

NOTES TO ACCOUNTS

賬目附註

1. BASIS OF PREPARATION

The Group incurred a loss attributable to the shareholders of HK\$628,755,000 for the year ended 31st December 2004. In addition, the Group had net current liabilities and net liabilities of HK\$640,983,000 and HK\$202,014,000, respectively, as at 31st December 2004. Nevertheless, the directors have adopted the going concern basis in the preparation of these accounts based on the following assumptions:

- (a) The successful implementation of new business strategies of the Group to terminate the production of certain unprofitable models and to dispose of certain off-strategy investments for generating cash flows to the Group's operations.
- (b) The Group will succeed in negotiating with its bankers to roll over the outstanding bank loans and/or to extend their repayment terms to meet its future working capital and financial requirements. As disclosed in Note 21 to the accounts, certain bank loans, with which the Group largely finances its day-to-day working capital requirements, are due for repayment in 2005. Subsequent to the balance sheet date, bank loans of approximately HK\$149,000,000 have been rolled over for a further year and none of the banks has withdrawn their facilities extended to the Group. Nevertheless, the Group is also actively exploring the availability of alternative sources of financing should its negotiations with its current bankers not be fully successful.
- (c) The Group will be able to obtain ongoing support from its established suppliers to extend their credits to the Group.

1. 編製基準

截至二零零四年十二月三十一日止年度，本集團錄得股東應佔虧損值為港幣628,755,000元，及於當日之淨流動負債為港幣640,983,000元，淨負債為港幣202,014,000元。本賬目乃假設本集團將可持續經營，並計及下列各項假設後編製而成：

- (a) 管理層成功實施終止部分無盈利機型之生產及出售部分非核心策略投資之經營戰略以使本集團營運產生現金流量；
- (b) 本集團將與銀行就已到期之銀行貸款續簽及/或延長貸款期限問題成功談判，以滿足本集團未來營運資金及財務需求。如賬目附註21所述，用以維持本集團日常營運資金之銀行貸款即將在二零零五年到期。於資產負債表日後約港幣149,000,000元之銀行貸款續簽一年，並且無任何銀行撤回已授予本集團之信貸額度。倘若本集團與現有之銀行之協商不盡成功，本集團將積極拓展其他融資管道。
- (c) 本集團將能夠繼續獲得已有供應商之支援，以延長其提供予本集團到期應付款項之信貸。

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1. BASIS OF PREPARATION (Continued)

- (d) Midea Group Company Limited (the "Midea Group"), the major shareholder of the Company, will assist the Group in obtaining adequate additional banking facilities and in extending credits from established and new suppliers. As disclosed in Note 30(a) to the accounts, the Midea Group has injected a loan of approximately HK\$50,000,000 and has provided guarantee to a bank for banking facilities of approximately HK\$ 56,000,000 extended to the Group in the first quarter of 2005.

In the opinion of the directors, in light of the measures taken to date and on the basis of the above-mentioned major assumptions, the Group will have sufficient working capital to finance its operation to maintain its operating existence in the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made in the accounts to reduce the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The consequential effects of these potential adjustments may have significant effect on the loss of the Group for the year and the net liabilities of the Company and the Group as at 31st December 2004.

1. 編製基準 (續)

- (d) 本公司之主要股東，美的集團有限公司(以下簡稱「美的集團」)，願意協助本集團從銀行取得足夠之額外銀行信貸額度並協助延長已有及新簽供應商提供之信貸。如賬目附註30(a)所述，美的集團已於二零零五年第一季度向本集團提供約港幣50,000,000元之借款，並通過向銀行提供擔保，提供予本集團約港幣56,000,000元之銀行信貸。

本集團之董事認為，基於管理層已採取之措施及上述之主要假設，本集團將可獲取足夠充分的營運資金以支持本集團於可見之未來之經營需要。因此，董事確認本賬目按持續經營之基準編制為恰當。

倘若本集團不能持續經營，則本帳目須作出調整，包括將資產之價值減至其可收回價值，就任何可能出現的負債計提準備，及分別將非流動資產重新分類為流動資產，將長期負債重新分類為流動負債。上述潛在調整之影響可能對本集團本年度虧損以及本公司及本集團於二零零四年十二月三十一日之淨負債產生重大影響。

NOTES TO ACCOUNTS

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2. PRINCIPAL ACCOUNTING POLICIES

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

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("New HKFRSs") which are effective for the accounting periods beginning on or after 1st January 2005. The Group has not early adopted these New HKFRSs in the accounts for the year ended 31st December 2004. The Group has already commenced an assessment of the impact of these New HKFRSs but is not yet in a position to state whether these New HKFRSs would have a significant impact on its results of the operation and financial position.

(a) Group accounting

(i) Consolidation

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

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

The results of the subsidiaries disposed of during the year are included in the consolidated profit and loss account up to the effective date of disposal, as appropriate.

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

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

2. 主要會計政策

本賬目乃按照香港公認會計原則及香港會計師公會頒布之會計標準編製。賬目並依據歷史成本常規法編製，惟若干物業乃按公平值列賬（見下文所披露之會計政策）。

香港會計師公會已頒佈多項新頒及經修訂之香港財務報告準則（「新香港財務報告準則」），並於二零零五年一月一日或以後開始的財政年度生效。本集團並無於截至二零零四年十二月三十一日止年度之賬目內提前採納該等新香港財務報告準則。本集團已開始評估該等新香港財務報告準則之影響，惟未能就該等新香港財務報告準則會否對本集團之營運及財政業績帶來重大影響作出評價。

(a) 集團會計

(i) 綜合賬目

綜合賬目包括本公司及各附屬公司截至十二月三十一日止之賬目。

附屬公司指本公司直接或間接控制董事會之組成、超過半數投票權或持有過半數發行股本之實體。

於年內處置附屬公司之業績計至處置生效當日（倘適合）為止列入綜合損益賬內。

所有集團內公司間之重大交易及結餘已於綜合賬目時對銷。

少數股東權益指外界股東在附屬公司之經營業績及資產淨值中擁有之權益。

NOTES TO ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(a) Group accounting (Continued)

(i) Consolidation (Continued)

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

(ii) Associated companies

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

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

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

(a) 集團會計 (續)

(i) 綜合賬目 (續)

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

(ii) 聯營公司

聯營公司為附屬公司以外，集團持有其股權作長期投資，並對其管理具有重大影響力之公司。

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

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

本集團與其聯營公司間交易之未變現盈利按集團應佔該等聯營公司之權益撇銷；除非交易提供所轉讓資產減值之憑證，否則將未變現虧損撇銷。

於本公司之資產負債表內，於聯營公司之投資按成本減減值虧損準備後入賬。本公司將聯營公司之業績按已收及應收股息入賬。

NOTES TO ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(a) Group accounting (Continued)

(a) 集團會計 (續)

(iii) Translation of foreign currencies

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

(iii) 外幣換算

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

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

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

(b) Intangible assets

(b) 無形資產

(i) Goodwill

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

(i) 商譽

商譽指收購成本超出於收購日集團應佔所收購附屬公司之淨資產之數額。

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

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

Goodwill on acquisitions occurring on or after 1st January 2001 is included in intangible assets and is amortized using the straight-line method over its estimated useful life. For all goodwill on acquisition is generally amortised over 10 years.

於二零零一年一月一日或以後產生之收購商譽計入無形資產，並於其估計可用年期以直線法攤銷。所有收購產生之商譽按十年攤銷。

NOTES TO ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(b) Intangible assets (Continued)

(ii) Taxi licenses

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

Gain or loss arising from disposal of taxi licenses is charged to the consolidated profit and loss account as incurred.

(iii) Research and development costs

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

(iv) Impairment of intangible assets

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

(b) 無形資產 (續)

(ii) 出租車牌照

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

出售出租車牌照產生之收益或虧損乃於產生時於綜合損益賬內支銷。

(iii) 研究及開發成本

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

(iv) 無形資產減值

如有跡象顯示出現減值，則無形資產之賬面值，包括之前已於儲備沖銷之商譽，均需評估及即時撇減至可收回價值。

NOTES TO ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(c) Property, plant and equipment

(i) Investment properties

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

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

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

(ii) Construction-in-progress

Construction-in-progress represents plant and properties under construction and is stated at cost less accumulated impairment losses. This includes cost of construction, plant and equipment and other direct costs as well as interest charges and exchange differences arising from foreign currency borrowings used to finance these projects during the construction, installation and testing periods.

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

(c) 物業、廠房及設備

(i) 投資物業

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

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

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

(ii) 在建工程

在建工程指建造中的廠房和物業，在建工程按成本值減累計減值虧損列賬。包括工地成本、廠房及設備及其他直接成本加上於建造、安裝、測試期間的利息費用及為該等項目所借之外幣貸款所產生之匯兌差額。

於該等資產竣工並可投入使用前，概不就在建工程計提折舊。

NOTES TO ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(c) *Property, plant and equipment (Continued)*

(c) 物業、廠房及設備 (續)

(iii) *Other property, plant and equipment*

Property, plant and equipment, other than investment properties and construction-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the profit and loss account in the period in which they are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditures are capitalised as additional costs of the property, plant and equipment.

(iii) 其他物業、廠房及設備

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

NOTES TO ACCOUNTS

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2. PRINCIPAL ACCOUNTING POLICIES
(Continued)

2. 主要會計政策 (續)

(c) Property, plant and equipment (Continued)

(c) 物業、廠房及設備 (續)

(iv) Depreciation

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

	Estimated useful lives
Land use rights	50 years
Buildings	10 years to 30 years
Plant and machinery	10 years to 20 years
Furniture, fixture and electronic equipment	5 years to 10 years
Motor vehicles	5 years to 10 years
Computer equipment	5 years
Moulds and other equipment	2 years to 10 years

(v) Impairment and gain or loss on sale

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

(iv) 折舊

其他物業之租約土地按租約年期折舊，其他物業、廠房及設備則於扣除估計殘值後，以直線法於其估計可用年限內將其成本值減累計減值虧損撇銷。各項資產之估計可使用年限如下：

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

(v) 減值與出售盈虧

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

NOTES TO ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(c) Property, plant and equipment (Continued)

(v) Impairment and gain or loss on sale (Continued)

The gain or loss on disposal of a property, plant and equipment other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the consolidated profit and loss account.

(d) Government grants

A government grant is recognised, when there is a reasonable assurance that the Group will comply with the conditions attaching with it and that the grant will be received.

Grants relating to income are deferred and recognised in the consolidated profit and loss account over the period necessary to match them with the costs they are intended to compensate.

