



1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated accounts are set out below:

(a) Basis of preparation

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

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

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 34	:	Employee benefits

The adoption of these SSAPs has no significant effect to the accounts of the Group except for reclassification of cash flows presented in the consolidated cash flow statement into operating, investing and financing activities and the presentation of consolidated statement of changes in equity.

(b) 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 Group, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

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

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

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill arising on consolidation which was not previously charged or recognised in the consolidated profit and loss account.

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.



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1. PRINCIPAL ACCOUNTING POLICIES (continued)

(c) 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.

The balance sheet of subsidiaries 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 in the profit and loss account.

In prior years, the profit and loss of foreign enterprises was translated at closing rate. This is a change in accounting policy, however, the translation of the profit and loss of foreign enterprises in prior years has not been restated as the effect of this change is not material to the current and prior years.

(d) Negative goodwill

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

For acquisitions prior to 1st January 2001, negative goodwill was taken directly to reserves on acquisition.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for pre 1st January 2001 acquisitions, the related goodwill written off against reserves to the extent it has not previously been realised in the profit and loss account.

(e) Fixed assets

(i) Investment property

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

Investment property is valued at intervals of not more than three years by independent valuers; in each of the intervening years valuations are undertaken by professionally qualified executives of the Group. In the intervening years, the directors review the carrying value of the investment property and adjustment is made where they consider there has been a material change. Increases in valuation are credited to the investment property 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 profit and loss account.



1. PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Fixed assets (continued)

(ii) Leasehold land and buildings

Leasehold land and buildings are interests in land and buildings other than investment property and are stated at fair value which is determined by the directors based on independent valuations which are performed on a regular interval basis. The valuations are on an open market basis related to individual properties and separate values are not attributed to land and buildings. In the intervening years, the directors review the carrying value of the properties and adjustment is made where they consider that there has been a material change. Increases in valuation are credited to the land and buildings revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same property and are thereafter debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited. Upon the disposal of the property, the relevant portion of the realised revaluation reserve in respect of previous valuations is released from the revaluation reserve to the profit and loss account.

(iii) Other fixed assets

Other fixed assets, comprising plant and machinery, furniture and fixtures, office equipment, motor vehicles and company boat are stated at cost less accumulated depreciation and accumulated impairment losses.

(iv) Depreciation

Leasehold land is depreciated over the unexpired period of the lease. Depreciation on leasehold buildings is calculated to write off their costs or valuation less accumulated impairment losses on a straight line basis over the unexpired periods of the leases or their estimated useful lives whichever is shorter. The principal annual rates used for this purpose are 2.5%-5%.

Other fixed assets are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a reducing balance basis. The principal annual rates are as follows:

Leasehold improvements	20%
Plant and machinery	20%
Furniture and fixtures	15%-20%
Office equipment	20%
Motor vehicles	15%-20%
Company boat	20%

Improvements are capitalised and depreciated over their expected useful lives to the Group.



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1. PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Fixed assets (continued)

(v) *Impairment and gain or loss on sales*

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in other fixed assets 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 profit and loss except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset other than investment property is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

(f) Assets under hire purchase/leases

(i) *Hire purchase*

Contracts that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as hire purchase. Assets are capitalised at the inception of the hire purchase at the lower of the fair value of the assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and hire purchase charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of hire purchase charges, are included in long-term liabilities. The hire purchase charges are charged to the profit and loss account over the lease periods.

Assets held under hire purchase are depreciated over the shorter of their estimated useful lives or the lease periods.

(ii) *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 profit and loss account on a straight-line basis over the lease periods.



1. PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Investment securities

Investment securities are stated at cost less any provision for impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investment securities will be reduced to its fair value. The impairment loss is recognised as an expense in the profit and loss account. This impairment loss is written back to profit and loss when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items on the first-in first-out basis and are arrived at as follows:

- (i) Raw material purchased for use in the manufacturing process – invoiced price and shipping costs.
- (ii) Work in progress and finished manufactured goods – costs of direct materials, direct labour and an appropriate proportion of production overheads.
- (iii) Finished goods purchased for resale – invoiced price and shipping costs.

Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(i) Trade receivables

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

(j) 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, deposits held at call with banks, bank overdrafts and trust receipt loans.



1. PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Employee benefits

(i) Employee leave entitlements

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

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(ii) Bonus plans

The expected cost of bonus payment are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(iii) Retirement benefit costs

The Group contributes to a defined contribution retirement scheme which is available to all relevant employees. Contributions to the scheme by the Group and employees are calculated as a percentage of employees' basic salaries, bonus, commission and housing allowances.

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

The assets of the scheme are held separately from those of the Group in an independently administered fund.

(l) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(m) Contingent liabilities

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, they will then be recognised as a provision.



1. PRINCIPAL ACCOUNTING POLICIES (continued)

(n) 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.

(o) Borrowing costs

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

(p) 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 mainly corporate expenses. Segment assets consist primarily of fixed assets, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to fixed assets (note 11).

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

2. TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of electric cable and wire products. Revenues recognised during the year are as follows:

	2002 HK\$'000	2001 HK\$'000
Turnover		
Sale of goods	227,635	205,510
Other revenues		
Gross rental income from investment property	206	12
Interest income	5	8
	211	20
Total revenues	227,846	205,530



FOR THE YEAR ENDED 31ST DECEMBER 2002

2. TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

An analysis of the Group's turnover and contribution to operating profit/(loss) for the year by principal activities and markets is as follows:

Business segment

	Manufacturing of cable and wire products 2002 HK\$'000	Trading of cable and wire products 2002 HK\$'000	Investment holdings 2002 HK\$'000	Group 2002 HK\$'000
Turnover	138,846	88,764	25	227,635
Segment results	42,043	15,315	–	57,358
Unallocated costs				(45,841)
Operating profit				11,517
Finance costs				(1,454)
Profit before taxation				10,063
Taxation				(1,309)
Profit attributable to shareholders				8,754
Segment assets	77,123	69,477	40,303	186,903
Unallocated assets	–	–	–	–
Total assets				186,903
Segment liabilities	20,118	15,494	1,290	36,902
Unallocated liabilities	–	–	–	29,627
Total liabilities				66,529
Capital expenditure	1,526	96	–	1,622
Depreciation and amortisation	6,095	1,895	1,313	9,303
Other non-cash expenses	–	–	–	–

There are no sales or other transactions between the business segments.



2. TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

Business segment (continued)

	Manufacturing of cable and wire products 2001 HK\$'000	Trading of cable and wire products 2001 HK\$'000	Investment holdings 2001 HK\$'000	Group 2001 HK\$'000
Turnover	138,245	67,265	–	205,510
Segment results	31,256	5,419	–	36,675
Unallocated costs				(42,693)
Operating loss				(6,018)
Finance costs				(3,166)
Loss before taxation				(9,184)
Taxation				(1,506)
Loss attributable to shareholders				(10,690)
Segment assets	74,906	67,668	43,507	186,081
Unallocated assets				–
Total assets				186,081
Segment liabilities	22,298	6,518	1,152	29,968
Unallocated liabilities				42,503
Total liabilities				72,471
Capital expenditure	3,323	670	5	3,998
Depreciation and amortisation	7,033	2,203	1,623	10,859
Other non-cash expenses	166	536	–	702

There are no sales or other transactions between the business segments.



