

## NOTES TO THE ACCOUNTS (Continued)

### 24 SHORT TERM LOANS

	Group		Company	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Short term bank loans, secured	22,842	85,122	-	-
Short term bank loans, unsecured	526,526	147,664	450,000	30,000
	<b>549,368</b>	232,786	<b>450,000</b>	30,000

### 25 PENSIONS OBLIGATIONS

	Group	
	2003	2002
	HK\$'000	HK\$'000
Obligations on:		
- pensions - defined contribution plans (note (a))	6,188	6,640
- pensions - defined benefits plans (note (b))	11,372	7,642
	<b>17,560</b>	14,282

Notes:

(a) Pensions - defined contribution plans

Forfeited contributions totalling HK\$2,981,000 (2002: HK\$4,370,000) were utilised during the year.

Contributions totalling HK\$6,188,000 (2002: HK\$6,640,000) were payable to the fund at the year end and are included in accounts payable and accruals.

(b) Pensions - defined benefits plans

The group operates a defined benefit retirement scheme providing benefits to eligible employees located in Taiwan under the local regulations.

The pension plan is a final salary defined benefit plan. The assets of the funded plan are held separately from those of the group, being invested through a central trust fund. The plan is valued by a qualified actuary annually using the projected unit credit method. The latest valuation of the defined benefit plan in Taiwan was carried out as of 31 December 2003 by PricewaterhouseCoopers. This valuation showed that the aggregate past service liabilities were fully covered by net assets available for benefits.

The amounts recognised in the balance sheet are determined as follows:

	Group	
	2003	2002
	HK\$'000	HK\$'000
Present value of funded obligations	29,449	21,278
Fair value of plan assets	(13,974)	(11,214)
	<b>15,475</b>	10,064
Unrecognised actuarial losses	(4,103)	(2,422)
	<b>11,372</b>	7,642

## **NOTES TO THE ACCOUNTS** (Continued)

### **25 PENSIONS OBLIGATIONS** (Continued)

#### (b) Pensions - defined benefits plans (Continued)

The amounts recognised in the profit and loss account were as follows:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Current service cost	5,338	3,197
Interest cost	911	580
Expected return on plan assets	(367)	(347)
	<b>5,882</b>	<b>3,430</b>

Movement in the liability recognised in the balance sheet:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
At 1 January	7,642	6,224
Exchange differences	162	297
Total expense - as shown above	5,882	3,430
Contributions paid	(2,314)	(2,309)
	<b>11,372</b>	<b>7,642</b>

The principal actuarial assumptions used were as follows:

	<b>Group</b>	
	<b>2003</b>	2002
	%	%
Discount rate	3.50	4.00
Expected rate of return on plan assets	2.75	3.25
Expected rate of future salary increases	2.50	3.00

### **26 SHARE CAPITAL**

	<b>Number of ordinary shares of HK\$0.05 each</b>	<b>Nominal value</b>
		HK\$'000
Authorised:		
<b>At 1 January 2003 and 31 December 2003</b>	<b>1,300,000,000</b>	<b>65,000</b>
Issued and fully paid:		
<b>At 1 January 2003 and 31 December 2003</b>	<b>438,000,000</b>	<b>21,900</b>

## NOTES TO THE ACCOUNTS (Continued)

### 27 RESERVES

#### (a) Group

	Share premium	General reserve	Capital reserve	Legal reserve	Exchange fluctuation reserve	Capital redemption reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2003	602,026	70,000	1,171	7,468	(1,869)	40,118	2,533,418	3,252,332
Arising on consolidation								
- subsidiaries	-	-	-	-	(5,773)	-	-	(5,773)
- jointly controlled entities	-	-	-	-	1,504	-	-	1,504
- associated companies	-	-	-	-	686	-	-	686
Exchange translation								
differences	-	-	-	-	(21,016)	-	21,016	-
Profit for the year	-	-	-	-	-	-	440,998	440,998
Transfers	-	-	(307)	363	-	-	(56)	-
2002 Final dividend paid								
(note 10)	-	-	-	-	-	-	(328,500)	(328,500)
2003 Interim dividend paid								
(note 10)	-	-	-	-	-	-	(87,600)	(87,600)
<b>At 31 December 2003</b>	<b>602,026</b>	<b>70,000</b>	<b>864</b>	<b>7,831</b>	<b>(26,468)</b>	<b>40,118</b>	<b>2,579,276</b>	<b>3,273,647</b>
Representing:								
2003 Final dividend							262,800	
proposed								
Others							2,316,476	
<b>Retained earnings</b>								
<b>at 31 December 2003</b>							<b>2,579,276</b>	
Company and subsidiaries	602,026	70,000	864	7,831	(18,303)	40,118	2,642,629	3,345,165
Jointly controlled entities	-	-	-	-	(7,620)	-	(46,933)	(54,553)
Associated companies	-	-	-	-	(545)	-	(16,420)	(16,965)
<b>At 31 December 2003</b>	<b>602,026</b>	<b>70,000</b>	<b>864</b>	<b>7,831</b>	<b>(26,468)</b>	<b>40,118</b>	<b>2,579,276</b>	<b>3,273,647</b>