(e) Operating leases

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

(f) Inventories

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

(c) 物業、廠房及設備 (續)

(v) 減值與出售盈虧 (續)

除出售投資物業之收益或虧損外，出售物業、廠房及設備之收益或虧損將列算於綜合損益賬內。出售物業、廠房及設備之收益或虧損乃出售所得收入淨額與資產賬面值之差額。

(d) 政府補貼

當能夠合理地保證本集團會符合附帶條件以及補貼將可收取時，政府補貼確認入賬。

與收入有關之補貼遞延及按擬補償之成本配合所需期間在記入綜合損益賬。

(e) 經營租賃

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

(f) 存貨

存貨包括製成品及在製品，按成本值與可變現淨值兩者中之較低者入賬。成本值以先進先出法計算，並包括原材料、直接人工及所有生產經常開支之應佔部份。可變現淨值乃按預計銷售所得款項扣除估計營銷費用計算。

NOTES TO ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(g) Trade receivable

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

(h) Cash and cash equivalents

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

(i) Provisions for warranty

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

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

(j) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

(g) 貿易應收賬款

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

(h) 現金及現金等價物

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

(i) 產品保養撥備

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

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

(j) 僱員福利

(i) 僱員應享假期

僱員在年假和長期服務休假之權利在僱員應享有時確認。本集團為截至結算日止僱員已提供之服務而產生之年假及長期服務休假之估計負債作出撥備。

NOTES TO ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(j) *Employee benefits (Continued)*

(ii) *Retirement benefits obligation*

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

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

(iii) *Equity compensation benefits*

Share options are granted to directors and employees. If the options are granted at the market price of the shares on the date of the grant and are exercisable at the price, no compensation cost is recognised. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium.

(k) *Deferred taxation*

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(j) *僱員福利 (續)*

(ii) *退休金責任*

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

本集團之供款於供款相關期內在損益賬支銷。

(iii) *權益補償福利*

本集團向董事及僱員授出購股權。假若該等購股權按授出日期股份之市價授出並按該價格行使，則不會確認補償成本。購股權被行使時，所得款項扣除任何交易成本後撥入股本（面值）及股份溢價。

(k) *遞延稅項*

遞延稅項採用負債法就資產負債之稅基與其在賬目之賬面值兩者之短暫時差作全數撥備。遞延稅項採用在結算日前已頒布或實質頒布之稅率釐定。

遞延稅項資產乃就有可能將未來應課稅溢利與可動用之短暫時差抵銷而確認。

NOTES TO ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(k) *Deferred taxation (Continued)*

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(l) *Contingent liabilities and contingent assets*

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

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

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

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

(k) *遞延稅項 (續)*

遞延稅項乃就附屬公司及聯營公司之短暫時差而撥備，但假若可以控制時差之撥回，並有可能在可預見未來不會撥回則除外。

(l) *或然負債及或然資產*

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

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

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

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

NOTES TO ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2. 主要會計政策 (續)

(m) Revenue recognition

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

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

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

(n) Borrowing costs

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

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

(o) Segment reporting

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

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

(m) 收益確認

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

利息收入依據未償還本金額及適用利率按時間比例確認。

經營租賃之租金收入於租賃期間內按直線法確認。

(n) 借貸成本

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

所有其他借貸成本均於發生年度內在綜合損益賬支銷。

(o) 分部報告

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

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

NOTES TO ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES
(Continued)

(o) Segment reporting (Continued)

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

2. 主要會計政策 (續)

(o) 分部報告 (續)

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

3. TURNOVER, REVENUE AND SEGMENT
INFORMATION

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

3. 營業額、收益及分部資料

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

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Turnover	營業額		
Sales of refrigerators	冰箱銷售	309,460	303,524
Sales of air-conditioners	空調機銷售	1,158,219	1,005,654
Sales of mini-refrigerators	小型冰箱銷售	423,804	264,144
		1,891,483	1,573,322
Other revenue	其他收入		
Rental income	租賃收入	6,330	5,091
Less: expenses in respect of the above rental income	減：租賃收入之成本	(1,193)	(351)
		5,137	4,740
Government grants	政府補貼收入	2,181	4,847
Sales of scrap materials	廢料銷售	8,745	2,807
Gain on disposal of taxi licenses	出售出租車牌照收益	11,518	–
Others	其他	2,296	2,761
		29,877	15,155
Total revenue	總收益	1,921,360	1,588,477

NOTES TO ACCOUNTS

賬目附註

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

3. 營業額、收益及分部資料 (續)

Primary reporting format - business segments

主要分部報告形式—業務分部

The Group is organised into three main business segments:

本集團經營三項主要業務分部：

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

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

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

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

NOTES TO ACCOUNTS

賬目附註

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

3. 營業額、收益及分部資料 (續)

		Refrigerator business	Air- conditioner business	Mini- refrigerator business	Other businesses	Group
		冰箱業務 2004 HK\$'000 港幣千元	空調業務 2004 HK\$'000 港幣千元	小型冰箱 業務 2004 HK\$'000 港幣千元	其他業務 2004 HK\$'000 港幣千元	集團 2004 HK\$'000 港幣千元
Turnover	營業額	309,460	1,158,219	423,804	-	1,891,483
Segment results	分部業績	(207,561)	(327,629)	16,003	9,524*	(509,663)
Unallocated costs	未分配成本					(75,370)
Operating loss	經營虧損					(585,033)
Finance costs	財務費用	(13,386)	(14,866)	(1,492)	(52)	(29,796)
Finance income unallocated	未分配財務收入					5
Share of losses of associated companies	應佔聯營公司 虧損					(1,405)
Loss before taxation	稅前虧損					(616,229)
Taxation	稅項	(852)	(4,288)	(971)	(370)	(6,481)
Loss after taxation	稅後虧損					(622,710)
Minority interests	少數股東權益					(6,045)
Loss attributable to shareholders	股東應佔虧損					(628,755)
Segment assets	分部資產	302,191	733,114	371,212	10,589	1,417,106
Interests in associated companies	聯營公司權益					27,658
Unallocated assets	未分配資產					63,999
Total assets	總資產					1,508,763
Segment liabilities	分部負債	454,325	931,181	248,971	5,208	1,639,685
Unallocated liabilities	未分配負債					17,929
Total liabilities	總負債					1,657,614
Capital expenditures	資本性支出	20,786	13,295	8,315	281	42,677
Depreciation	折舊	21,812	36,825	10,380	361	69,378
Amortisation of intangible assets other than goodwill	除商譽外之 無形資產攤銷	-	-	-	270	270
Amortisation of goodwill	商譽之攤銷					680
Other non-cash expenses/(income)	其他非現金性 支出/(收入)					
- Write-down of inventories to net realisable value	- 存貨跌價 準備	9,597	8,740	1,195	-	19,532
- Provision / (Write-back of provision) for inventory obsolescence	- 存貨殘次 準備/(撥回)	24,664	46,296	(227)	-	70,733
- Provision for doubtful trade receivables	- 貿易應收款呆賬 準備	13,024	24,564	269	-	37,857
- Provision / (Write-back of provision) for doubtful other receivables	- 其他應收款呆賬 準備/(撥回)	1,267	1,909	-	(413)	2,763
- Impairment charge on property, plant and equipment	- 物業、廠房及 設備之減值準備	92,185	21,089	-	-	113,274
- Deficit on revaluation of investment property not covered by previous surplus	- 沒有先前盈餘可 予抵償之投資 物業重估減值	-	-	-	70,264	70,264

* The segment result of other business was mainly arisen from gain on disposal of taxi licenses (Note 11).

* 其他業務之分部業績主要源自出售出租車牌照之收益(附註11)。

NOTES TO ACCOUNTS

賬目附註

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

3. 營業額、收益及分部資料 (續)

		Refrigerator business	Air- conditioner business	Mini- refrigerator business	Other businesses	Elimination	Group
		冰箱業務 2003 HK\$'000 港幣千元	空調業務 2003 HK\$'000 港幣千元	小型冰箱 業務 2003 HK\$'000 港幣千元	其他業務 2003 HK\$'000 港幣千元	抵銷 2003 HK\$'000 港幣千元	集團 2003 HK\$'000 港幣千元
Turnover	營業額	303,524	1,005,654	264,144	–	–	1,573,322
Segment results	分部業績	(40,355)	11,038	10,415	(4,803)	–	(23,705)
Unallocated costs	未分配成本						(10,442)
Operating loss	經營虧損						(34,147)
Finance costs	財務費用	(11,981)	(22,939)	(2,741)	(20)	5,357	(32,324)
Finance income unallocated	未分配財務收入						42
Share of losses of associated companies	應佔聯營公司 虧損						(1,197)
Loss before taxation	稅前虧損						(67,626)
Taxation	稅項	(1,148)	(3,112)	(1,795)	(451)	–	(6,506)
Loss after taxation	稅後虧損						(74,132)
Minority interests	少數股東權益						(2,844)
Loss attributable to shareholders	股東應佔虧損						(76,976)
Segment assets	分部資產	674,491	911,513	243,543	10,687	–	1,840,234
Interests in associated companies	聯營公司權益						29,063
Unallocated assets	未分配資產						144,129
Total assets	總資產						2,013,426
Segment liabilities	分部負債	653,001	790,297	134,540	5,317	–	1,583,155
Unallocated liabilities	未分配負債						25,381
Total liabilities	總負債						1,608,536
Capital expenditures	資本性支出	9,948	16,662	13,861	44	–	40,515
Depreciation	折舊	25,800	37,082	11,800	470	–	75,152
Amortisation of intangible assets other than goodwill	除商譽外之無形 資產攤銷	–	–	–	351	–	351
Amortisation of goodwill	商譽之攤銷						680
Other non-cash (income)/expenses	其他非現金性 (收入)/支出						
(Reversal of)/write-down of inventories	存貨跌價 (撥回)/準備	(9,684)	3,232	–	–	–	(6,452)
(Write-back of provision)/ provision for inventory obsolescence	存貨殘次 (撥回)/準備	(3,138)	(1,150)	709	–	–	(3,579)
Write-back of provision for doubtful trade receivables	貿易應收款呆賬 準備撥回	(1,872)	(14,672)	(15)	–	–	(16,559)
Provision for doubtful other receivables	其他應收款呆賬 準備	–	–	1,988	–	–	1,988

NOTES TO ACCOUNTS

賬目附註

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

3. 營業額、收益及分部資料(續)

Secondary reporting format - geographical segments

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

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

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

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

從屬分部報告形式—地區分部

本集團三項業務分部在以下五個主要地區經營：

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

地區分部之間並無買賣活動。對地區分部之財務信息分析如下：

按地區劃分的在中國國內和對國外出口的冰箱銷售分析如下：

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Domestic sales	國內銷售	223,093	238,660
Export sales	出口銷售		
Europe	歐洲	57,002	36,380
Asia-Pacific	亞太	26,291	27,958
America	美洲	1,880	248
Africa	非洲	1,194	278
Total export sales	出口銷售總額	86,367	64,864
Total	合計	309,460	303,524

NOTES TO ACCOUNTS

賬目附註

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

3. 營業額、收益及分部資料(續)

