

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Group are the research and development, manufacture and sales of rechargeable batteries and battery related accessories.

The Company acts as an investment holding company and the principal activities of its subsidiaries are set out in note 14.

The financial statements have been prepared in Renminbi, the currency in which the majority of the Group's transactions are denominated.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAP(s)") issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation.

The adoption of the new and revised SSAPs has resulted in the following changes to the Group's accounting policies that have affected the amounts reported for the current or prior periods.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) "Events after the Balance Sheet Date", dividends proposed or declared by the Company after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in notes to the financial statements. Similarly, dividends proposed or declared by subsidiaries after the balance sheet date are not recognised as an asset by the Company at the balance sheet date. This change in accounting policy has been applied retrospectively.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE (continued)

The financial effect of the adoption of the new and revised accounting policies described above is summarised below:

	THE GROUP Retained profits RMB'000	THE COMPANY Retained profits RMB'000
Balance at 1st January, 2000		
As originally stated	73,153	1,516
Derecognition of liability for final dividend payable for 1999	19,425	19,425
Derecognition of asset for subsidiary's final dividend receivable for 1999	–	(22,000)
As restated	92,578	(1,059)

Leases

SSAP 14 (Revised) "Leases" has introduced some amendments to the basis of accounting for finance and operating leases, and to the disclosures specified for the Group's leasing arrangements. These changes have not had any effect on the results for the current or prior accounting periods and, accordingly, no prior period adjustment has been required. Disclosures for all of the Group's leasing arrangements have been modified as to comply with the requirements of SSAP 14 (Revised). Comparative amounts have been restated in order to achieve a consistent presentation.

Segment reporting

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". Segment disclosures for the year ended 31st December, 2000 have been amended so that they are presented on a consistent basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties, plant and equipment and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Turnover

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers.

Revenue recognition

Sales of goods are recognised when the goods are delivered and the significant risks and rewards of the goods have been transferred.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Rental income under operating leases is recognised on a straight line basis over the terms of the relevant leases.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost or valuation less depreciation and amortisation and accumulated impairment losses.

Buildings and land use rights, plant and machinery and motor vehicles are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation, less any subsequent accumulated depreciation and amortisation and any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially for that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of buildings and land use rights, plant and machinery and motor vehicles is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Construction in progress represents buildings and machinery under construction and is stated at cost less any identified impairment loss. Cost comprises direct and indirect costs of acquisition or construction. No depreciation or amortisation is provided on construction in progress until the relevant asset is ready for its intended use. When the assets concerned are brought into use, the carrying amounts is transferred from construction in progress to the appropriate category of property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Leasehold improvements, furniture, fixtures and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation and amortisation is provided to write off the cost or valuation of items of property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight line method, on the following bases:

Leasehold improvements	Over the terms of the lease
Buildings and land use rights	20 to 50 years or over the remaining term of the relevant land use rights, if shorter
Plant and machinery	10 years
Furniture, fixtures and equipment	10 years
Motor vehicles	5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Foreign currencies

Transactions in currencies other than Renminbi are initially recorded at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of the Group's operations denominated in currencies other than Renminbi are translated at the rates ruling on the balance sheet date. Income and expense items are translated at the average rates for the period. All exchange differences arising on consolidation are dealt with in reserves and are recognised as income or expenses in the period in which the operation is disposed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed using the liability method, is recognised in the financial statements as deferred taxation to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, which is usually no more than 5 years.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Patents

Patents are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives, which is 5 to 20 years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Retirement benefits costs

Payments to defined contribution retirement benefits schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefits schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the terms of the relevant leases.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

BUSINESS SEGMENTS

For management purposes, the Group is currently organised into two operating divisions – sealed lead acid batteries and related accessories, and lithium ion batteries. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Sealed lead acid batteries and related accessories – manufacture and sale of sealed lead acid batteries and related accessories.

Lithium ion batteries – manufacture and sale of lithium ion batteries.

Segment information about these businesses is presented below.

