向第三方之銷售，且並無在本集團二零零二年財務報表中披露為關聯人士交易。於截至二零零二年十二月三十一日止年度銷售予 C & H Co., Ltd 之金額應為 454,886,000 元，而該金額已載於財務報表附註 32 中。

35. 最終控股公司

董事認為，於二零零三年十二月三十一日的最終控股公司為於大韓民國註冊成立的 C & H Co., Ltd.。