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

按地區劃分的在中國國內和對國外出口的空調銷售分析如下：

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Domestic sales	國內銷售	696,975	585,735
Export sales	出口銷售		
Europe	歐洲	258,448	151,909
Asia-Pacific	亞太	121,084	149,069
America	美洲	77,247	118,184
Africa	非洲	4,465	757
Total export sales	出口銷售總額	461,244	419,919
Total	合計	1,158,219	1,005,654

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

按地區劃分的在中國國內和對國外出口的小型冰箱銷售分析如下：

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Domestic sales	國內銷售	78,033	73,578
Export sales	出口銷售		
Europe	歐洲	131,800	23,106
America	美洲	113,106	69,319
Asia-Pacific	亞太	68,331	92,172
Africa	非洲	32,534	5,969
Total export sales	出口銷售總額	345,771	190,566
Total	合計	423,804	264,144

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

由於本集團百分之九十以上之資產總額及資本支出皆位於／發生在中國大陸，因此，並無呈列資產總額及資本支出之地區分部資料分析。

NOTES TO ACCOUNTS

賬目附註

4. OPERATING LOSS

4. 經營虧損

Operating loss is stated after charging and crediting the following:

經營虧損已計入及扣除下列項目：

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Charging:	扣除：		
Depreciation – owned property, plant and equipment	折舊－自有物業、廠房及設備	69,378	75,152
Loss on disposal of property, plant and equipment	處置物業、廠房及設備虧損	14,696	2,331
Impairment charge of property, plant and equipment (included in cost of sales)	物業、廠房及設備之減值準備 (包括於銷售成本)	113,274	–
Deficit on revaluation of investment properties not covered by previous surplus	沒有先前盈餘可予抵償之 投資物業重估減值	70,264	–
Staff costs including directors' emoluments	包括董事酬金在內之僱員支出	82,645	88,828
Contributions to retirement schemes (Note 22)	退休金計劃供款(附註22)	8,382	8,181
Cost of inventories	存貨成本	1,689,906	1,120,471
Write down of inventory to net realisable value (including in cost of sales)	存貨跌價準備 (包括於銷售成本)	19,532	–
Provision for inventory obsolescence (included in cost of sales)	存貨殘次準備 (包括於銷售成本)	70,733	–
Provision for doubtful trade and other receivables	貿易及其他應收款項之呆賬準備	40,620	1,988
Operating leases rental for land and buildings	土地及樓宇經營租賃租金	15,295	7,838
Auditors' remuneration	核數師酬金	1,326	1,334
Provision for warranty (Note 20)	產品保養準備(附註20)	15,677	19,415
Research and development costs	研究及開發費用	4,240	7,779
Amortisation of intangible assets (Note 11)	無形資產攤銷(附註11)		
– Goodwill	– 商譽	680	680
– Taxi licenses	– 出租車牌照	270	351
Impairment charge of goodwill (Note 11)	商譽減值準備(附註11)	3,401	–
Crediting:	計入：		
Net exchange gains	匯兌淨收益	3,930	3,161
Gain on disposal of taxi licenses	出售出租車牌照之收益	11,518	–
Reversal of provision for doubtful receivables	應收賬款呆賬撥回	–	16,559
Reversal of write-down of inventories	存貨跌價撥回	–	6,452
Reversal of provision for inventory obsolescence	存貨殘次撥回	–	3,579

NOTES TO ACCOUNTS

賬目附註

5. FINANCE COSTS, NET

5. 財務費用，淨值

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Interest on short-term bank loans	短期銀行貸款之利息	31,792	33,308
Interest income	利息收入	(4,239)	(2,969)
Bank handling charges	銀行收費	2,238	1,943
		29,791	32,282

6. TAXATION

6. 稅項

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

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

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Enterprise income tax	企業所得稅	6,481	6,506

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

本集團有關除稅前虧損之稅項與假若採用本公司本土國家之稅率而計算之理論稅額之差額如下：

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Loss before taxation	除稅前虧損	(616,229)	(67,626)
Calculated at the PRC statutory tax rate of 33% (2003: 33%)	按中國法定稅率33%計算 (二零零三年：33%)	(203,356)	(22,316)
Effect of different tax rates	稅率差異影響	91,340	15,382
Expenses not deductible for taxation purposes	就稅項目的不可扣減之費用	207	7
Unrecognised deferred tax assets	未確認遞延稅項資產	118,290	13,433
Taxation charge	稅項支出	6,481	6,506

The unprovided deferred taxation as at 31st December 2004 was detailed in Note 25.

於二零零四年十二月三十一日之未撥備遞延稅項詳情見附註25。

NOTES TO ACCOUNTS

賬目附註

7. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of approximately HK\$385,950,000 (2003: HK\$61,124,000).

7. 股東應佔虧損

計入本公司賬目之股東應佔虧損約為港幣385,950,000元(二零零三年:港幣61,124,000元)。

8. DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31st December 2004 (2003: Nil).

8. 股息

截至二零零四年十二月三十一日止年度，本公司並無宣派任何股息(二零零三年:無)。

9. LOSS PER SHARE

The calculations of basic and diluted loss per share are based on Group's loss attributable to shareholders of approximately HK\$628,755,000 (2003: HK\$76,976,000).

The basic loss per share is based on the weighted average number of 1,559,091,205 (2003: 1,382,030,711) ordinary shares in issue during the year.

The diluted loss per share is based on 1,560,037,062 (2003: 1,383,854,099) ordinary shares which is the weighted average number of ordinary shares in issue during the year plus the weighted average number of 945,857 (2003: 1,823,388) ordinary shares deemed to be issued at the agreed exercise prices as if all outstanding share options had been exercised.

9. 每股虧損

每股基本及攤薄虧損是根據股東應佔集團虧損約港幣628,755,000元(二零零三年:港幣76,976,000元)計算。

每股基本虧損乃按年內已發行普通股之加權平均數1,559,091,205(二零零三年:1,382,030,711)股計算。

每股攤薄虧損根據1,560,037,062(二零零三年:1,383,854,099)股普通股計算，即年內已發行普通股之加權平均數，加上假設所有未行使之認股權證及購股權皆已行使而被視作無償發行之加權平均數945,857(二零零三年:1,823,388)股普通股計算。

NOTES TO ACCOUNTS

賬目附註

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

10. 董事及高級管理人員酬金

(a) Directors' emoluments

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

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Fees	袍金	150	150
Other emoluments:	其他酬金：		
Basic salaries, housing allowances, other allowances and benefits in kind	基本薪金、房屋津貼、其他津貼 及實物利益	992	3,301
Contributions to pension schemes for directors (and past directors)	為董事(及前任董事)作出之 退休金供款	99	93
		1,241	3,544

Directors' fees disclosed above include HK\$150,000 (2003: HK\$150,000) paid to independent non-executive directors.

上述披露之董事袍金包括向獨立非執行董事支付之款項港幣150,000元(二零零三年：港幣150,000元)。

The emoluments of the directors fell within the following bands:

支付予董事之酬金組別如下：

Emolument bands	酬金組別	Number of directors 董事人數	
		2004	2003
Nil– HK\$1,000,000	港幣0元 – 港幣1,000,000元	15	7
HK\$1,000,001– HK\$1,500,000	港幣1,000,001元 – 港幣1,500,000元	–	1
HK\$1,500,001– HK\$2,000,000	港幣1,500,001元 – 港幣2,000,000元	–	1

None of the directors waived the right to receive emoluments during the years ended 31st December 2003 and 2004.

截至二零零三年及二零零四年十二月三十一日止年度，各董事均無放棄任何薪酬。

NOTES TO ACCOUNTS

賬目附註

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

10. 董事及高級管理人員酬金 (續)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2003: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2003: three) individuals during the year are as follows:

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Basic salaries, housing allowances, other allowances and benefits in kind	基本薪金、房屋津貼、其他津貼及實物利益	1,366	1,359
Contribution to pension schemes	退休金供款	57	259
		1,423	1,618

The emoluments of the remaining three (2003: three) individuals fell within the following bands:

Emolument bands	酬金組別	Number of individuals 人數	
		2004	2003
Nil– HK\$1,000,000	港幣0元 – 港幣1,000,000元	3	3

(b) 五位最高薪酬人士

本年度集團內五名最高薪酬人士包括兩名(二零零三年：兩名)董事，其酬金已載於上文分析。其餘三名(二零零三年：三名)最高薪人士之酬金分析如下：

其餘三名(二零零三年：三名)最高薪人士之酬金組別如下：

NOTES TO ACCOUNTS

賬目附註

11. INTANGIBLE ASSETS

11. 無形資產

		Group		
		Goodwill	Taxi licenses	Total
		商譽	出租車牌照	總額
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
Year ended 31st December 2004	截至二零零四年 十二月三十一日止年度			
Opening net book amount	期初賬面淨值	4,081	5,504	9,585
Amortisation charges (Note 4)	本年度攤銷(附註4)	(680)	(270)	(950)
Impairment charge (Note 4)	減值準備(附註4)	(3,401)	–	(3,401)
Disposal	本年度處置	–	(5,234)	(5,234)
Closing net book amount	期末賬面淨值	–	–	–
At 31st December 2004	於二零零四年十二月三十一日			
Cost	成本	6,801	–	6,801
Accumulated amortisation and impairment	累計攤銷及減值準備	(6,801)	–	(6,801)
Net book amount	賬面淨值	–	–	–
At 31st December 2003	於二零零三年十二月三十一日			
Cost	成本	6,801	6,506	13,307
Accumulated amortisation	累計攤銷	(2,720)	(1,002)	(3,722)
Net book amount	賬面淨值	4,081	5,504	9,585