2001

	Sealed lead acid batteries and related accessories RMB'000	Lithium ion batteries RMB'000	Others RMB'000	Consolidated RMB'000
TURNOVER				
External sales	463,032	5,561	5,610	474,203
RESULT				
Segment result	132,050	(3,137)	(8,156)	120,757
Unallocated corporate income				2,868
Unallocated corporate expenses				(6,960)
Profit from operations				116,665
Finance costs				(14,291)
Profit before taxation				102,374
Taxation				4,683
Profit after taxation				107,057

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

BUSINESS SEGMENTS – 2001 (continued)

BALANCE SHEET

	Sealed lead acid batteries and related accessories RMB'000	Lithium ion batteries RMB'000	Others RMB'000	Consolidated RMB'000
ASSETS				
Segment assets	679,817	76,262	20,783	776,862
Unallocated corporate assets				10,155
Consolidated total assets				787,017
LIABILITIES				
Segment liabilities	103,924	7,177	3,182	114,283
Unallocated corporate liabilities				241,089
Consolidated total liabilities				355,372

OTHER INFORMATION

	Sealed lead acid batteries and related accessories RMB'000	Lithium ion batteries RMB'000	Others RMB'000	Consolidated RMB'000
Capital additions	40,974	23,155	7,583	71,712
Depreciation and amortisation	12,868	3,070	336	16,274
Impairment losses recognised in income	4,600	–	–	4,600

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

2000

	Sealed lead acid batteries and related accessories RMB'000	Lithium ion batteries RMB'000	Others RMB'000	Consolidated RMB'000
TURNOVER				
External sales	324,777	65	772	325,614
RESULT				
Segment result	102,508	(1,498)	(3,322)	97,688
Unallocated corporate income				3,329
Unallocated corporate expenses				(4,511)
Profit from operations				96,506
Finance costs				(8,551)
Profit before taxation				87,955
Taxation				(7,607)
Profit after taxation				80,348

BALANCE SHEET

	Sealed lead acid batteries and related accessories RMB'000	Lithium ion batteries RMB'000	Others RMB'000	Consolidated RMB'000
ASSETS				
Segment assets	541,305	39,784	6,554	587,643
Unallocated corporate assets				30,719
Consolidated total assets				618,362
LIABILITIES				
Segment liabilities	82,318	4,802	231	87,351
Unallocated corporate liabilities				178,802
Consolidated total liabilities				266,153

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

BUSINESS SEGMENTS – 2000 (continued)

OTHER INFORMATION

	Sealed lead acid batteries and related accessories RMB'000	Lithium ion batteries RMB'000	Others RMB'000	Consolidated RMB'000
Capital additions	57,908	27,393	1,555	86,856
Depreciation and amortisation	9,892	180	96	10,168

GEOGRAPHICAL SEGMENTS

The Group is principally engaged in the sale of sealed lead acid batteries and related accessories and lithium ion batteries and substantially all of its activities are based in the People's Republic of China (the "PRC") including Hong Kong. Accordingly, no geographical analysis of financial information is provided.

5. OTHER OPERATING EXPENSES

	2001 RMB'000	2000 RMB'000
Revaluation decrease on property, plant and equipment	3,905	–
Impairment loss recognised in respect of property, plant and equipment	4,600	–
	8,505	–

Included in construction in progress are machines attributable to the sealed lead acid batteries and related accessories segment which were defective before they were brought into use. The Group has requested replacements with different model of machines. The vendor has denied the allegation that the fault was solely caused by them and has refused to compensate the Group in full. At the balance sheet date, the dispute was not yet settled and an impairment loss, being the excess of the carrying amount of the defective machines over the expected recoverable amount of those different models of machines amounting to RMB4,600,000 has been recognised in the consolidated income statement.

6. PROFIT FROM OPERATIONS

	2001	2000
	RMB'000	RMB'000
Profit from operations has been arrived at after charging:		
Directors' emoluments (note 8)	355	295
Retirement benefit scheme contributions (excluding contributions for directors)	486	170
Other staff costs	22,996	14,027
Total staff costs	23,837	14,492
Auditors' remuneration	1,094	850
Depreciation and amortisation of property, plant and equipment	16,080	10,168
Loss on disposal of property, plant and equipment	555	–
Amortisation of patents (included in administrative expenses)	194	–
Research and development costs expensed	2,079	1,500
and after crediting:		
Bank interest income	2,171	1,628
Other interest income	697	1,701

7. FINANCE COSTS

	2001	2000
	RMB'000	RMB'000
Interest payable on:		
Bank loans wholly repayable within five years	14,275	8,435
Other loans wholly repayable within five years	16	116
	14,291	8,551

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Particulars of the emoluments of the directors and the five highest paid employees are as follows:

(a) Directors' emoluments

	2001 RMB'000	2000 RMB'000
Directors' fees	–	–
Other emoluments		
Salaries and other benefits	345	283
Retirement benefit scheme contributions	10	12
	355	295

The amounts disclosed above include other emoluments of RMB21,400 (2000: Nil) paid to an independent non-executive director.