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2. TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

Geographical segment

	Segment		Total assets 2002 HK\$'000	Capital expenditure 2002 HK\$'000
	Turnover	results		
	2002 HK\$'000	2002 HK\$'000		
Hong Kong	153,254	32,784	80,784	96
The People's Republic of China	24,767	9,508	95,593	1,526
Other Asian countries	20,889	6,043	2,980	–
America	18,573	6,490	6,945	–
Europe	2,408	548	601	–
South Africa	7,744	1,985	–	–
	227,635	57,358	186,903	1,622
Unallocated costs		(45,841)		
Operating profit		11,517		

	Segment		Total assets 2001 HK\$'000	Capital expenditure 2001 HK\$'000
	Turnover	results		
	2001 HK\$'000	2001 HK\$'000		
Hong Kong	138,934	23,676	79,060	2,357
The People's Republic of China	21,911	4,568	100,486	1,641
Other Asian countries	19,879	3,648	3,691	–
America	14,038	2,719	2,216	–
Europe	3,504	409	628	–
South Africa	7,244	1,655	–	–
	205,510	36,675	186,081	3,998
Unallocated costs		(42,693)		
Operating loss		(6,018)		

Sales are based on the country in which the customers are located. There are no sales between the geographical segments.



3. OPERATING PROFIT/(LOSS)

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

	2002 HK\$'000	2001 HK\$'000
Amortisation of leasehold land	707	754
Auditors' remuneration	720	685
Cost of inventories	130,092	131,975
Depreciation:		
Owned fixed assets other than leasehold land	8,103	9,373
Fixed assets held under hire purchase contracts	493	732
Loss on disposal of fixed assets	-	620
Operating lease rentals in respect of land and buildings	327	270
Outgoings in respect of investment property	25	120
Provision for bad and doubtful debts	296	-
Staff costs including directors' emoluments (Note 9)	34,856	30,694

4. FINANCE COSTS

	2002 HK\$'000	2001 HK\$'000
Interest on bank loans and overdrafts		
Wholly repayable within five years	1,046	2,319
Not wholly repayable within five years	358	685
Interest element of hire purchase contracts	50	162
	1,454	3,166

5. TAXATION

- (a) Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the year.

No provision for overseas taxation had been made in 2001 and 2002 as the Group's overseas subsidiaries had no assessable or taxable profits calculated in accordance with the tax law of the countries in which they operated.

The amount of taxation charged to the consolidated profit and loss account represents:

	2002 HK\$'000	2001 HK\$'000
Hong Kong profits tax	1,578	734
Under provision in previous year	-	652
Deferred taxation (note 5(b))	(269)	120
	1,309	1,506



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5. TAXATION (continued)

(b) Deferred taxation for the year has been provided as follows:

	2002 HK\$'000	2001 HK\$'000
Provision at 1st January	2,068	1,948
Transferred (to)/ from profit and loss account (note 5(a))	(269)	120
Provision at 31st December (note 21)	1,799	2,068

	2002 HK\$'000	2001 HK\$'000
Provided for in respect of:		
Accelerated depreciation allowances	1,799	2,068
Other timing differences	-	-
	1,799	2,068

Deferred taxation represents the net tax effect of timing differences arising from accelerated depreciation allowances which is expected to crystallise in the foreseeable future. There was no material deferred taxation not provided for the year.

6. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The profit/(loss) attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$97,000 (2001: loss of HK\$539,000).

7. DIVIDENDS

	2002 HK\$'000	2001 HK\$'000
Interim, paid, of HK\$0.01 (2001: HK\$Nil) per ordinary share	1,990	-
Final, proposed, of HK\$0.01 (2001: HK\$Nil) per ordinary share	1,990	-
	3,980	-

At a meeting held on 27th March 2003, the directors proposed a final dividend of HK\$0.01 per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2003.



8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the Group's profit attributable to shareholders of HK\$8,754,000 (2001: loss of HK\$10,690,000) and on the weighted average number of 198,958,000 (2001: 198,958,000) ordinary shares in issue during the year.

No diluted earnings/(loss) per share is presented as there is no potential dilutive ordinary share during the year.

9. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2002 HK\$'000	2001 HK\$'000
Wages and salaries	33,740	29,685
Termination benefits	17	358
Social security costs	606	205
Pension costs – contribution to MPF scheme	377	368
Other benefits	116	78
	34,856	30,694

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

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

	2002 HK\$'000	2001 HK\$'000
Fees	60	60
Basic salaries, housing allowances, other allowances and benefits in kind	7,889	4,374
Discretionary bonuses	1,092	1,990
Contributions to MPF scheme for directors	60	52
	9,101	6,476

Directors' fee disclosed in years 2001 and 2002 represented fees paid to an independent non-executive director. Another independent non-executive director did not receive any emolument during the year (2001: HK\$Nil).

No directors waived their emoluments in respect of the years ended 31st December 2002 and 2001.



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

(a) Directors' emoluments (continued)

The emoluments of the directors fell within the following bands:

Emoluments bands	Number	
	2002	2001
HK\$Nil – HK\$1,000,000	3	5
HK\$1,000,001 – HK\$2,000,000	2	1
HK\$2,000,001 – HK\$3,000,000	1	1
HK\$3,000,001 – HK\$4,000,000	1	–
	7	7

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year were also directors and their emoluments are reflected in the analysis presented above.

The five individuals whose emoluments were the highest in the Group for 2001 included 4 directors whose emoluments are reflected in the analysis presented above. The emolument payable to the remaining 1 individual for 2001 are as follows:

	2002 HK\$'000	2001 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	–	808
Discretionary bonuses	–	500
Contributions to MPF scheme	–	12
	–	1,320

The emoluments fell within the following bands:

Emoluments bands	Number	
	2002	2001
HK\$1,000,001 – HK\$2,000,000	–	1

During the years ended 31st December 2002 and 2001, no amounts have been paid in respect of directors' or past directors' pensions or for any compensation to directors or past directors in respect of loss of office.



11. FIXED ASSETS – GROUP

	Land and buildings		Investment property	Leasehold improvements	Plant and machinery	Furniture				Total
	Outside					Office equipment	Motor vehicles	Company boat		
	In Hong Kong, held under	Hong Kong, held under								
	lease of between 10 to 50 years	lease of between 10 to 50 years								
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
Cost or valuation:										
At 1st January 2002	36,000	44,000	2,200	2,037	58,075	4,861	4,327	4,615	3,261	159,376
Additions	-	-	-	14	961	49	389	209	-	1,622
At 31st December 2002	36,000	44,000	2,200	2,051	59,036	4,910	4,716	4,824	3,261	160,998
Accumulated depreciation:										
At 1st January 2002	419	892	-	490	31,025	2,455	1,948	2,468	2,366	42,063
Charge for the year	828	1,785	-	285	4,907	442	487	406	163	9,303
At 31st December 2002	1,247	2,677	-	775	35,932	2,897	2,435	2,874	2,529	51,366
Net book value:										
At 31st December 2002	34,753	41,323	2,200	1,276	23,104	2,013	2,281	1,950	732	109,632
At 31st December 2001	35,581	43,108	2,200	1,547	27,050	2,406	2,379	2,147	895	117,313



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11. FIXED ASSETS – GROUP (continued)

The analysis of the cost or valuation at 31st December 2002 of the above assets is as follows:

	Land and buildings		Investment property	Leasehold improvements	Plant and machinery	Furniture and fixtures	Office equipment	Motor vehicles	Company boat	Total
	Outside									
	In Hong Kong, held under lease of between 10 to 50 years	Hong Kong, held under lease of between 10 to 50 years								
	HKS'000	HKS'000								
At cost	-	-	-	2,051	59,036	4,910	4,716	4,824	3,261	78,798
At professional valuation										
- 2001	36,000	44,000	2,200	-	-	-	-	-	-	82,200
	36,000	44,000	2,200	2,051	59,036	4,910	4,716	4,824	3,261	160,998

The analysis of the cost or valuation at 31st December 2001 of the above assets is as follows:

At cost	-	-	-	2,037	58,075	4,861	4,327	4,615	3,261	77,176
At professional valuation										
- 2001	36,000	44,000	2,200	-	-	-	-	-	-	82,200
	36,000	44,000	2,200	2,037	58,075	4,861	4,327	4,615	3,261	159,376

Net book value of hire purchase assets:

At 31st December 2002	-	-	-	-	1,124	-	-	138	-	1,262
At 31st December 2001	-	-	-	-	2,464	-	-	816	-	3,280

- (a) Investment property was revalued at 30th June 2001 on the basis of their open market value by DTZ Debenham Tie Leung Limited, an independent firm of chartered surveyors employed by the Group. The deficits arising on the revaluation amounted to HK\$214,000, was set off against the revaluation reserve brought forward from previous year. The revaluation does not constitute a timing difference for tax purpose.

