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## Report of the Directors 董事會報告

The directors submit their report together with the audited accounts of Hualing Holdings Limited (the "Company") and its subsidiaries (herein after collectively referred to as the "Group") for the year ended 31st December 2003.

### Change of name

By a special resolution passed on 27th June 2003 and the approval of the Registrar of Companies in respect thereof granted on 11th July 2003, the name of the Company was changed from GZITIC Hualing Holdings Limited to Hualing Holdings Limited.

### Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 13 to the accounts.

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

### Results and appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 30.

The directors do not recommend the payment of a dividend.

### Reserves

Movements in reserves of the Group and of the Company during the year are set out in Note 24 to the accounts.

### Property, plant and equipment

Details of the movements in property, plant and equipment of the Group and of the Company are set out in Note 12 to the accounts.

### Principal properties

Details of the principal properties held for investment purposes are set out in Note 12 to the accounts.

董事會同寅謹將華凌集團有限公司(「本公司」)及其附屬公司(以下統稱「本集團」)截至二零零三年十二月三十一日止年度報告連同經已審核之賬目呈覽。

### 變更公司名稱

根據於二零零三年六月二十七日通過之董事會特別會議決議及於二零零三年七月十一日獲公司註冊處正式批准，本公司之名稱由國信華凌集團有限公司更改為華凌集團有限公司。

### 主要業務及營運地區之分析

本公司之主要業務為投資控股，而附屬公司之業務則詳載於賬目附註十三。

本年度按業務及地區分類之集團業績表現分析載於賬目附註三。

### 業績及分派

本集團本年度之業績載於第30頁之綜合損益表內。

董事會不建議派發股息。

### 儲備

本集團及本公司在本年度之儲備變動載於賬目附註二十四。

### 物業、廠房及設備

本集團及本公司之物業、廠房設備變動詳情載於賬目附註十二。

### 主要物業

用作投資而持有之主要物業詳情載於賬目附註十二。

### Share capital

Details of the movements in share capital of the Company are set out in Note 23(a) to the accounts.

### Distributable reserves

At 31st December 2003, the Company had no reserves available for distribution to its shareholders (2002: Nil).

### Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 86.

### Purchase, sale or redemption of securities

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

### Share options

Due to the expiration of share option scheme adopted by the Company on 26th November 1993 ("1993 Share Option Scheme"), and to be in line with Chapter 17 (Share Option Schemes) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the Company terminated 1993 Share Option Scheme and adopted a new share option scheme on 27th June 2003 as approved by the shareholders at the Extraordinary General Meeting. Details of share options are set out in Note 23(b) to the accounts.

The share options granted are not recognised in the accounts until they are exercised. The directors consider that it is not appropriate to value the share options on the ground that certain crucial factors for such valuation are variables which cannot be reasonably determined at this stage. Any revaluation of the share options based on the speculative assumptions in respect of such variables would not be meaningful and the results thereof may be misleading to the shareholders. Thus, it is more appropriate to disclose only the market price and exercise price in Note 23(b) to the accounts.

### 股本

本公司之股本變動詳情載於賬目附註二十三(a)。

### 可供分派之儲備

於二零零三年十二月三十一日，本公司並無可供分配之儲備(二零零二年：無)。

### 五年財務摘要

本集團上五個財政年度之業績及資產負債摘要載於86頁。

### 購買、出售或贖回股份

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

### 購股權

由於本公司於一九九三年十一月二十六日採納之購股權計劃(「一九九三年購股權計劃」)的期滿以及為符合香港聯交所證券上市規則(「上市規則」)第十七章(購股權計劃)之規定，本公司終止了一九九三年購股權計劃並於二零零三年六月二十七日開始採納已於股東特別大會上批准的新購股權計劃。購股權之詳情載於賬目附註二十三(b)。