The aggregate emoluments of each of the directors during the years ended 31st December, 2001 and 2000 were less than RMB1,000,000.

(b) Employees' emoluments

During the year, the five highest paid individuals of the Group included three directors (2000: two directors), details of whose emoluments are set out above. The emoluments of the remaining highest paid individuals are as follows:

	2001 RMB'000	2000 RMB'000
Salaries and other benefits	1,149	988

The aggregate emoluments of each of the employees during the years ended 31st December, 2001 and 2000 were less than RMB1,000,000.

During the years ended 31st December, 2001 and 2000, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees), as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, during the years ended 31st December, 2001 and 2000, no directors waived any emoluments.

9. TAXATION

	2001 RMB'000	2000 RMB'000
The charge comprises:		
PRC income tax	–	6,499
Under-provision in prior years	–	809
Deferred tax (credit) charge (note 23)	(4,683)	299
	(4,683)	7,607

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group's income neither arises in, nor is derived from, Hong Kong.

In year ended 31st December, 2000, one of the major operating subsidiaries of the Company was subject to income tax in the PRC at the rate of 7.5%.

Pursuant to the relevant laws and regulations in the PRC, in the current year, all of the Group's PRC subsidiaries are entitled to exemption from PRC enterprise income tax for the first two years commencing from their first profit-making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC enterprise income tax for the following three years. Accordingly, all PRC subsidiaries were exempted from PRC income tax.

Details of deferred taxation are set out in note 23.

10. DIVIDENDS

	2001 RMB'000	2000 RMB'000 (note 2)
Interim dividend paid		
– HK\$0.026 (2000: HK\$0.02) per share (shown as RMB0.02782 (2000: RMB0.0214) per share)	10,101	7,769
Final dividend paid		
– HK\$0.05 per share for 2000 (2000: HK\$0.05 per share for 1999) (shown as RMB0.0535 per share for 2000 (2000: RMB0.0535 per share for 1999))	19,425	19,425
	29,526	27,194

The final dividend of HK\$0.05 (2000: HK\$0.05) per share, shown as RMB0.0535 (2000: RMB0.0535) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the year is based on the following data:

	2001 RMB'000	2000 RMB'000
Earnings:		
Net profit for the year and earning for the purposes of basic and diluted earnings per share	108,121	80,708
Number of shares:	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	363,080	363,080
Effect of dilutive potential ordinary shares in respect of share options	160	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	363,240	363,080

12. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Leasehold improvement	Buildings and medium-term land use rights situated in the PRC	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST OR VALUATION							
At 1st January, 2001	–	78,911	95,863	3,010	7,324	25,950	211,058
Additions	194	7,876	36,853	1,450	1,589	23,750	71,712
Transfers	–	29,289	7,151	–	–	(36,440)	–
Disposals	–	–	(435)	–	(317)	(170)	(922)
Adjustment arising on revaluation	–	(1,381)	(25,768)	–	(3,953)	–	(31,102)
At 31st December, 2001	194	114,695	113,664	4,460	4,643	13,090	250,746
Comprising:							
At cost	194	–	–	4,460	–	13,090	17,744
At valuation – 2001	–	114,695	113,664	–	4,643	–	233,002
	194	114,695	113,664	4,460	4,643	13,090	250,746
DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSS							
At 1st January, 2001	–	3,223	8,218	400	1,230	–	13,071
Provided for the year	19	3,538	11,241	583	699	–	16,080
Impairment loss	–	–	–	–	–	4,600	4,600
Eliminated on disposals	–	–	(186)	–	(181)	–	(367)
Eliminated on revaluation	–	(6,761)	(19,273)	–	(1,748)	–	(27,782)
At 31st December, 2001	19	–	–	983	–	4,600	5,602
NET BOOK VALUES							
At 31st December, 2001	175	114,695	113,664	3,477	4,643	8,490	245,144
At 31st December, 2000	–	75,688	87,645	2,610	6,094	25,950	197,987

Property, plant and equipment other than leasehold improvement, furniture, fixtures and equipment and construction in progress were revalued at 31st December, 2001 by Sallmanns (Far East) Limited, Chartered Surveyors, using the fair market value. Sallmanns (Far East) Limited is not connected with the Group. The surplus and deficit arising on revaluation of RMB585,000 and RMB3,905,000 was credited to the revaluation reserve (note 22) and charged to the consolidated income statement respectively, in the year ended 31st December, 2001.