Other properties were revalued at 30th June 2001 on the basis of open market value carried out by DTZ Debenham Tie Leung Limited, an independent firm of chartered surveyors. The deficits arising on the revaluation amounted to HK\$6,306,000. HK\$3,406,000 was set off against revaluation reserve brought forward from previous year and the remaining of HK\$2,900,000 was charged to the consolidated profit and loss account of 2001. The revaluation of the Group's other properties do not constitute timing differences for tax purpose.



11. FIXED ASSETS – GROUP (continued)

The directors have reviewed the carrying value of investment property and other properties as at 31st December 2002 and are of the opinion that there is no material changes in carrying value of the assets since the date of the previous valuation.

- (b) The carrying amount of these land and buildings and investment property would have been HK\$63,867,547 (2001: HK\$66,001,910) and HK\$1,078,368 (2001: HK\$1,110,610) respectively had they been stated at cost less accumulated depreciation and accumulated impairment losses.
- (c) At 31st December 2002, net book value of land and buildings and investment property pledged as security for the Group's long-term bank loans amounted to HK\$34,753,000 (2001: HK\$37,781,000).

12. INVESTMENTS IN SUBSIDIARIES

Company

	2002 HK\$'000	2001 HK\$'000
Unlisted shares, at cost	62,748	62,748

Details of the Company's subsidiaries are set out in note 28.

13. INVESTMENT SECURITIES

Group

	2002 HK\$'000	2001 HK\$'000
Investment securities, at cost		
Shares listed in Hong Kong	146	146
Provision for impairment losses		
Shares listed in Hong Kong	(131)	(131)
	15	15
Market value of listed shares	16	13



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14. INVENTORIES

	Group	
	2002 HK\$'000	2001 HK\$'000
Raw materials	18,454	15,179
Work in progress	1,305	1,673
Finished goods	5,504	4,560
	25,263	21,412
Provision	(1,749)	(1,306)
	23,514	20,106

As 31st December 2002, the carrying amount of inventories that are carried at net realisable value amounted approximately to HK\$1,749,000 (2001: HK\$1,300,000).

15. TRADE RECEIVABLES

At 31st December 2002, the ageing analysis of trade receivables were as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Current – 3 months	46,120	41,468
4 – 6 months	1,693	4,001
Over 7 months	534	432
	48,347	45,901
Provision	(687)	(453)
	47,660	45,448

Payment terms with customers are largely on credit with the exception of new customers, which are on cash on delivery basis. Invoices are normally payable within 60 to 90 days of issuance. Longer payment terms might grant to those customers which have good payment history and have long-term business relationship with the Group.



16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments are loans to certain directors of the Company. The information in relation to the disclosure pursuant to section 161B of the Companies Ordinance is as follows:

Name	Terms of the loan	Maximum	Amount	Amount
		amounts outstanding during the year	outstandings at 31st December 2002	outstandings at 31st December 2001
		HK\$'000	HK\$'000	HK\$'000
Mr Mon Chung Hung	Unsecured, interest-free and repayable on demand	501	–	–
Mr Siu Yuk Shing, Marco	Unsecured, interest-free and repayable on demand	900	–	–
Mr Li Ho Cheong	Unsecured, interest-free and repayable on demand	682	–	–
Ms Koo Di An, Louise	Unsecured, interest-free and repayable on demand	11	–	–

17. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayments.