## NOTES TO THE ACCOUNTS (Continued)

### 27 RESERVES (Continued)

#### (a) Group (Continued)

	Share premium	General reserve	Capital reserve	Legal reserve	Exchange fluctuation reserve	Capital redemption reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2002	602,026	70,000	1,171	7,468	(10,465)	40,118	2,362,407	3,072,725
Arising on consolidation								
- subsidiaries	-	-	-	-	751	-	-	751
- jointly controlled entities	-	-	-	-	4,135	-	-	4,135
- associated companies	-	-	-	-	903	-	-	903
Exchange translation								
differences	-	-	-	-	2,807	-	(2,807)	-
Profit for the year	-	-	-	-	-	-	589,918	589,918
2001 Final dividend paid	-	-	-	-	-	-	(328,500)	(328,500)
2002 Interim dividend paid (note 10)	-	-	-	-	-	-	(87,600)	(87,600)
At 31 December 2002	602,026	70,000	1,171	7,468	(1,869)	40,118	2,533,418	3,252,332
Representing:								
2002 Final dividend proposed							328,500	
Others							2,204,918	
Retained earnings at 31 December 2002							<u>2,533,418</u>	
Company and subsidiaries	602,026	70,000	1,171	7,468	8,486	40,118	2,608,158	3,337,427
Jointly controlled entities	-	-	-	-	(9,124)	-	(65,784)	(74,908)
Associated companies	-	-	-	-	(1,231)	-	(8,956)	(10,187)
At 31 December 2002	602,026	70,000	1,171	7,468	(1,869)	40,118	2,533,418	3,252,332

## NOTES TO THE ACCOUNTS (Continued)

### 27 RESERVES (Continued)

#### (b) Company

	Share premium	General reserve	Capital redemption reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2003	602,026	70,000	40,118	2,428,959	3,141,103
Profit for the year	-	-	-	237,174	237,174
2002 Final dividend paid (note 10)	-	-	-	(328,500)	(328,500)
2003 Interim dividend paid (note 10)	-	-	-	(87,600)	(87,600)
<b>At 31 December 2003</b>	<b>602,026</b>	<b>70,000</b>	<b>40,118</b>	<b>2,250,033</b>	<b>2,962,177</b>
Representing:					
2003 Final dividend proposed				262,800	
Others				1,987,233	
<b>Retained earnings at 31 December 2003</b>				<b>2,250,033</b>	
At 1 January 2002	602,026	70,000	40,118	2,378,203	3,090,347
Profit for the year	-	-	-	466,856	466,856
2001 Final dividend paid	-	-	-	(328,500)	(328,500)
2002 Interim dividend paid (note 10)	-	-	-	(87,600)	(87,600)
<b>At 31 December 2002</b>	<b>602,026</b>	<b>70,000</b>	<b>40,118</b>	<b>2,428,959</b>	<b>3,141,103</b>
Representing:					
2002 Final dividend proposed				328,500	
Others				2,100,459	
<b>Retained earnings at 31 December 2002</b>				<b>2,428,959</b>	

In accordance with local laws and regulations of a subsidiary, the subsidiary is required to transfer certain gain on disposal of fixed assets and the gain on deemed disposal of its associated company to the capital reserve. The application of the capital reserve in respect of the gain on disposal of fixed assets is restricted to covering operating losses and conversion into share capital. The capital reserve in respect of the gain on disposal of fixed assets has been transferred back to retained earnings following the change of the local regulations during the year. The capital reserve in connection with the gain on deemed disposal of its associated company can only be used to cover operating losses.

In accordance with local laws of a subsidiary, the subsidiary is required to set aside 10% of annual net income less any accumulated deficit as legal reserve to the extent that the legal reserve amounts to total contributed share capital. The application of the legal reserve is restricted to covering operating losses and conversion into share capital.

## **NOTES TO THE ACCOUNTS** (Continued)

### **27 RESERVES** (Continued)

#### **(b) Company** (Continued)

The capital redemption reserve and share premium account of the group were set up in accordance with the requirements of the Hong Kong Companies Ordinance.

Distributable reserves, include retained earnings and general reserve, of the company at 31 December 2003, calculated under section 79B of the Hong Kong Companies Ordinance and amounted to HK\$2,320,033,000 (2002: HK\$2,498,959,000).

### **28 LONG TERM LIABILITIES**

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Loans, secured	<b>62,182</b>	76,626
Obligations under finance leases	<b>359</b>	462
	<b>62,541</b>	77,088
Amounts due within one year included under current liabilities	<b>(5,276)</b>	(21,499)
	<b>57,265</b>	55,589
The analysis of the above is as follows:		
Bank loans		
- wholly repayable within five years	<b>26,937</b>	51,160
- not wholly repayable within five years	<b>30,888</b>	20,988
	<b>57,825</b>	72,148
Other loans		
- wholly repayable within five years	<b>4,357</b>	4,478
	<b>62,182</b>	76,626
Obligations under finance leases		
- wholly repayable within five years	<b>359</b>	462
	<b>62,541</b>	77,088
Amounts due within one year included under current liabilities	<b>(5,276)</b>	(21,499)
	<b>57,265</b>	55,589

## **NOTES TO THE ACCOUNTS** (Continued)

### **28 LONG TERM LIABILITIES** (Continued)

At 31 December 2003, the group's bank loans and other loans (excluding finance lease liabilities) were repayable as follows:

	<b>Bank loans</b>		<b>Other loans</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
- within one year	<b>4,806</b>	21,208	<b>111</b>	102
- in the second year	<b>5,081</b>	8,818	<b>4,246</b>	111
- in the third to fifth year	<b>17,050</b>	21,133	-	4,265
- after the fifth year	<b>30,888</b>	20,989	-	-
	<b>57,825</b>	72,148	<b>4,357</b>	4,478

At 31 December 2003, the group's finance lease liabilities were repayable as follows:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
- within one year	<b>395</b>	245
- in the second year	-	245
- in the third to fifth year	-	57
	<b>395</b>	547
Future finance charges on finance leases	<b>(36)</b>	(85)
Present value of finance lease liabilities	<b>359</b>	462

The present value of finance lease liabilities is as follows:

- within one year	<b>359</b>	189
- in the second year	-	211
- in the third to fifth year	-	62
	<b>359</b>	462