NOTES TO ACCOUNTS

賬目附註

12. PROPERTY, PLANT AND EQUIPMENT

12. 物業，廠房及設備

(a) Group

(a) 本集團

		Investment properties	Construction-in-progress	Land and buildings	Plant and machinery	Furniture, fixtures and electronic equipment	Motor vehicles	Computer equipment	Moulds and other equipment	Total
		投資物業	在建工程	土地及樓宇	廠房及機器	傢俬、裝置及電子設備	汽車	電腦設備	模具及其他設備	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Cost or valuation:	成本值/估值：									
At 1st January 2004	於二零零四年一月一日	168,000	2,353	267,155	533,506	72,144	17,489	15,904	182,066	1,258,617
Additions	添置	-	19,100	1,470	7,157	3,044	837	433	10,636	42,677
Revaluation	重估	(70,264)	-	-	-	-	-	-	-	(70,264)
Transfers	轉撥	-	(10,203)	(4,988)	7,512	2,243	(55)	-	5,491	-
Disposals of subsidiaries	處置附屬公司	-	-	-	-	(144)	(8)	-	-	(152)
Other disposals	其他處置	-	-	(16,425)	(11,672)	(1,059)	(2,228)	-	(56)	(31,440)
Foreign exchange adjustments	匯兌調整	-	66	485	1,028	109	32	30	364	2,114
At 31st December 2004	於二零零四年十二月三十一日	97,736	11,316	247,697	537,531	76,337	16,067	16,367	198,501	1,201,552
Representing:	代表：									
At cost	成本值	-	11,316	247,697	537,531	76,337	16,067	16,367	198,501	1,103,816
At valuation	估值	97,736	-	-	-	-	-	-	-	97,736
As at 31st December 2004	於二零零四年十二月三十一日	97,736	11,316	247,697	537,531	76,337	16,067	16,367	198,501	1,201,552
At cost	成本值	-	2,353	267,155	533,506	72,144	17,489	15,904	182,066	1,090,617
At valuation	估值	168,000	-	-	-	-	-	-	-	168,000
As at 31st December 2003	於二零零三年十二月三十一日	168,000	2,353	267,155	533,506	72,144	17,489	15,904	182,066	1,258,617
Accumulated depreciation and impairment:	累計折舊及減值準備：									
At 1st January 2004	於二零零四年一月一日	-	(550)	(74,377)	(277,904)	(39,665)	(12,063)	(6,142)	(118,734)	(529,435)
Charge for the year	本年計提	-	-	(15,505)	(26,837)	(5,525)	(1,281)	(2,678)	(17,552)	(69,378)
Impairment charge	減值支出	-	-	(24,330)	(47,896)	(2,978)	(130)	-	(37,940)	(113,274)
Disposals of subsidiaries	處置附屬公司	-	-	-	-	11	1	-	-	12
Other disposals	其他處置	-	-	8,302	5,789	917	1,712	-	24	16,744
Foreign exchange adjustments	匯兌調整	-	-	(143)	(558)	(68)	(23)	(12)	(257)	(1,061)
At 31st December 2004	於二零零四年十二月三十一日	-	(550)	(106,053)	(347,406)	(47,308)	(11,784)	(8,832)	(174,459)	(696,392)
Net book value:	賬面淨值：									
At 31st December 2004	於二零零四年十二月三十一日	97,736	10,766	141,644	190,125	29,029	4,283	7,535	24,042	505,160
At 31st December 2003	於二零零三年十二月三十一日	168,000	1,803	192,778	255,602	32,479	5,426	9,762	63,332	729,182

NOTES TO ACCOUNTS

賬目附註

12. PROPERTY, PLANT AND EQUIPMENT
(Continued)

12. 物業，廠房及設備（續）

(b) Company

(b) 本公司

		Furniture, fixtures and electronic equipment	Motor vehicles	Total
		傢俬、裝置及 電子設備	汽車	總額
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
Cost:	成本：			
At 1st January 2004	於二零零四年一月一日	671	1,869	2,540
Additions	添置	281	–	281
Disposals	處置	(364)	(556)	(920)
At 31st December 2004	於二零零四年十二月三十一日	588	1,313	1,901
Accumulated depreciation:	累計折舊：			
At 1st January 2004	於二零零四年一月一日	(485)	(1,750)	(2,235)
Charge for the year	本年計提	(96)	(97)	(193)
Disposals	處置	316	534	850
At 31st December 2004	於二零零四年十二月三十一日	(265)	(1,313)	(1,578)
Net book value:	賬面淨值：			
At 31st December 2004	於二零零四年十二月三十一日	323	–	323
At 31st December 2003	於二零零三年十二月三十一日	186	119	305

(c) The Group's land and buildings were held under leases of 50 years and were located outside Hong Kong.

(c) 本集團之土地及樓宇於五十年租約期內持有，該土地及樓宇位於香港以外地區。

NOTES TO ACCOUNTS

賬目附註

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

12. 物業，廠房及設備（續）

(d) Investment properties

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

The investment properties were revalued every 3 years. The investment properties amounted to approximately HK\$97,736,000 (2003: HK\$168,000,000) were revalued at 31st December 2004 by Vigers Hong Kong Limited, an independent qualified valuers. The deficit on revaluation was charged to the profit and loss account.

The directors are of the opinion that the carrying value of the investment properties as at 31st December 2004 approximated the open market value.

- (e) At 31st December 2004, property, plant and equipment with net book value of approximately HK\$258,672,000 (2003: HK\$245,975,000) were pledged as security for the Group's short-term bank loans (Note 21).

(d) 投資物業

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

投資物業每三年評估一次。該投資物業約值港幣97,736,000元(二零零三年：168,000,000元)，於二零零四年十二月三十一日由獨立專業估值師威格斯香港有限公司評估。重估減值計入損益賬。

董事認為該等投資物業於二零零四年十二月三十一日之賬面價值與市值相近。

- (e) 截至二零零四年十二月三十一日，賬面淨值約港幣258,672,000元(二零零三年：245,975,000元)之物業、廠房及設備已用作抵押，作為本集團短期銀行貸款之擔保(附註21)。

NOTES TO ACCOUNTS

賬目附註

13. INVESTMENTS IN SUBSIDIARIES

13. 附屬公司投資

		Company 本公司	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Unlisted equity interests, at cost	非上市股份，按成本值	30,997	30,997
Due from subsidiaries	應收附屬公司款項	649,562	583,000
		680,559	613,997
Less: Provision	減：準備	(680,559)	(302,225)
		—	311,772

The amounts due from subsidiaries are interest-free and are not repayable within the next twelve months.

應收附屬公司款項均為免息且無需在未來十二個月內還款。

The particulars of the subsidiaries at 31st December 2004 are:

附屬公司於二零零四年十二月三十一日之詳情如下：

Name 公司名稱	Place of incorporation/ establishment and kind of legal entity 註冊／成立地點及 公司類型	Principal activities and place of operation 主要業務及 經營地點	Particulars of issued share capital/ registered capital 已發行及 繳足股本	Effective interest held 所持有效 權益
DIRECTLY HELD: 直接持有：				
China Refrigeration Industry Co., Ltd. ("China Refrigeration") 中國雪櫃實業有限公司 (「中雪公司」)	PRC, limited liability company 中國，有限責任公司	Manufacture and sale of refrigerators in the PRC 於中國製造及分 銷冰箱	Registered capital US\$10,000,000 註冊資本 10,000,000美元	95%
Hualing Technology Limited 華凌科技有限公司	Hong Kong, limited liability company 香港，有限責任公司	Investment holding in Hong Kong 於香港投資控股	10 ordinary shares of HK\$1 each 普通股10股 每股港幣1元	100%

NOTES TO ACCOUNTS

賬目附註

13. INVESTMENTS IN SUBSIDIARIES (Continued)

13. 附屬公司投資 (續)

Name 公司名稱	Place of incorporation/ establishment and kind of legal entity 註冊／成立地點及 公司類型	Principal activities and place of operation 主要業務及 經營地點	Particulars of issued share capital/ registered capital 已發行及 繳足股本	Effective interest held 所持有效 權益
Hualing Investments Limited 華凌投資有限公司	Hong Kong, limited liability company 香港，有限責任公司	Investment holding in Hong Kong 於香港投資控股	2 ordinary shares of HK\$1 each 普通股2股 每股港幣1元	100%
Hualing International Limited 華凌國際有限公司	Hong Kong, limited liability company 香港，有限責任公司	Trading in Hong Kong 於香港貿易	2 ordinary shares of HK\$1 each 普通股2股 每股港幣1元	100%
Hualing Refrigerant Engineering Limited 華凌製冷工程有限公司	Hong Kong, limited liability company 香港，有限責任公司	Investment holding in Hong Kong 於香港投資控股	2 ordinary shares of HK\$1 each 普通股2股 每股港幣1元	100%
Hualing (Far East) Limited 華凌(遠東)有限公司	British Virgin Islands, limited liability company 英屬處女群島， 有限責任公司	Investment holding in Hong Kong 於香港投資控股	1 ordinary share of US\$1 普通股1股 每股1美元	100%
Hualing (Guangzhou) Electrical Appliances Co., Ltd. ("Hualing Appliances") 華凌(廣州)電器有限公司 (「華電公司」)	PRC, limited liability company 中國，有限責任公司	Distribution of HUALING brand products in the PRC 於中國銷售華凌 品牌之產品	Registered capital HK\$10,000,000 註冊資本 港幣10,000,000元	100%
INDIRECTLY HELD: 間接持有：				
Guangzhou Hualing Air-conditioning & Equipment Co., Ltd. ("Air-conditioning") 廣州華凌空調設備有限公司 (「華凌空調」)	PRC, limited liability company 中國，有限責任公司	Manufacture and sale of air-conditioners and electronic appliances in the PRC 於中國製造及分銷 空調及家電	Registered capital US\$20,000,000 註冊資本 20,000,000美元	100%

NOTES TO ACCOUNTS

賬目附註

13. INVESTMENTS IN SUBSIDIARIES (Continued)

13. 附屬公司投資 (續)

Name 公司名稱	Place of incorporation/ establishment and kind of legal entity 註冊／成立地點及 公司類型	Principal activities and place of operation 主要業務及 經營地點	Particulars of issued share capital/ registered capital 已發行及 繳足股本	Effective interest held 所持有效 權益
Guangzhou Hualing Electrical Household Appliance Enterprise Co., Ltd. ("Hualing Household") 廣州華凌家電企業有限公司 (「華凌家電」)	PRC, limited liability company 中國，有限責任公司	Distribution of HUALING brand products in the PRC 於中國銷售華凌 品牌之產品	Registered capital RMB3,000,000 註冊資本 人民幣3,000,000元	95.5%
Hefei Hualing Electrics Co., Ltd. 合肥華凌電器有限公司	PRC, limited liability company 中國，有限責任公司	Manufacture and sale of mini-refrigerators in the PRC 於中國製造及 分銷小型冰箱	Registered capital RMB91,200,000 註冊資本 人民幣91,200,000元	50.05%
Guangzhou Hualing Refrigeration Co., Ltd. 廣州華凌雪櫃有限公司	PRC, limited liability company 中國，有限責任公司	Manufacture and sale of refrigerators in the PRC 於中國製造及 分銷冰箱	Registered capital US\$1,441,715 註冊資本 1,441,715美元	96.25%
Growth Plus Properties Ltd. Growth Plus Properties Ltd.	British Virgin Islands, limited liability company 英屬處女群島， 有限責任公司	Investment holding in the British Virgin Islands 於英屬處女群島 投資控股	1 ordinary share of US\$1 普通股1股 每股1美元	100%
China Appliances.com Limited 中國家電網有限公司	British Virgin Islands, limited liability company 英屬處女群島， 有限責任公司	Investment holding in the British Virgin Islands 於英屬處女群島 投資控股	1 ordinary share of US\$1 普通股1股 每股1美元	100%
Chengdu Hualing Electrical Household Appliance Co., Ltd. * 成都華凌家電有限公司*	PRC, limited liability company 中國，有限責任公司	Dormant 已無業務	Registered capital RMB2,500,000 註冊資本 人民幣2,500,000元	99.77%
Guangzhou Hualing Property Management Co., Ltd. 廣州華凌實業有限公司	PRC, limited liability company 中國，有限責任公司	Property management in the PRC 於中國物業管理	Registered capital RMB1,100,000 註冊資本 人民幣1,100,000元	95.5%