18. TRADE PAYABLES

At 31st December 2002, the ageing analysis of trade payables were as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Current – 3 months	22,312	17,618
4 – 6 months	3,190	3,159
Over 7 months	125	–
	25,627	20,777

Payment terms granted by the suppliers are largely on credit. Invoices are normally payable within 30 to 90 days.



FOR THE YEAR ENDED 31ST DECEMBER 2002

19. SHARE CAPITAL

	Authorised Ordinary shares of HK\$0.10 each	
	No. of shares	HK\$'000
At 1st January 2001 and at 31st December 2001	500,000,000	50,000
At 1st January 2002 and at 31st December 2002	500,000,000	50,000

	Issued and fully paid Ordinary shares of HK\$0.10 each	
	No. of shares	HK\$'000
At 1st January 2001 and at 31st December 2001	198,958,000	19,896
At 1st January 2002 and at 31st December 2002	198,958,000	19,896

20. RESERVES

Group

	Share premium HK\$'000	Reserve arising on consolidation HK\$'000	Land and buildings revaluation reserve HK\$'000	Capital redemption HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st January 2002	15,885	11,808	1,286	104	64,631	93,714
Profit for the year	-	-	-	-	8,754	8,754
Interim dividend paid (Note 7)	-	-	-	-	(1,990)	(1,990)
At 31st December 2002	15,885	11,808	1,286	104	71,395	100,478

Representing:

2002 final dividend proposed	1,990
Others	69,405

Retained earnings as at 31st December 2002

71,395

Group

	Share premium HK\$'000	Reserve arising on consolidation HK\$'000	Land and buildings revaluation reserve HK\$'000	Capital redemption HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st January 2001, as previously reported	15,885	11,808	4,906	104	77,311	110,014
Loss for the year	-	-	-	-	(10,690)	(10,690)
2000 final dividend paid	-	-	-	-	(1,990)	(1,990)
Deficit on revaluation of properties (Note 11(a))	-	-	(3,620)	-	-	(3,620)
At 31st December 2001	15,885	11,808	1,286	104	64,631	93,714



20. RESERVES (continued)

Company

	Share premium HK\$'000	Contributed surplus (note) HK\$'000	Capital redemption HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st January 2002	15,885	62,548	104	32,237	110,774
Profit for the year	–	–	–	97	97
Interim dividend paid (Note 7)	–	–	–	(1,990)	(1,990)
At 31st December 2002	15,885	62,548	104	30,344	108,881

Representing:

2002 final dividend proposed	1,990
Others	28,354

Retained earnings as at 31st December 2002 30,344

Company

	Share premium HK\$'000	Contributed surplus (note) HK\$'000	Capital redemption HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1st January 2001	15,885	62,548	104	34,766	113,303
Loss for the year	–	–	–	(539)	(539)
2000 final dividend paid	–	–	–	(1,990)	(1,990)
At 31st December 2001	15,885	62,548	104	32,237	110,774

Note:

The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired in connection with the reorganisation of the Group prior to its listing on the Stock Exchange, and represents the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act of 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders. At Group level, the contributed surplus is reclassified into its component reserves of the underlying subsidiaries.



21. LONG-TERM LIABILITIES

	Group	
	2002 HK\$'000	2001 HK\$'000
Bank loans – secured	10,049	14,166
Obligations under hire purchase contracts	437	1,438
Deferred taxation (note 5(b))	1,799	2,068
	12,285	17,672
Current portion of long-term liabilities	(2,266)	(5,117)
	10,019	12,555

	Group	
	2002 HK\$'000	2001 HK\$'000
The analysis of the above is as follows:		
Bank loans – secured (note 25)		
Wholly repayable within five years	6,988	9,758
Not wholly repayable within five years	3,061	4,408
	10,049	14,166
Obligations under hire purchase contracts		
Wholly repayable within five years	437	1,438
	10,486	15,604
Current portion of long-term liabilities		
– bank loans	(1,912)	(4,116)
– hire purchase	(354)	(1,001)
	8,220	10,487

Hire purchase wholly repayable within five years are repayable by instalments from 1st January 2003 to 31st July 2004. Interest is charged on the outstanding balances at 4.5% to 10.75% (2001: 4.5% to 10.75%).