Details of the impairment loss on the construction in progress are set out in note 5.

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Land and buildings included assets carried at valuation of RMB3,150,000 (2000 carried at cost: RMB3,407,000) and accumulated depreciation and amortisation of RMBNil (2000: RMB307,000) in respect of assets held for use under operating leases.

If the Group's property, plant and equipment were stated at cost less accumulated depreciation and amortisation, the net book values thereof as at 31st December, 2001 would be as follows:

	Leasehold improvement	Buildings and medium-term land use rights situated in the PRC	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost	194	102,340	134,977	4,460	8,225	13,090	263,286
Accumulated depreciation, amortisation and impairment	(19)	(7,179)	(23,823)	(983)	(3,197)	(4,600)	(39,801)
	175	95,161	111,154	3,477	5,028	8,490	223,485

13. PATENTS

	THE GROUP RMB'000
COST	
At 1st January, 2001 and 31st December, 2001	2,162
AMORTISATION	
Charge for the year and balance at 31st December, 2001	194
NET BOOK VALUE	
At 31st December, 2001	1,968
At 31st December, 2000	2,162

All of the Group's patents were acquired from third parties. Patents are amortised over 5 to 20 years.

14. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2001 RMB'000	2000 RMB'000
Unlisted investments, at cost	189,522	214,309
Amounts due from subsidiaries	87,730	55,636
	277,252	269,945

Amounts due from subsidiaries are unsecured and interest free. In the opinion of the Company's directors, the amounts will not be received within twelve months from the balance sheet date and, accordingly the balances are classified as non-current.

Details of the Company's subsidiaries at 31st December, 2001 are as follows:

Name of company	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			Directly	Indirectly	
			%	%	
Coslight International (B.V.I.) Company Limited ("CICL")	British Virgin Islands/ Hong Kong	US\$50,000	100	–	Investment holding
China Gold Profits Limited ("CGPL")	Hong Kong	HK\$2	–	100	Provision of supporting services for the Group
哈爾濱光宇電源有限公司 Harbin Coslight Power Supply Company Limited (formerly known as 哈爾濱光宇電池有限公司 Harbin Guangyu Battery Company Limited) ("HCP")	PRC	US\$3,800,000	26.32	73.68	Manufacture and sale of lithium ion batteries and lead acid battery and its accessories
哈爾濱科斯基萊特實業有限公司 Harbin Coslight Industry Company Limited ("HCI")	PRC	US\$1,400,000	71.43	28.57	Manufacture and sale of sealed lead acid battery accessories

14. INTERESTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			Directly	Indirectly	
			%	%	
哈爾濱光宇蓄電池有限公司 Harbin Guangyu Storage Battery Manufacturing Company Limited ("HGSB")	PRC	HK\$83,500,000	–	100	Manufacture and sale of sealed lead acid batteries
哈爾濱光宇電氣自動化有限公司 Harbin Coslight Electric Automation Company Limited ("HCEA")	PRC	RMB7,500,000	43.2	36.4	Manufacture of electricity control devices
北京光宇華夏科技有限責任公司 Beijing Guangyu Huaxia Technology Corporation Limited ("BGHT")	PRC	RMB1,200,000	–	77	Web platform
西藏昌都光宇利民藥業有限公司 Tibet Changdu Guangyu Limin Pharmaceutical Company Limited ("TCGY")	PRC	RMB6,600,000	–	80	Manufacture of pharmaceutical products

None of the subsidiaries had any loan capital outstanding at the end of the year.

15. INVENTORIES

	THE GROUP	
	2001 RMB'000	2000 RMB'000
Raw materials	14,674	16,965
Work in progress	10,482	4,435
Finished goods	10,766	2,625
	35,922	24,025

Included above are finished goods of RMB3,506,000 (2000: RMBNil) which are carried at net realisable value.