若授出的購股權未被行使則不於本賬目確認。董事認為，當某些評估購股權價值所需之要素為變量，而該等變量於當前狀況下無法合理確定時，評估購股權之價值是不適當的。任何在對上述變量作臆測之基礎上所作之購股權價值重估是無意義的，其結果或會對股東形成誤導。因此，僅於本賬目附註二十三(b)披露市場價格和行使價格更為適當。



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## Report of the Directors 董事會報告

### Directors

The directors during the year were:

LI Yu Jun (Chairman) (appointed on 27th June 2003)  
CHEN Xiao Shi  
LIANG Wei Wen  
HUANG Wei Hua (appointed on 27th June 2003)  
LIANG Bao Ping (resigned on 26th June 2003)  
YE Zhen Wen (resigned on 26th June 2003)  
ZHANG Xin Hua\*  
CHEN Yu Hang\*  
LO Wing Sang, Vincent\*\*  
CHAN Wai Dune\*\*  
LAM Ming Yung\*\*

\* Non-executive Directors

\*\* Independent non-executive Directors

In accordance with Article 91 of the Company's Articles of Association, Mr. Zhang Xin Hua, Mr. Chen Xiao Shi and Mr. Lo Wing Sang, Vincent retire by rotation and, being eligible, offer themselves for re-election.

### Directors' service contracts

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

### Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Company, its fellow subsidiaries or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### Biographical details of directors and senior management

Brief biographical details of directors and senior management are set out on page 17.

### 董事

本年度內在任之董事如下：

李宇君（董事長）（於二零零三年六月二十七日委任）  
陳小石  
梁偉文  
黃偉華（於二零零三年六月二十七日委任）  
梁保平（於二零零三年六月二十六日辭任）  
葉真文（於二零零三年六月二十六日辭任）  
張新華\*  
陳宇航\*  
羅榮生\*\*  
陳維端\*\*  
林明勇\*\*

\* 非執行董事

\*\* 獨立非執行董事

按照本公司組織章程細則第91條規定，張新華先生，陳小石先生以及羅榮生先生輪值告退，但表示如再度獲選，願繼續連任。

### 董事服務合約

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

### 董事之合約權益

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

### 董事及高級管理人員之個人簡歷

董事及高級管理人員之個人簡歷載於第17頁。

### Directors' and chief executive interests in equity or debt securities

At 31st December 2003, the interests of each director and chief executive in the shares and options of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO Ordinance or as notified to the Company were as follows:

### 董事於股本證券或債務證券之權益

於二零零三年十二月三十一日，根據本公司依證券及期貨條例（「證券條例」）第352條而設置之登記冊所記錄或據本公司接獲之通知，各董事及高級行政人員在本公司及其相聯法團（按證券條例之定義）之股份及購股權中之權益如下：

		Number of shares held 持有股份數目				Total 合計	Percentage 百分比
		Personal interests 個人權益	Family interests 家屬權益	Corporate interests 法團權益	Other interests 其他權益		
CHEN Xiao Shi 陳小石	Long positions 權益	2,800,000	–	–	–	2,800,000	0.20%
LIANG Wei Wen 梁偉文	Long positions 權益	2,100,000	–	–	–	2,100,000	0.15%
ZHANG Xin Hua 張新華	Long positions 權益	1,600,000	–	–	–	1,600,000	0.12%

  

		Options 購股權				Percentage 百分比
		As at 1st January 2003 於二零零三年 一月一日	Exercised 行使	As at 31st December 2003 於二零零三年 十二月三十一日		
ZHANG Xin Hua 張新華	Long positions 權益	800,000	–	800,000	0.06%	
LO Wing Sang, Vincent 羅榮生	Long positions 權益	3,000,000	–	3,000,000	0.22%	
CHAN Wai Dune 陳維端	Long positions 權益	3,000,000	–	3,000,000	0.22%	



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### Directors' and chief executive interests in equity or debt securities (Cont'd)

Share options are granted to directors under the 1993 Share Option Scheme. Details of Share Options schemes are disclosed in Note 23(b) to the accounts.