21. LONG-TERM LIABILITIES (continued)

At 31st December 2002, the Group's bank loans and overdrafts (excluding obligations under hire purchase contracts) were repayable as follows:

	Bank overdrafts		Bank loans	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Within one year	–	8,725	1,912	4,116
In the second year	–	–	1,203	1,907
In the third to fifth year	–	–	3,873	3,735
After the fifth year	–	–	3,061	4,408
	–	8,725	10,049	14,166

At 31st December 2002, the Group's obligations under hire purchase contracts were repayable as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Within one year	368	1,052
In the second year	84	368
In the third to fifth year	–	84
	452	1,504
Future finance charges on hire purchase	(15)	(66)
Present value of hire purchase liabilities	437	1,438

The present value of hire purchase contracts liabilities is as follows:

	Group	
	2002 HK\$'000	2001 HK\$'000
Within one year	354	1,001
In the second year	83	354
In the third to fifth year	–	83
	437	1,438



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22. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2002 HK\$'000	2001 HK\$'000
Operating profit/(loss)	10,063	(9,184)
Interest income	(5)	(8)
Interest on bank loans and overdrafts	1,404	3,004
Interest element of hire purchase contracts	50	162
Loss on disposal of fixed assets	–	620
Revaluation deficit on leasehold land and buildings not covered by previous surplus	–	2,900
Amortisation of leasehold land	707	754
Depreciation of owned fixed assets other than leasehold land	8,103	9,373
Depreciation of fixed assets held under hire purchase contracts	493	732
Write back of provision for unlisted investment securities and related litigation costs	–	(2,580)
(Increase)/decrease in inventories	(3,408)	7,103
(Increase)/decrease in trade receivables, other receivables, deposits and prepayments	(2,689)	12,306
Decrease in bills receivable	–	1,196
Increase/(decrease) in trade payables, other payables and accruals	6,934	(2,458)
Net cash inflow generated from operations	21,652	23,920



22. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

	Share capital including				Obligations under hire			
	share premium		Bank loans		purchase contracts		Dividend proposed	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
At 1st January	35,781	35,781	14,166	18,119	1,438	2,378	-	1,990
Repayment of bank loans	-	-	(4,117)	(3,953)	-	-	-	-
Inception of hire purchase contracts	-	-	-	-	-	702	-	-
Repayment of capital element of hire purchase contracts	-	-	-	-	(1,001)	(1,642)	-	-
Interim dividend declared	-	-	-	-	-	-	1,990	-
2000 Final dividend paid	-	-	-	-	-	-	-	(1,990)
Interim dividend paid	-	-	-	-	-	-	(1,990)	-
Final dividend proposed	-	-	-	-	-	-	1,990	-
At 31st December	35,781	35,781	10,049	14,166	437	1,438	1,990	-

(c) Major non-cash transactions

During the year, the Group did not enter into hire purchase arrangements in respect of assets with capital value at inception of such arrangements (2001: HK\$702,000).

23. CONTINGENT LIABILITIES

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Bills of exchange discounted with recourse	838	770	-	-

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



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24. COMMITMENTS

(a) Capital commitment

At 31st December 2002, the Group had the following capital commitment for consumables:

	Group	
	2002 HK\$'000	2001 HK\$'000
Contracted but not provided for	–	31

At 31st December 2002, the Group had the following capital commitment for investment in a subsidiary:

	Group	
	2002 HK\$'000	2001 HK\$'000
Contracted but not provided for	7,000	–

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(b) Commitments under operating leases

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

	Land and buildings	
	2002 HK\$'000	2001 HK\$'000
Not later than one year	79	99
Later than one year and not later than five year	7	86
	86	185

The Company did not have any other commitments at 31st December 2002 (2001: HK\$Nil).