NOTES TO ACCOUNTS

賬目附註

13. INVESTMENTS IN SUBSIDIARIES (Continued)

13. 附屬公司投資 (續)

Name 公司名稱	Place of incorporation/ establishment and kind of legal entity 註冊/成立地點及 公司類型	Principal activities and place of operation 主要業務及 經營地點	Particulars of issued share capital/ registered capital 已發行及 繳足股本	Effective interest held 所持有效 權益
Guangzhou Hualing Shopping Mall Co., Ltd.* 廣州市華凌商場有限公司*	PRC, limited liability company 中國, 有限責任公司	Dormant 已無業務	Registered capital RMB500,000 註冊資本 人民幣500,000元	95.5% 95.5%
Guangzhou Ma Hui Hualing Taxi * 廣州馬會華凌出租車隊*	PRC, limited liability company 中國, 有限責任公司	Dormant 已無業務	Registered capital RMB2,000,000 註冊資本 人民幣2,000,000元	57% 57%
Hualing Technology (Investment) Limited 華凌科技(投資)有限公司	British Virgin Islands, limited liability company 英屬處女群島, 有限責任公司	Investment holding in the British Virgin Islands 於英屬處女群島 投資控股	1 ordinary share of US\$1 普通股1股 每股1美元	100% 100%
Chongqing Shuigang Hualing Electrical Household Appliance Co., Ltd.* 重慶穗港華凌電器銷售 有限公司*	PRC, limited liability company 中國, 有限責任公司	Dormant 已無業務	Registered capital RMB3,000,000 註冊資本 人民幣3,000,000元	99.77% 99.77%
Guangdong Hualing Commercial Air-conditioning Equipment Co., Ltd. 廣東華凌中央空調設備有限公司	PRC, limited liability company 中國, 有限責任公司	Manufacture and sale of air-conditioners in the PRC 於中國製造及 分銷空調	Registered capital RMB30,000,000 註冊資本 人民幣30,000,000元	100% 100%

* As at 31 December 2004, these subsidiaries were to be closed and under the process of deregistration.

* 於二零零四年十二月三十一日, 上述附屬公司將予關閉並正在辦理註銷手續。

NOTES TO ACCOUNTS

賬目附註

14. INTERESTS IN ASSOCIATED COMPANIES

14. 聯營公司權益

		Group 本集團	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Share of net assets	應佔淨資產	27,658	29,063
Investments at cost:	投資，按成本值：		
Unlisted equity interests, at cost	非上市股份，按成本值	39,760	39,760

The particulars of the principal associated companies at 31st December 2004 are as follows:

主要聯營公司於二零零四年十二月三十一日之詳情如下：

Name	Place of incorporation/ establishment and kind of legal entity 註冊／成立地點及 公司類型	Principal activities 主要業務	Particulars of issued capital/ registered capital 已發行及 繳足股本	Effective interest held (Indirectly) 間接持有 有效權益
Xi'an Dongling Refrigerating Compressors Co., Ltd. ("Xi'an Dongling") 西安東凌製冷壓縮機有限公司 (「西安東凌」)	PRC, limited liability company 中國，有限責任公司	Manufacture and sale of refrigerator compressors 製造及分銷冰箱壓縮機	Registered capital US\$18,670,000 註冊資本 18,670,000美元	25%
Guangzhou Hualing Polyfoam Co., Ltd. ("Hualing Polyfoam") 廣州華凌泡沫塑料有限公司 (「華凌泡沫」)	PRC, limited liability company 中國，有限責任公司	Manufacture and sale of polyfoam products 製造及分銷泡沫塑料產品	Registered capital US\$1,000,000 註冊資本 1,000,000美元	19%

All associated companies in the PRC are sino-foreign equity joint ventures.

所有在中國成立之聯營公司均為中外合資經營。

NOTES TO ACCOUNTS

賬目附註

15. INVENTORIES

15. 存貨

		Group 本集團	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Raw materials	原材料	140,152	210,419
Work-in-progress	在製品	15,886	36,867
Finished goods	製成品	188,306	302,614
		344,344	549,900

At 31st December 2004, the carrying amount of inventories that are carried at net realisable value amounted to approximately HK\$78,101,000 (2003: HK\$22,128,000).

於二零零四年十二月三十一日，存貨按可變淨現值記賬總額約港幣78,101,000元（二零零三年：港幣22,128,000元）。

16. TRADE AND OTHER RECEIVABLES

16. 貿易及其他應收款

		Group 本集團		Company 本公司	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元	2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Trade receivables (Note (a))	貿易應收款 (附註(a))	204,611	246,949	–	–
Notes receivable (Note (b))	應收票據 (附註(b))	25,983	31,490	–	–
Prepayments and other receivables	預付賬款及 其他應收款	109,321	92,065	565	409
		339,915	370,504	565	409

NOTES TO ACCOUNTS

賬目附註

16. TRADE AND OTHER RECEIVABLES
(Continued)

16. 貿易及其他應收款 (續)

(a) No standard credit term policy was adopted by the Group as the credit terms granted by the Group varied towards different customers. At 31st December 2004, the ageing analysis of the trade receivables was as follows:

(a) 本集團給予客戶的信用條款各不相同，因此本集團並無標準的信用政策。於二零零四年十二月三十一日，貿易應收款之賬齡分析如下：

		Group 本集團		Company 本公司	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元	2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Within 1 year	一年內	202,632	226,552	—	—
In the second year	一年以上至兩年內	1,979	14,750	—	—
Over 2 years	兩年以上	—	5,647	—	—
		204,611	246,949	—	—

(b) Notes receivable

The balance represents bank acceptance notes with maturity periods within six months.

(b) 應收票據

該餘額為六個月內到期之銀行承兌匯票總額。

17. PREPAID VALUE-ADDED TAX

17. 預付增值稅

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

華凌家電及華電公司為購自中雪公司及華凌空調的製成品向國家稅務局付了進項增值稅。根據中國稅收法規，該等增值稅可用於抵扣未來銷售產品的銷項增值稅，但不可退還。

NOTES TO ACCOUNTS

賬目附註

18. TRADE AND OTHER PAYABLES

18. 貿易及其他應付款

		Group 本集團		Company 本公司	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元	2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Trade payables (Note (a))	貿易應付款 (附註(a))	586,348	564,656	-	-
Provision for staff welfare and bonus	職工福利及獎勵基金	1,918	8,398	1,918	8,163
Accruals	預提費用	86,908	25,662	-	-
Advances from customers	預收賬款	105,423	115,616	-	-
Notes payable (Note (b))	應付票據 (附註(b))	212,152	280,234	-	-
Payable for property, plant and equipment	購置物業、廠房及 設備應付款	15,034	13,128	-	-
Others	其他	7,866	33,647	4,249	1,227
		1,015,649	1,041,341	6,167	9,390

(a) At 31st December 2004, the ageing analysis of the trade payables was as follows:

(a) 於二零零四年十二月三十一日，貿易應付款之賬齡分析如下：

		Group 本集團		Company 本公司	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元	2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Within 1 year	一年內	542,133	543,774	-	-
In the second year	一年以上至兩年內	27,215	18,628	-	-
Over 2 years	兩年以上	17,000	2,254	-	-
		586,348	564,656	-	-

(b) The balance represents bank acceptance notes issued by the Group with maturity periods of less than six months. At 31st December 2004, the notes payable were pledged by bank deposits of approximately HK\$101,254,000 (2003: 128,059,000).

(b) 該餘額為本集團開出之銀行承兌匯票，均在六個月內到期。於二零零四年十二月三十一日，為應付票據作抵押的銀行存款約為港幣101,254,000元（二零零三年：港幣128,059,000元）。

NOTES TO ACCOUNTS

賬目附註

19. TAXES PAYABLE

19. 應付稅項

		Group 本集團	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Value-added tax	增值稅	257	1,150
PRC enterprise income tax	中國企業所得稅	2,442	326
Others	其他	152	272
		2,851	1,748

20. PROVISIONS FOR WARRANTY

20. 產品保養準備

The movement of warranty provision was analysed as follows:

對產品保養準備變動之分析如下：

		Group 本集團	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
At 1st January 2004	於二零零四年一月一日	17,399	16,110
Charge for the year (Note 4)	本年計提(附註4)	15,677	19,415
Less: Amounts utilized	減：已動用款項	(13,670)	(18,126)
At 31st December 2004	於二零零四年十二月三十一日	19,406	17,399

Hualing Appliances, provides free repair and replacement services ranging from one year to three years after sales. The cost of the warranty obligation under which Hualing Appliances agrees to remedy defects in its products is accrued at the time the related sales are recognised. As at 31st December 2004, the Group had provided for expected warranty claims on household electrical appliance items sold.

華電公司提供產品售後一至三年之免費維修及零件更換服務。華電公司因提供產品維護服務而發生之成本於相關產品銷售確認時計提。於二零零四年十二月三十一日，本集團對已出售之家用電器計提了預期之保養準備。

NOTES TO ACCOUNTS

賬目附註

21. BANK LOANS

21. 銀行貸款

		Group 本集團	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Short-term bank loans, secured	短期銀行貸款，已擔保	564,169	510,637
Long-term bank loans	長期銀行貸款	42,305	28,151
		606,474	538,788

At 31st December 2004, the Group's bank loans were repayable as follows:

於二零零四年十二月三十一日，本集團銀行貸款償還情況如下：

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Within one year	一年以內	564,169	510,637
In the second year	第二年內	42,305	28,151
		606,474	538,788

Interests of the bank loans are charged on the outstanding balances at interest rates ranging from 2.94% to 6.696% per annum (2003: 3.69% to 5.84% per annum).

銀行貸款之年利率在未償還餘額之2.94%至6.696%之間(二零零三年：年利率3.69%至5.84%)。

Property, plant and equipment with net book value of approximately HK\$258,672,000 (2003: HK\$245,975,000) have been pledged as security for the Group's short-term bank loans.

本集團已用作短期銀行貸款抵押的若干物業，廠房及設備的賬面淨值約為港幣258,672,000元(二零零三年：港幣245,975,000元)。

As of the date of approval of the accounts, short-term bank loans of approximately HK\$149,000,000 have been renewed and will be due for repayments in 2006.

截至本賬目批准日期，本集團續借了約港幣149,000,000元的短期銀行貸款，該等貸款將於二零零六年到期償還。

NOTES TO ACCOUNTS

賬目附註

22. PENSIONS

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The contributions from each of the employer and employees are subject to a cap of HK\$1,000 per month and thereafter contributions are voluntary. For the year ended 31st December 2004, no contribution was forfeited.