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

Other than those interests disclosed above, at no time during the year was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its holding company, a party to any arrangement to enable the directors and chief executives of the Company to hold any interests or short positions in the shares in, or debentures of, the Company or its associated corporations.

### Substantial shareholders' interests

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31st December 2003, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors.

### 董事於股本證券或債務證券之權益 (續)

購股權乃根據一九九三年購股權計劃而授予董事。購股權詳情於賬目附註二十三(b)中披露。

除上文披露之權益外，本年度內，各董事及高級行政人員（包括彼等之配偶及十八歲以下子女）並無擁有、獲授予或行使任何可認購本公司及其相聯法團（按證券條例之定義）之股份之權利。

除上文披露之權益外，本年度內，本公司、其附屬公司、其聯營公司、同系附屬公司或其控股公司概無參與任何協定，使本公司董事及高級行政人員持有任何本公司或其相聯法團之股份、相關股份或債權證之權益或淡倉。

### 主要股東權益

根據證券條例第336條而設置之主要股東登記冊，顯示於二零零三年十二月三十一日本公司已接獲下列持有本公司已發行股本百分之五或以上權益之通知，此等權益並未包括於以上披露之董事之權益內。

Name of shareholder 股東名稱		Number of shares held 持有股數	Percentage of shareholding 持股份比例
Guangzhou International Group Co., Limited ("GIG") * 廣州國際集團有限公司(「廣州國際」)*	Long positions 權益	670,076,808 **	48.5%
Able Profit Investment Limited ("AP") *	Long positions 權益	670,076,808 **	48.5%
Guangzhou Baiyun Agriculture Industry & Commerce Corporation 廣州國營白雲農工商聯合公司	Long positions 權益	162,960,000	11.8%

### Substantial shareholders' interests (Cont'd)

- \* As part of reorganisation of Guangzhou Municipal Government ("GMG"), the aggregate shares of the Company held by Guangzhou International Trust & Investment Corporation ("GZITIC") were transferred to AP. After the transfer, AP's immediate holdings company, GIG, became the largest shareholder of the Company. The Company was informed by GZITIC and GIG on 29th May 2003 that the transfer had been completed by 29th May 2003.
- \*\* 590,076,808 shares were pledged as share mortgage in exchange for a loan facility of US\$20,000,000 to GIG and were registered under the name of Bright Asia Assets Ltd., a nominee shareholder of the lender.

### Management contracts

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

### Major customers and suppliers

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

### Connected transactions

- (a) Significant related party transactions entered by the Group during the year ended 31st December 2003, which constitute connected transactions under the Listing Rules, are disclosed in Note 29 to the accounts.
- (b) No other related party transactions, which also constitute connected transactions under the Listing Rules, required to be disclosed in accordance with Chapter 14 of the Listing Rules, are entered by the Group.

### Compliance with the Code of Best Practice of the Listing Rules

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules except that no independent non-executive directors are appointed for a specific term as they are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the provisions of the Company's Articles of Association.

### 主要股東權益(續)

- \* 作為廣州市政府重組的一部份，本集團之前主要股東，廣州國際信托投資公司(「廣州信托」)將直接及間接持有本公司之股權轉讓予AP，AP的直接控股股東，廣州國際因此成為本公司的最大控股公司。本公司於二零零三年五月二十九日收到廣州信托及廣州國際的通知，該轉讓已於二零零三年五月二十九日前完成。
- \*\* 其中590,076,808股已被廣州國際作為股權抵押，以取得向廣州國際提供的20,000,000美元的貸款額度，並登記於債權人之名義股東Bright Asia Assets Ltd.名下。

### 管理合約

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

### 主要客戶及供應商

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

### 關連交易

- (a) 本集團於截至二零零三年十二月三十一日止年度進行之重大有關連人士交易(即根據上市規則構成關連交易者)，乃載於賬目附註二十九。
- (b) 本集團於截至二零零三年十二月三十一日止年度未有進行按照上市規則第十四章須予披露之與其他有關連人士(即根據上市規則亦構成關連交易者)之交易。