16. TRADE AND OTHER RECEIVABLES

The credit terms given to the customers vary from 3 months to 9 months and are generally based on the financial strength of individual customers. The following is an aged analysis of trade receivables at the balance sheet date:

	THE GROUP	
	2001 RMB'000	2000 RMB'000
Within 90 days	102,418	110,718
More than 90 days, but not exceeding 180 days	111,310	142,996
More than 180 days, but not exceeding 270 days	71,380	12,793
More than 270 days, but not exceeding 360 days	34,037	12,797
More than 360 days, but not exceeding 540 days	36,960	14,671
More than 540 days, but not exceeding 720 days	4,776	—
More than 720 days	5,023	—
Trade receivables	365,904	293,975
Other receivables	34,748	32,798
	400,652	326,773

17. AMOUNTS DUE FROM DIRECTORS

Particulars of the amounts due from directors disclosed under Section 161B of the Hong Kong Companies Ordinance are as follows:

Name of director	THE GROUP		
	Balance at 31.12.2001 RMB'000	Balance at 1.1.2001 RMB'000	Maximum amount outstanding during the year RMB'000
宋殿權			
Song Dian Quan	389	—	389
李克學			
Li Ke Xue	321	344	344
	710	344	

The amount are unsecured, interest free and have no fixed repayment terms.

18. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	THE GROUP	
	2001 RMB'000	2000 RMB'000
Within 30 days	4,736	10,713
More than 30 days, but not exceeding 60 days	13,427	3,417
More than 60 days, but not exceeding 90 days	3,379	1,994
More than 90 days, but not exceeding 180 days	7,341	1,253
Over 180 days	5,737	1,720
Trade payables	34,620	19,097
Other payables	73,736	59,081
	108,356	78,178

19. BORROWINGS

	THE GROUP	
	2001 RMB'000	2000 RMB'000
The borrowings comprise:		
Bank loans	236,880	172,880
Other loans	1,000	4,000
	237,880	176,880
Analysed as:		
secured	169,930	113,930
unsecured	67,950	62,950
	237,880	176,880
The borrowings are repayable as follows:		
Within one year or on demand	237,880	134,900
More than one year, but not exceeding two years	–	41,980
	237,880	176,880
Less: Amounts due within one year and shown under current liabilities	(237,880)	(134,900)
Amounts due after one year	–	41,980

The above bank loans were carried at the interest rate from 6.54% to 7.02% (2000: from 6.43% to 7.37%) per annum. The other loans were carried at 3.60% (2000: 3.60%) per annum.

20. SHARE CAPITAL

	Share capital					
	Number of shares		Amount in		Shown in the	
	2001	2000	2001	2000	2001	2000
	'000	'000	HK\$'000	HK\$'000	RMB'000	RMB'000
Ordinary shares of HK\$0.10 each						
Authorised	1,000,000	1,000,000	100,000	100,000	107,000	107,000
Issued and fully paid	363,080	363,080	36,308	36,308	38,850	38,850

There were no movements in the share capital of the Company in both years.

None of the Company's subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

21. SHARE OPTION SCHEME

Pursuant to the share option scheme of the Company adopted on 26th October, 1999 (the "Scheme"), the directors of the Company may grant options to any executive director or full time employee of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than the higher of the nominal value of the Company's shares and 80% of the average of the closing prices of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the options, subject to a maximum of 10% of the issued share capital of the Company from time to time.

At 31st December, 2001, the following options to subscribe for shares were outstanding under the Company's share option scheme:

	No. of share options	Exercisable period	Exercise price HK\$
2001 options	1,000,000	3.1.2002 – 3.7.2003	1.12

22. RESERVES

THE GROUP

	Share premium RMB'000	Special reserve RMB'000	PRC statutory reserves RMB'000	Revaluation reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1st January, 2000							
– as originally stated	67,479	34,583	36,273	27,366	–	73,153	238,854
– prior period adjustment (note 2)	–	–	–	–	–	19,425	19,425
– as restated	67,479	34,583	36,273	27,366	–	92,578	258,279
Exchange realignment	–	–	–	–	150	–	150
Profit for the year	–	–	–	–	–	80,708	80,708
Transfer	–	–	22,676	–	–	(22,676)	–
Dividends (note 10)	–	–	–	–	–	(27,194)	(27,194)
At 31st December, 2000 and 1st January, 2001	67,479	34,583	58,949	27,366	150	123,416	311,943
Revaluation increase	–	–	–	585	–	–	585
Profit for the year	–	–	–	–	–	108,121	108,121
Transfer	–	–	21,553	–	–	(21,553)	–
Dividends (note 10)	–	–	–	–	–	(29,526)	(29,526)
At 31st December, 2001	67,479	34,583	80,502	27,951	150	180,458	391,123