The Company's subsidiaries established in the PRC participate in the local retirement schemes of the PRC. Pursuant to the relevant regulations, the Group is currently required to make a monthly contribution equivalent to 15% to 28% of the monthly salaries in respect of its full-time and temporary employees. The aggregate amount of the Group's contributions (net of forfeited contributions) for the year ended 31st December 2004 amounted to approximately HK\$8,382,000 (2003: HK\$8,181,000).

22. 退休金

本集團已安排本集團之香港僱員參加一項由獨立受托人管理的既定供款計劃，強制性公積金計劃（「強積金計劃」）。根據強制性公積金法例規定，本集團（僱主）及本集團之僱員均須每月將僱員月薪的5%作為強積金供款，僱主及僱員作出強制性供款的上限為每月港幣1,000元，高於此金額所作之供款屬自願性質。截至二零零四年十二月三十一日，尚無強積金款被沒收。

本集團於中國成立的子公司參與中國本地退休金計劃。根據有關條款，本集團現須每月支付相當於全職及臨時員工月薪15%至28%之供款。於截至二零零四年十二月三十一日止年度，本集團之供款總額（已扣除沒收之供款）約為港幣8,382,000元（二零零三年：港幣8,181,000元）。

NOTES TO ACCOUNTS

賬目附註

23.SHARE CAPITAL AND SHARE OPTIONS

23.股本及購股權

*(a) Share capital**(a) 股本*

		Authorised 法定股本	
		Ordinary shares of HK\$0.1 each 普通股每股面值港幣0.1元	
		Number of shares ('000) 股份數目(千股)	HK\$'000 港幣千元
At 31st December 2004 and 2003	於二零零四及二零零三年 十二月三十一日	1,600,000	160,000
		Issued and fully paid 已發行及繳足股本	
		Ordinary shares of HK\$0.1 each 普通股每股面值港幣0.1元	
		Number of shares ('000) 股份數目(千股)	HK\$'000 港幣千元
At 1st January 2003	於二零零三年一月一日	1,381,876	138,188
Exercise of share options	行使購股權	160	16
At 31st December 2003	於二零零三年十二月三十一日	1,382,036	138,204
Issue of shares*	發行股份*	200,000	20,000
Exercise of share options (Note 23(b))	行使購股權 (附註二十三(b))	6,000	600
At 31st December 2004	於二零零四年十二月三十一日	1,588,036	158,804

* On 13th February 2004, the issued share capital of the Company was increased to approximately HK\$158,804,000 by issuing 200,000,000 ordinary shares to third party investors at a price of HK\$ 0.40 per share through a placing and subscription arrangement. These shares rank pari passu with the existing shares.

* 於二零零四年二月十三日，本公司之已發行股本藉透過一項配售及認購安排，以每股港幣0.40元向第三方投資者發行200,000,000股普通股而增至約港幣158,804,000元。該等新發行之股份與現有股份享有同等權益。

NOTES TO ACCOUNTS

賬目附註

23.SHARE CAPITAL AND SHARE OPTIONS (Continued)

23.股本及購股權 (續)

(b) Share options

The share option scheme adopted by the Company on 26th November 1993 ("1993 Share Option Scheme") expired on 25th November 2003. A new share option scheme ("2003 Share Option Scheme") was approved by the shareholders at the Annual General Meeting on 27th June 2003 and was adopted thereafter. 1993 Share Option Scheme was terminated immediately upon the adoption of 2003 Share Option Scheme. The options granted under 1993 Share Option Scheme will remain in force and effect.

Pursuant to 1993 Share Option Scheme, for incentive purpose, the Company is authorized to grant options to executive directors and employees of the Group to subscribe for shares in the Company, subject to a maximum of (i) 20% of the issued share capital of the Company in issue as at 25th June 1999 plus (ii) the nominal amount of share capital of the Company repurchased by the Company subsequent to the amendments up to a maximum equivalent of 10% of the aggregate nominal amount of the share capital of the Company in issue, excluding shares issued on exercise of options. The subscription price would be determined by the directors, and would not be less than the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares quoted on The Stock Exchange of Hong Kong Limited ("HKSE") on the five trading days immediately preceding the date of offer of the option. An option may be exercised under 1993 Share Option Scheme at any time during the period commencing on the date upon which such option is deemed to be granted and accepted.

(b) 購股權

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」)於二零零三年十一月二十五日期滿。新購股權計劃(「二零零三年購股權計劃」)已經二零零三年六月二十七日的股東特別大會批准並即採納。二零零三年購股權計劃採納後一九九三年購股權計劃已隨即終止，而根據一九九三年購股權計劃授出之購股權仍具效力。

根據一九九三年購股權計劃，本公司有權授出購股權予本集團之執行董事及僱員以認購本公司之股份，惟最多以(i)本公司於一九九九年六月二十五日已發行股本之20%為限，及(ii)在作出修訂後本公司購回之本公司股本面額最多可相等於本公司已發行股本面值總額之10%(不包括因行使認股權而發行之股份)。認股價由董事釐定，惟不得低於股份之面值或緊接授出購股權日期前五個交易日股份在香港聯合交易所有限公司(「聯交所」)之平均收市價之80%(以較高者為準)。根據一九九三年購股權計劃，購股權可於其被視作授出及接納之日期後隨時根據計劃行使。

NOTES TO ACCOUNTS

賬目附註

23.SHARE CAPITAL AND SHARE OPTIONS (Continued)

23.股本及購股權(續)

(b) Share options (Continued)

Due to the expiration of 1993 Share Option Scheme, and to be in line with Chapter 17 (Share Option Schemes) of the Listing Rules, the Company terminated 1993 Share Option Scheme and adopted 2003 Share Option Scheme on 27th June 2003 as follows:

The purpose of the 2003 Share Option Scheme is for the Company to attract, retain and motivate talented participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants. Eligible participants of the 2003 Share Option Scheme include the directors (including executive directors and non-executive directors) or employees of the Group, consultants or advisors of the Group, substantial shareholders or employees of substantial shareholders of the Company, associates of directors or chief executives or substantial shareholders of the Company, employees or directors of suppliers or customers of the Group, discretionary objects of a discretionary trust established by employees or directors of the Group, as to be determined by the board at its absolute discretion within the above categories.

(b) 購股權(續)

由於一九九三年購股權計劃的期滿及為符合上市規則第十七章「購股權計劃」之規定，本公司於二零零三年六月二十七日終止一九九三年購股權計劃並採納二零零三年購股權計劃，詳情如下：

二零零三年購股權計劃之目的，是為讓本公司可吸引、挽留和鼓勵有才幹之參與者，竭力達致本集團日後之發展及擴充，以及讓本公司在獎賞、回饋、慰勞、補償及／給予參與者福利方面有更大靈活度。二零零三年購股權計劃之合資格參與人士包括本集團董事(包括執行董事及非執行董事)或僱員，本集團顧問或專業諮詢人士，本公司主要股東或其僱員、本公司之董事、高級行政人員或主要股東之任何聯繫人，本集團之任何供應商或客戶之任何僱員或董事，本集團之任何僱員、董事所設立之全權信託之任何全權受益人，按董事會在上述人士中全權酌情決定之人士。

NOTES TO ACCOUNTS

賬目附註

23.SHARE CAPITAL AND SHARE OPTIONS (Continued)

23.股本及購股權(續)

(b) Share options (Continued)

The maximum numbers of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under 2003 Share Option Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares in issue from time to time. The total number of shares which may be issued upon the exercise of all options to be granted under the 2003 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue as at 27th June 2003, but the Company may seek approval of its shareholders in general meeting to refresh the 10% limit under 2003 Share Option Scheme. As at 31st December 2003, the Company had outstanding 6,960,000 share options which were all granted under 1993 Share Option Scheme and the total number of shares issuable for options was 138,203,640. It represented 10% of the Company's shares in issue as at 27th June 2003.

The total number of shares issued and to be issued upon exercise of the share options granted under 2003 Share Option Scheme and any other share option schemes of the Company to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant. Any further grant of share options in excess of this limit is subject to the approval of shareholders in general meeting of the Company.

(b) 購股權(續)

因根據二零零三年購股權計劃及本公司任何其他購股權計劃已授出但尚未行使之所有尚未行使期權而可能發行之最高股份數目，不得超過本公司不時之已發行股本之30%。根據二零零三年購股權計劃及本公司任何其他購股權計劃將予授出之購股權獲悉數行使時可予配發及發行之股份總數，不得超過本公司於二零零三年六月二十七日已發行股份之10%，惟本公司可在股東大會徵求股東批准更新二零零三年購股權計劃下之10%限額。於二零零三年十二月三十一日，本公司有於一九九三年購股權計劃下授出的購股權6,960,000股尚未行使，同時可發行購股權股份總數為138,203,640。該數字為本公司於二零零三年六月二十七日已發行股份之10%。

於截至授出日期止任何十二個月期間，根據二零零三年購股權計劃及本公司任何其他購股權計劃向各參與人士授出之購股權獲行使時已經及將予發行之股份總數，不得超過於授出日期已發行股份之1%。進一步授出超出此限額之購股權須獲股東於本公司股東大會批准。

NOTES TO ACCOUNTS

賬目附註

23.SHARE CAPITAL AND SHARE OPTIONS (Continued)

23.股本及購股權 (續)

(b) Share options (Continued)

Share options granted under the 2003 Share Option Scheme to director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is also the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK\$5,000,000, within any 12-month period up to and including the date of such grant, are subject to shareholders' approval in general meeting of the Company.

The exercise price of the share options will be at least the highest of (i) the closing price of the Company's shares as stated in daily quotations sheet of HKSE on the date of the offer for grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in HKSE's daily quotations sheet for the five business days immediately preceding the date of the offer for grant, which must be a business day; and (iii) the nominal value of the share.

The share options granted may be exercised at any time during the period commencing immediately after the date on which the option is deemed to be granted and accepted and expiring on a date to be determined and notified by the board of directors which shall not be more than 10 years from the date on which the share option is deemed to be granted and accepted. 2003 Share Option Scheme shall be valid and effective for a period of 10 years commencing on 27th June 2003.

No share options were granted, cancelled or lapsed under the share option schemes of the Company during the year.