### 符合上市規則之「最佳應用守則」

除獨立非執行董事因按本公司之組織章程輪值告退及在股東週年大會應選連任而其任期無固定期限外，本公司於年內一直遵守上市規則所載列之「最佳應用守則」之規定。



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## Report of the Directors 董事會報告

### Audit Committee

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

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

### Directors' interest in competing business

At 31st December 2003, none of the directors of the Company has interest in competing businesses required to be disclosed pursuant to paragraph 8.10(2) of the Listing Rules.

### Subsequent events

On 30th January 2004, AP, Profit Upsurge Limited ("PU"), a wholly owned subsidiary of AP, and the Company entered into a placing agreement with the placing agents, pursuant to which AP and PU have agreed to place or procure the placing through the placing agents of 80,000,000 placing shares and 120,000,000 placing shares respectively, to not less than six third-party investors, at a placing price of HK\$0.40 per placing share. At the same time, AP, PU and the Company entered into a subscription agreement, pursuant to which AP and PU have conditionally agreed to subscribe, or procure whom they may direct, to subscribe for 80,000,000 and 120,000,000 subscription shares respectively at a price of HK\$0.40 per subscription share.

### 審核委員會

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

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

### 董事於競爭性業務之權益

於二零零三年十二月三十一日，本公司並無董事持有按上市規則第8.10(2)條要求須予披露之於競爭性業務之權益。

### 結算日後事項

於二零零四年一月三十日，本公司，AP，及AP之全資子公司Profit Upsurge Limited（「PU」）與配售代理訂立配售協議，據此，AP及PU同意按每股配售股份0.40港元之配售價，分別配售或促使透過配售代理配售80,000,000股及120,000,000股配售股份予不少於六名第三方投資者。與此同時，AP、PU及本公司訂立認購協議，據此，AP及PU有條件地同意以每股認購股份0.40港元之價格，分別認購或促使可能由彼等指示之人士認購80,000,000股及120,000,000股認購股份。

### Subsequent events (Cont'd)

The placing shares and the subscription shares represent approximately 14.47% of the existing issued share capital of the Company or approximately 12.64% of the issued share capital of the Company as enlarged by the subscription. The placing and the subscription were completed on 13th February 2004. The net proceeds from the subscription of approximately HK\$77,000,000 have been received by the Company and will be used to increase production capacity and as general working capital of the Group.

### Closure of Register of Members

The register of members will be closed from 24th June 2004 to 29th June 2004, both days inclusive, during which period no transfers of shares will be effected. Computershare Hong Kong Investor Services Limited is the Company's Register for registration and is located at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

### Auditors

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. Arthur Andersen & Co were auditors of the Company for the financial years ended 31st December 2001.

On behalf of the Board

**LI Yu Jun**  
Chairman

Hong Kong  
22nd April 2004

### 結算日後事項(續)

配售股份及認購股份佔本公司現有已發行股本約14.47%或本公司經認購擴大後已發行股本約12.64%。該發行及認購已於二零零四年二月十三日完成。本公司已收到認購之所得款項淨額約為港幣77,000,000元，該款項將用作提升本集團之生產力及作為本集團之一般營運資金。

### 暫停辦理股份轉讓

本公司將於二零零四年六月二十四日至二零零四年六月二十九日(包括首尾兩日)暫停辦理股份過戶登記手續。本公司的股份過戶處為香港中央證券登記有限公司，地址為香港皇后大道東一百八十三號合和中心十七樓。

### 核數師

本賬目已經由羅兵咸永道會計師事務所審核，該核數師任滿告退，但表示願意應聘連任。安達信公司為本公司截至二零零一年十二月三十一日止財政年度之核數師。

承董事會命

**李宇君**  
董事長

香港，  
二零零四年四月二十二日