THE COMPANY

	Share premium RMB'000	Contributed surplus RMB'000	Retained profits RMB'000	Total RMB'000
At 1st January, 2000				
– as originally stated	67,479	169,764	1,516	238,759
– prior period adjustment (note 2)	–	–	(2,575)	(2,575)
– as restated	67,479	169,764	(1,059)	236,184
Net profit for the year	–	–	30,989	30,989
Dividends (note 10)	–	–	(27,194)	(27,194)
At 31st December, 2000 and 1st January, 2001	67,479	169,764	2,736	239,979
Net profit for the year	–	–	27,155	27,155
Dividends (note 10)	–	–	(29,526)	(29,526)
At 31st December, 2001	67,479	169,764	365	237,608

22. RESERVES (continued)

The special reserve represents the difference between the nominal value of the share capital of the subsidiary acquired and the nominal amount of the share capital issued for the acquisition of those subsidiaries.

PRC statutory reserves are reserves required by the relevant PRC laws applicable to the Group's PRC subsidiaries.

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries and the nominal value of the Company's shares issued less the amount applied to pay up nil paid shares.

In addition to retained profits, under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31st December, 2001 comprised contributed surplus and retained profits in aggregate amounting to RMB170,129,000 (2000: RMB172,500,000).

23. DEFERRED TAXATION

	THE GROUP	
	2001 RMB'000	2000 RMB'000
Balance at beginning of year	4,683	4,384
(Credit) charge for the year (note 9)	(4,683)	299
Balance at end of year	–	4,683

At 31st December, 2000, the deferred taxation provided for represented the tax effect of the timing difference on sales and related expenses which were recognised for accounting purposes during the current period but were not recognised for tax purposes until a later period.

During the year, HGSB, formerly a limited liability company established under the laws of the PRC on 24th May, 1997, has since 27th May, 1999 been converted to a wholly foreign-owned enterprise under the laws of the PRC. In year 2001, HGSB has obtained approval from the PRC Tax Bureau to have tax exemption set out in note 9. Therefore, no tax effect on the timing difference will be noted in year 2002. No provision on deferred taxation as at 31st December, 2001 is thus made.

23. DEFERRED TAXATION (continued)

The Group's property, plant and equipment are held for production and administrative purposes. In the opinion of the Company's directors, the Group does not have any intention to dispose these assets in the foreseeable future. Accordingly, no deferred taxation has been provided on the revaluation surplus of these assets.

Other than the above, neither the Group nor the Company had any significant unprovided deferred taxation for the year or at the respective balance sheet dates.

24. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	2001 RMB'000	2000 RMB'000
Profit before taxation	102,374	87,955
Interest income	(2,868)	(3,329)
Interest on bank and other loans	14,291	8,551
Depreciation and amortisation of property, plant and equipment	16,080	10,168
Deficit arising on revaluation of property, plant and equipment	3,905	—
Loss on disposal of property, plant and equipment	555	—
Impairment loss recognised on property, plant and equipment	4,600	—
Amortisation of patents	194	—
Increase in inventories	(11,897)	(12,650)
Increase in trade and other receivables	(73,879)	(115,477)
Increase in amounts due from related companies	(3,139)	—
Increase in trade and other payables	30,178	21,889
Increase (decrease) in amounts due to related companies	4,110	(844)
Net cash inflow (outflow) from operating activities	84,504	(3,737)

25. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and premium RMB'000	Bank loans RMB'000	Other loans RMB'000	Minority interests RMB'000
At 1st January, 2000	106,329	98,960	3,000	–
New borrowings raised	–	160,820	4,000	–
Repayment of loans during the year	–	(86,900)	(3,000)	–
Funds contributed by minority shareholders in terms of cash	–	–	–	276
Contribution by a minority shareholder in terms of patents (note 26)	–	–	–	1,500
Share of loss by minority shareholders	–	–	–	(360)
At 31st December, 2000 and 1st January, 2001	106,329	172,880	4,000	1,416
New borrowings raised	–	206,220	–	–
Repayment of loans during the year	–	(142,220)	(3,000)	–
Contribution by a minority shareholder in terms of property, plant and equipment (note 26)	–	–	–	1,320
Share of loss by minority shareholders	–	–	–	(1,064)
At 31st December, 2001	106,329	236,880	1,000	1,672

26. MAJOR NON CASH TRANSACTION

During the year ended 31st December, 2001, a minority shareholder of TCGY had contributed the property, plant and equipment amounting to RMB1,320,000 as the capital injection for the Company's subsidiary.