(b) 購股權 (續)

根據二零零三年購股權計劃向本公司董事、高級行政人員或主要股東或彼等任何聯繫人士授出購股權須獲本公司獨立非執行董事(不包括任何亦為購股權承授人之獨立非執行董事)批准。此外，於截至該授出日期止任何十二個月期間，倘若向本公司主要股東或獨立非執行董事或彼等任何聯繫人士授出之任何購股權涉及之股份總數，超過本公司任何時間已發行股份0.1%或按本公司股份於各授出日期收市價計算之總價值超過港幣5,000,000元，則須獲股東在本公司股東大會批准。

認購股份之認購價，最低價為以下之最高者：(i)於授出購股權日期(該日必須為營業日)股份於聯交所每日報價表中所列之收市價；(ii)緊接授出購股權之日期前五個營業日，本公司股份於聯交所每日報價表中之平均收市價；及(iii)股份之面值。

購股權可於其被視作授出及接納之日期後隨時行使，所授出購股權之行使期間由董事會釐定通知，最遲於購股權被視作授出及接納之日起不超過十年。二零零三年購股權計劃將由二零零三年六月二十七日起計後十年期間內有效及生效。

年內，概無購股權根據本公司購股權計劃獲授出、註銷或失效。

NOTES TO ACCOUNTS

賬目附註

23.SHARE CAPITAL AND SHARE OPTIONS
(Continued)

23.股本及購股權(續)

(b) Share options (Continued)

Movements of the share options granted under the 1993 Share Option Scheme during the year are as follows:

Name	Options				Options				
	held at 1st January 2004 購股權數目 於二零零四年 一月一日	Options granted during the year 購股權數目 年內 授出	Options exercised during the year 購股權數目 年內 行使	Lapsed/ cancelled during the year 購股權數目 年內 失效/註銷	held at 31st December 2004 購股權數目 於二零零四年 十二月三十一日	Exercise price HK\$ 行使價 港元	Grant date 授出日期	Exercisable from 行使期 由	Exercisable until 行使期 至
Directors: 董事:									
Zhang Xin Hua 張新華	800,000	-	-	-	800,000	0.930	30/9/1997	30/9/1997	30/9/2007
Lo Wing Sang 羅榮生									
Vincent	2,000,000	-	(2,000,000)*	-	-	0.244	17/2/2000	17/2/2000	17/2/2010
	1,000,000	-	(1,000,000)*	-	-	0.211	5/7/2000	5/7/2000	4/7/2010
Chan Wai Dune 陳維端	2,000,000	-	(2,000,000)**	-	-	0.244	17/2/2000	17/2/2000	17/2/2010
	1,000,000	-	(1,000,000)**	-	-	0.211	5/7/2000	5/7/2000	4/7/2010
Employees 僱員	160,000	-	-	-	160,000	0.211	5/7/2000	5/7/2000	4/7/2010
	6,960,000	-	(6,000,000)	-	960,000				

* Exercise date was 22nd November 2004. At the date before the options were exercised, the market value per share was HK\$0.38. Mr. Lo Wing Sang, Vincent had resigned as the director since 22nd December 2004.

** Exercise date was 25th November 2004. At the date before the options were exercised, the market value per share was HK\$0.41.

Options exercised on 22nd November 2004 and 25th November 2004, resulted in 6,000,000 (2003: 160,000) shares being issued at HK\$0.244 and HK\$0.211 (2003: HK\$0.211), yielding proceeds after transaction costs (net of deferred income taxes) of approximately HK\$1,397,000 (2003: HK\$31,000).

(b) 購股權(續)

年內，本公司根據一九九三年購股權計劃授出之購股權之變動如下：

* 行使日期為二零零四年十一月二十二日，在購股權行使前一日，每股市值為港幣0.38元。羅榮生先生自二零零四年十二月二十二日辭任為董事。

** 行使日期為二零零四年十一月二十五日，在購股權行使前一日，每股市值為港幣0.41元。

於二零零四年十一月二十二日及二零零四年十一月二十五日行使之購股權，以發行價港幣0.244及0.211元(二零零三年：每股港幣0.211元)發行6,000,000(二零零三年：160,000)股。在扣除交易成本(扣除遞延所得稅)後之所得款項約為港幣1,397,000元(二零零三年：港幣31,000元)。

NOTES TO ACCOUNTS

賬目附註

24. RESERVES

24. 儲備

		Share premium	General reserve fund	Enterprise expansion fund	Exchange reserve	Accumulated losses	Total
		股份溢價	一般儲備 基金	企業發展 基金	匯兌儲備	累計虧損	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
(a) Group	(a) 本集團						
Balances as at 1st January 2003	二零零三年 一月一日餘額	509,383	37,361	16,958	28,339	(298,769)	293,272
Issue of ordinary shares	發行普通股	18	—	—	—	—	18
Share issue expenses	股份發行費用	(3)	—	—	—	—	(3)
Translation difference during the year	本年度匯兌差異	—	—	—	(977)	—	(977)
Loss attributable to shareholders	股東應佔虧損	—	—	—	—	(76,976)	(76,976)
Balances as at 31st December 2003	二零零三年十二月 三十一日餘額	509,398	37,361	16,958	27,362	(375,745)	215,334
Issue of ordinary shares	發行普通股	60,798	—	—	—	—	60,798
Share issue expenses	股份發行費用	(2,761)	—	—	—	—	(2,761)
Translation difference during the year	本年度匯兌差異	—	—	—	206	—	206
Reserves transferred to profit and loss account upon disposal of taxi licenses	於出售出租車 牌照時轉撥儲備 至損益帳	—	(5,640)	—	—	—	(5,640)
Loss attributable to shareholders	股東應佔虧損	—	—	—	—	(628,755)	(628,755)
Balances as at 31st December 2004	二零零四年十二月 三十一日餘額	567,435	31,721	16,958	27,568	(1,004,500)	(360,818)

NOTES TO ACCOUNTS

賬目附註

24. RESERVES (Continued)

24. 儲備 (續)

		Share premium	General reserve fund	Enterprise expansion fund	Exchange reserve	Accumulated losses	Total
		股份溢價	一般儲備 基金	企業發展 基金	匯兌儲備	累計虧損	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
(b) Company	(b) 本公司						
Balances as at	二零零三年一月一日						
1st January 2003	餘額	509,383	—	—	—	(282,243)	227,140
Issue of ordinary shares	發行普通股	18	—	—	—	—	18
Share issue expenses	股份發行費用	(3)	—	—	—	—	(3)
Loss for the year	本年虧損	—	—	—	—	(61,124)	(61,124)
Balances as at	二零零三年十二月						
31st December 2003	三十一日餘額	509,398	—	—	—	(343,367)	166,031
Issue of ordinary shares	發行普通股	60,798	—	—	—	—	60,798
Share issue expenses	股份發行費用	(2,761)	—	—	—	—	(2,761)
Loss for the year	本年虧損	—	—	—	—	(385,950)	(385,950)
Balances as at	二零零四年十二月						
31st December 2004	三十一日餘額	567,435	—	—	—	(729,317)	(161,882)

NOTES TO ACCOUNTS

賬目附註

24. RESERVES (Continued)

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

24. 儲備 (續)

(c) 本公司在中國之附屬公司須遵照中國的法律和規定及彼等的公司章程細則。該等附屬公司須提供若干法定基金，分別為儲備基金及企業發展基金，均自除稅後但未計股息分派的純利中提取，該純利取自按中國內地企業適用之會計準則及相關財務法規而製作之本地法定賬目。此等中國之附屬公司從其純利中提取最少10%列入儲備基金，直至該儲備基金結餘達至其註冊資本的50%為止。此等撥款由董事的酌情釐定。儲備基金僅在有關當局批准後始可用作抵銷累計虧損或增加資本。

25. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using taxation rates applicable to the companies comprising the Group.

Temporary differences are mainly arising from:

25. 遞延稅項

遞延稅項全數採用負債法就短暫時差按本集團旗下公司適用之稅率計算所得。

短暫時差主要來自：

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Accumulated losses of some of its subsidiaries carried forward	部分附屬公司之 累計虧損	601,326	381,227
Provision for inventory obsolescence	存貨殘次準備	81,590	10,859
Write down of inventory to net realisable value	存貨撇減至可變 現淨值	26,540	7,006
Provision for doubtful receivables	呆賬準備	86,459	46,646
Others	其他	134,588	28,142
		930,503	473,880

NOTES TO ACCOUNTS

賬目附註

25.DEFERRED TAXATION (Continued)

25.遞延稅項(續)

The potential deferred tax assets not provided for in the accounts amounted to:

未在賬目中撥備之潛在遞延稅項資產金額如下：

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Accumulated losses of some of its subsidiaries carried forward	部分附屬公司 累計虧損	195,789	123,349
Provisions for inventory obsolescence	存貨殘次準備	13,867	1,801
Write down of inventory to net realisable value	存貨撇減至可變 現淨值	6,625	1,724
Provision for doubtful receivables	呆賬準備	20,944	11,189
Others	其他	27,169	8,041
		264,394	146,104

At the balance sheet date, there was no material unprovided deferred tax liabilities. Deferred tax assets arising from above temporary differences have not been recognised as it is uncertain that future taxable profit will be available against which the temporary differences can be utilised.

於資產負債表日，並無重大的未撥備遞延稅項負債。由於不確定將來是否可獲應稅利得，而該利得為使用短暫時差之前提，所以從上述短暫時差中產生的遞延稅項資產未被確認。

The expiry date of deferred tax assets not provided as at 31st December 2004 is as follows:

於二零零四年十二月三十一日未撥備之遞延稅項資產到期日如下：

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Expire within 1 year	一年內到期	25,920	8,481
Expire in 1 ~ 2 years	一至兩年到期	24,977	25,920
Expire in 2 ~ 3 years	兩至三年到期	30,682	24,977
Expire in 3 ~ 4 years	三至四年到期	30,517	30,682
Expire in 4 ~ 5 years	四至五年到期	80,870	30,517
No expiry date	無到期日	71,428	25,527
		264,394	146,104

According to Provisional Regulations on PRC Enterprise Income Tax No.11, tax losses of the PRC subsidiaries of the Group can be carried forward to offset future assessable profit for a period of 5 years.