25. PLEDGE OF ASSETS

At 31st December 2002, the Group's banking facilities amounting to approximately HK\$75 million (2001: HK\$72 million) were secured by the following:

- (a) legal charges over certain land and buildings and investment property of the Group with a total net book value of HK\$34,753,000 (2001: HK\$37,781,000);
- (b) corporate guarantees given by the Company; and
- (c) a deed of guarantee executed by the Company amounting to HK\$33 million (2001: HK\$33 million).

26. ULTIMATE HOLDING COMPANY

The Directors of the Company regard Spector Holdings Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company.

27. APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 27th March 2003.

28. SUBSIDIARIES

At 31st December 2002, the Company held shares in the following subsidiaries:

Name	Place of incorporation/ establishment	Paid up share capital/ registered capital	Principal activities	Interest	
				2002	2001
Shares held directly					
Perennial Limited	British Virgin Islands	Ordinary US\$1,200	Investment holding and provision of sourcing and management services	100%	100%
Shares held indirectly					
Ever Peak Development Limited	Hong Kong	Ordinary HK\$3	Property holding	100%	100%
Glitter Wire & Cable Company, Limited	Hong Kong	Ordinary HK\$500 Non-voting deferred HK\$2,000,000	Property holding	100%	100%



28. SUBSIDIARIES (continued)

Name	Place of incorporation/ establishment	Paid up share capital/ registered capital	Principal activities	Interest	
				2002	2001
Shares held indirectly (continued)					
*,@ New Technology Cable Limited	Hong Kong	Ordinary HK\$1,000 Non-voting Deferred HK\$10,000,000	Manufacturing and sale of electric cables and wires	100%	100%
NTC Services Limited	Hong Kong	Ordinary HK\$10,000	Provision of staff management services	100%	100%
Perennial Cable (H.K.) Limited	Hong Kong	Ordinary HK\$2,000,000	Trading of electric cables, wires and accessories	100%	100%
* Perennial Cable Limited Islands	British Virgin	Ordinary US\$1	Investment and property holding, manufacturing and sale of electric cables, wires and accessories	100%	100%
# Perennial Cable (Shenzhen) Co., Limited	Mainland China	HK\$21,000,000	Manufacturing of electric cables and wires	100%	100%
* Perennial Plastics (H.K.) Limited	Hong Kong	Ordinary HK\$2	Manufacturing and sale of plastic resins and compounds	100%	100%
Perennial Plastics Limited	British Virgin Islands	Ordinary US\$50,000	Investment holding	100%	100%
Perennial Investments (H.K.) Limited	Hong Kong	Ordinary HK\$10,000	Investment holding	100%	100%
Perennial Cable (Macao) Limited (formerly known as NTC Cableworks Limited)	British Virgin Islands	Ordinary US\$2	Trading of electric cables, wires and accessories	100%	100%



28. SUBSIDIARIES (continued)

Name	Place of incorporation/ establishment	Paid up share capital/ registered capital	Principal activities	Interest	
				2002	2001
Shares held indirectly (continued)					
New Technology Cable (UK) Limited	United Kingdom	Ordinary GBP1	License holding	100%	–
New Technology Cable Pte. Limited	Singapore	Ordinary SG\$2	License holding	100%	–
Shinka K.K.	Japan	Ordinary JPY10,000,000	License holding	100%	–

Save as noted below, the above companies operate principally in Hong Kong instead of their respective place of incorporation/establishment, except for Perennial Cable (Macao) Limited where operating activities are carried out in Macau.

* The manufacturing activities of these companies are performed by sub-contractors in the Mainland China.

Perennial Cable (Shenzhen) Co., Limited, one of the Company's subsidiaries, is not audited by PricewaterhouseCoopers, Hong Kong. The net assets of this subsidiary amounted to 5.1% of the Group's total net assets.

@ Subsequently to the year end, the PRC factory of New Technology Cable Limited is planned to be wound up.