During the year ended 31st December, 2000, a minority shareholder of HCEA had contributed the patents amounting to RMB1,500,000 on the capital injection for the Company's subsidiary.

27. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Group had certain transactions with related parties. Details of transactions and balances with these related parties are as follows:

(a) Transactions

Name of related party	Nature of transactions	2001 RMB'000	2000 RMB'000
哈爾濱亞光新型隔板有限公司 Harbin Ya Guang Modern Separators Company Limited ("HB Ya Guang")	Purchase of raw materials from HB Ya Guang	15,975	11,318
	Rental income in respect of leasehold land and buildings received from HB Ya Guang	160	160
	Electricity and water charged to HB Ya Guang	180	180
	Provision of sundry services to HB Ya Guang	10	10
北京兆唐科技有限公司 Beijing Zhaotang Science and Technology Company Limited ("BJ Zhaotang")	Purchase of raw materials from BJ Zhaotang	658	1,682
光宇延邊蓄電池有限公司 Guangyu Yanbian Storage Battery Manufacturing Co. Ltd ("GYSB")	Sales of finished goods to GYSB	2,135	—
	Purchase of raw material from GYSB	3,605	—
哈爾濱開關有限責任公司 Harbin Switch Company Limited ("HBS")	Sales of finished goods to HBS	913	—

The transaction prices were determined by reference to market prices for similar transactions.

27. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**(b) Balances**

Name of related party	Amount due from		Amount due to	
	2001 RMB'000	2000 RMB'000	2001 RMB'000	2000 RMB'000
石家庄光宇高能電池材料有限公司 Shijia Zhuang Guangyu Battery Material Co. Ltd. ("SZGBM")	1,679	—	—	—
HBS	1,368	—	—	—
GYSB	92	—	—	—
HB Ya Guang	—	—	8,465	4,517
哈爾濱光宇(集團)股份有限公司 Harbin Guangyu Group Company Ltd. ("HGCL")	—	—	671	—
BJ Zhaotang	—	—	—	509
	3,139	—	9,136	5,026

The amounts due from/to related companies are unsecured, non-interest bearing and repayable on demand. Details of the amounts due from directors are set out in note 17.

(c) Others

RMB26,950,000 (2000: RMB22,900,000) of the Group's bank loans were guaranteed by related parties in which certain directors of the Company have beneficial interests.

Certain directors of the Company have beneficial interests in HB Ya Guang, BJ Zhaotang, GYSB, HBS, HGCL and SZGBM.

28. PENSION SCHEME

The Group participates in the central pension fund scheme organised by the relevant local government authority in the PRC. The Group is required to make contributions to the retirement scheme at a rate of 29% of the basic salaries of its qualifying employees. The total contributions made for the year amounted to RMB496,000 (2000: RMB182,000).

29. BANKING FACILITIES

At the balance sheet date, the Group's banking loans were secured by the followings:

- (i) certain of the Group's property, plant and equipment with a carrying value of approximately RMB189,048,000 (2000: RMB128,744,000); and
- (ii) bank deposits of the Group of RMB1,516,000 (2000: nil) and guaranteed by corporate guarantees given by related parties as set out in note 27(c).

30. OPERATING LEASE ARRANGEMENTS

Group as lessee

	2001 RMB'000	2000 RMB'000
Minimum lease payments paid under operating leases for premises recognised in income for the year	1,070	1,601

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases for premises which fall due as follows:

	2001 RMB'000	2000 RMB'000
Within one year	641	848
In the second to fifth year inclusive	150	269
	791	1,117

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of two years and rentals are fixed during the lease period.

The Company had no significant operating lease commitments as at the balance sheet date.

Group as lessor

Property rental income earned by the Group during the year was RMB160,000 (2000: RMB160,000). The property held has no committed tenants for both years.

31. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2001 RMB'000	2000 RMB'000	2001 RMB'000	2000 RMB'000
Commitments for investments in subsidiaries contracted for but not provided in the financial statements	–	–	–	6,072
Commitments for the acquisition of property, plant and equipment:				
– contracted for but not provided in the financial statements	3,855	24,957	–	–
– authorised but not contracted for	23,144	24,430	–	–
	26,999	49,387	–	6,072