據中國企業所得稅暫行條例第十一條，本集團設立於中國的附屬公司之虧損可結轉用以抵扣未來五年之應課稅利得。

NOTES TO ACCOUNTS

賬目附註

26. CONSOLIDATED CASH FLOW STATEMENT

26. 綜合現金流量表

(a) Reconciliation of operating loss to net cash
(outflow)/ inflow generated from operations(a) 經營虧損與經營產生之現金
(流出) / 流入淨額對賬
表

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Loss before taxation	稅前虧損	(616,229)	(67,626)
Adjustments:	調整：		
Depreciation	折舊	69,378	75,152
Amortisation of intangible assets	無形資產攤銷	950	1,031
Impairment of goodwill	商譽減值準備	3,401	—
Share of loss of associated companies	應佔聯營公司虧損	1,405	1,197
Impairment of property, plant and equipment	固定資產減值準備	113,274	—
Deficit on revaluation of investment properties not covered by previous surplus	沒有先前盈餘可予抵償之 投資物業重估減值	70,264	—
Loss on disposals of property, plant and equipment	出售物業、廠房及 設備損失	14,696	2,331
Gain on disposal of taxi licenses	出售出租車牌照之收益	(11,518)	—
Provision for warranty	產品保養撥備	2,007	1,289
Government grants	政府補貼收入	(2,181)	(4,847)
Interest income	利息收入	(4,239)	(2,969)
Interest expense	利息支出	31,792	33,308
Bank handling charges	銀行手續費	2,238	1,943
Effect of foreign exchange translation	外幣匯兌影響	(847)	2,535
Operating (loss)/profit before working capital changes carried forward	結轉營運資金前之經營 (虧損) / 溢利	(325,609)	43,344

NOTES TO ACCOUNTS

賬目附註

26. CONSOLIDATED CASH FLOW STATEMENT
(Continued)

26. 綜合現金流量表 (續)

(a) Reconciliation of operating loss to net cash (outflow)/inflow generated from operations
(Continued)

(a) 經營虧損與經營產生之現金(流出)／流入淨額對賬表(續)

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Operating (loss)/ profit before working capital changes brought forward	承前營運資金變動前之經營(虧損)／溢利	(325,609)	43,344
Decrease/(increase) in inventories	存貨減少／(增加)	205,556	(153,304)
(Increase)/decrease in due from related companies	應收關聯公司款項(增加)／減少	(1,243)	477
Decrease/(increase) in trade and other receivables	貿易及其他應收款減少／(增加)	30,589	(121,450)
Decrease/(increase) in prepaid value-added taxes	預付增值稅減少／(增加)	4,474	(19,021)
Increase/(decrease) in due to related companies	應付關聯公司款項增加／(減少)	3,974	(9,060)
(Decrease)/increase in trade and other payables	貿易及其他應付款(減少)／增加	(29,926)	428,537
Increase/(decrease) in other taxes payable	其他應付稅款增加／(減少)	1,103	(19,512)
Net cash (outflow)/inflow generated from operations	經營產生之現金(流出)／流入淨額	(111,082)	150,011

NOTES TO ACCOUNTS

賬目附註

26. CONSOLIDATED CASH FLOW STATEMENT
(Continued)

26. 綜合現金流量表 (續)

(b) Analysis of changes in financing during the year

(b) 本年度融資項目變動分析
如下

		Share capital including premium 股份及股份溢價		Bank loans 銀行貸款		Minority interests 少數股東權益	
		2004	2003	2004	2003	2004	2003
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January	於一月一日	647,602	647,571	538,788	530,468	51,352	41,334
Minority interests' in share of loss and exchange reserves	少數股東應佔 虧損及 匯兌儲備	-	-	-	-	6,045	2,844
Issue of ordinary shares	發行普通股	81,398	34	-	-	-	-
Share issue expenses	發行股份費用	(2,761)	(3)	-	-	-	-
Proceeds from new borrowings	新借貸款	-	-	589,552	571,630	-	-
Repayment of loans	償還貸款	-	-	(521,866)	(563,310)	-	-
Dividends	股息	-	-	-	-	(4,234)	-
Cash injection by a minority shareholder	少數股東 現金注入	-	-	-	-	-	7,174
At 31st December	於十二月三十一日	726,239	647,602	606,474	538,788	53,163	51,352

NOTES TO ACCOUNTS

賬目附註

27. CONTINGENT LIABILITIES

27. 或然負債

		Group 本集團		Company 本公司	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元	2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Discounted letters of credit with recourse	有追索權之已貼現信用證	34,885	26,260	-	-
Bills of exchange discounted/endorsed with recourse	有追索權之已貼現/背書匯票	217,186	1,385	-	-
		252,071	27,645	-	-

Management anticipates that no material liabilities will arise from the above discounts of letters of credit or bill or bills endorsement which arose in the ordinary course of business.

管理層預計上述來自日常業務之信用證或票據貼現或票據背書將不會產生重大負債。

28. COMMITMENTS

28. 承擔

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

(a) 購買物業、廠房及設備之資本承擔：

		Group 本集團	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Contracted but not provided for	已簽約但未撥備	60,009	4,140

NOTES TO ACCOUNTS

賬目附註

28.COMMITMENTS (Continued)

28.承擔(續)

(b) Commitments under operating leases

As at 31st December 2004, the Group had future aggregate minimum lease payments under non-cancellable operating leases for land and buildings as follows:

		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Not later than one year	第一年內	1,778	8,837
Later than one year and not later than five years	第一年後至 第五年內	81	–
		1,859	8,837

(c) The Company did not have any material commitments as at 31st December 2003 and 2004.

(b) 經營租賃承擔

於二零零四年十二月三十一日，本集團根據不可撤銷之土地及樓宇之經營租賃而於未來支付之最低租賃付款總額如下：

(c) 本公司於二零零三年及二零零四年十二月三十一日並無任何重大承擔。

NOTES TO ACCOUNTS

賬目附註

29. RELATED PARTY TRANSACTIONS

29. 關聯方交易

Save as disclosed elsewhere in this set of accounts, the material related party transactions are as follows:

除在本賬目中其他附註披露之交易外，本集團重大關聯方交易詳情如下：

(a) Balances with related companies:

(a) 與關聯公司之餘額如下：

		Group		Company	
		2004	2003	2004	2003
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Due from related companies:	應收關聯公司：				
- Yungang Plastic Company Ltd. ("Yungang Plastic"), a company in which the Group had a 14.25% equity interest	- 雲港塑料有限公司 (雲港塑料)，本集團持有14.25%權益	-	116	-	-
- Foshan Midea Household Appliance Co., Ltd.* ("Midea Household Appliance")	- 佛山市美的家用電器有限公司* (「美的家電」)	527	-	-	-
- Foshan Midea Refrigerator Co., Ltd.* ("Midea Refrigerator")	- 佛山市美的冰箱有限公司* (「美的冰箱」)	714	-	-	-
- Guangdong Midea Commercial Air Conditioner & Equipment Co., Ltd.* ("Midea Commercial Air Conditioner")	- 廣東美的商用空調設備有限公司* (「美的商用空調」)	118	-	-	-
		1,359	116	-	-

* These are the related parties controlled by the ultimate holding company of the Company.

* 該等關聯公司為本公司最終控股公司所控制。

NOTES TO ACCOUNTS

賬目附註

29. RELATED PARTY TRANSACTIONS (Continued)

29. 關聯方交易 (續)

(a) Balances with related companies (Continued):

(a) 與關聯公司之餘額如下(續):

		Group		Company	
		本集團		本公司	
		2004	2003	2004	2003
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Due to related companies:	應付關聯公司:				
– Yungang Plastic	– 雲港塑料	–	1,497	–	–
– Xi'an Dongling, an associated company	– 西安東凌， – 聯營公司	3,735	4,674	–	–
– Hualing Polyfoam, an associated company	– 華凌泡沫 – 聯營公司	98	2,621	–	–
– Guangzhou Finance Company Limited ("Guangzhou Finance") *	– 越信隆財務有限公司 (越信隆)*	–	468	–	461
– Foshan Weishang Technology Industrial Development (Holding) Company Limited ("Foshan Weishang")**	– 佛山威尚科技產業 發展(集團) 有限公司 (「佛山威尚」)**	9,401	–	–	–
		13,234	9,260	–	461

* Guangzhou Finance, a wholly-owned subsidiary of Guangzhou International Trust and Investment Corporation ("GZITIC"), the former controlling shareholder of the Company.

** Foshan Weishang, a related party in which the ultimate holding company of the Company had significant impact.

The balances due from/to related companies are interest free and are repayable on demand.

* 越信隆是廣州國際信托投資公司(「廣州信托」)全資控股的子公司，廣州信托為本公司以前的控股股東。

** 佛山威尚，因本公司最終控股公司對其存在重大影響而確定為關聯方。

應收／應付關聯公司餘額免息且須按通知還款。

NOTES TO ACCOUNTS

賬目附註

29. RELATED PARTY TRANSACTIONS (Continued)

29. 關聯方交易 (續)

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

(b) 正常業務範圍內中與關聯公司進行的重大交易如下：

		Group 本集團	
		2004 HK\$'000 港幣千元	2003 HK\$'000 港幣千元
Purchases from Hualing Polyfoam	向華凌泡沫採購貨品	3,674	4,612
Purchases from and processing charges paid to Yungang Plastic	向雲港塑料採購貨品及支付加工費	1,071	1,931
Purchases from Xi'an Dongling	向西安東凌採購貨品	75	278
Sales to Yungang Plastic	向雲港塑料銷售	-	2,369
Sales to Midea Household Appliance	向美的家電銷售貨品	450	-
Sales to Midea Refrigerator	向美的冰箱銷售貨品	1,499	-
Sales to Midea Commercial Air Conditioner	向美的商用空調銷售貨品	101	-

The above transactions with related parties are conducted in the ordinary course of business at market price similar to those offered to/from third parties.

上述關連交易乃按日常業務過程中之市場價格或提供予第三方／向第三方收取之相若價格進行。

NOTES TO ACCOUNTS

賬目附註

30. SUBSEQUENT EVENTS

Save as disclosed in other notes to the accounts,

- (a) In the first quarter of 2005, the Midea Group has injected a loan of approximately HK\$50,000,000 and has provided guarantee to a bank for banking facilities of approximately HK\$56,000,000 extended to the Group.
- (b) On 4th January 2005, a consulting company (the "Plaintiff") has lodged an accusation of breach of consultancy contract against a PRC subsidiary of the Group. The compensation fee claimed by the Plaintiff was approximately HK\$ 2,820,000. In the opinion of legal counsel, it is too early to estimate the likelihood of an unfavourable outcome. The directors are of the opinion that even if the accusation is valid, there will be no material adverse effect on the financial position of the Group and consequently no provision has been made in these accounts.

30. 結算日後事項

除賬目其他附註所披露者外，

- (a) 於二零零五年第一季，美的集團向本集團提供約港幣50,000,000元之借款，並通過向銀行擔保，提供予本集團約港幣56,000,000元之銀行信貸。
- (b) 於二零零五年一月四日，一間顧問公司（「原告人」）就違反顧問合約而向本集團一間中國附屬公司提出起訴。原告人索償之賠償費用約為港幣2,820,000元。法律顧問認為，估計敗訴結果之可能性乃言之尚早。董事認為，即使有關起訴有效，將不會對本集團之財務狀況造成任何重大不利影響，因此並無於本賬目內作出撥備。

31. ULTIMATE HOLDING COMPANY

The shares of the Company held by Guangzhou International Group Co., Limited, the former ultimate holding company, were transferred to Midea International Corporation Company Limited, a subsidiary of Midea Group, on 11th November 2004. The directors regard Midea Group, a company incorporated in the PRC, as being the ultimate holding company from 11th November 2004 on.

31. 最終控股公司

由原最終控股公司廣州國際集團有限公司所持之股份已於二零零四年十一月十一日轉讓予美的集團之附屬公司美的國際控股有限公司。董事認為，自二零零四年十一月十一日始，本公司之最終控股公司為在中國註冊成立之美的集團。

32. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 22nd April 2005.

32. 賬目通過

本年度賬目已於二零零五年四月二十二日由董事會通過。