

*(Expressed in Hong Kong dollars)**(以港元列值)***1. SIGNIFICANT ACCOUNTING POLICIES****(a) Statement of compliance**

These financial statements have been prepared in accordance with all applicable Statements of Standard Accounting Practice (“SSAP”) and Interpretations issued by the Hong Kong Society of Accountants (“HKSA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKSE”). A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties and the marking to market of certain investments in securities as explained in the accounting policies set out below.

1. 主要會計政策**(a) 遵例聲明**

本財務報表已按照香港會計師公會頒佈所有適用的會計實務準則及詮釋、香港公認會計原則及香港公司條例之披露規定而編製。此等財務報表亦遵守香港聯合交易所有限公司（「聯交所」）證券上市規則中適用的披露規定。本集團所採納之主要會計政策概要載於下文。

(b) 財務報表編製基準

除投資物業按重估值入賬及若干投資證券按市價計算（見下文會計政策）外，本財務報表是以歷史成本作為編製基準。

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(c) Subsidiaries**

A subsidiary is an enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

An investment in a subsidiary is consolidated into the consolidated financial statements, unless a subsidiary is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated income statement as they arise.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(i)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the income statement as they arise.

1. 主要會計政策 (續)**(c) 附屬公司**

附屬公司是指被本公司控制之企業。倘本公司有權直接或間接監管該公司之財務及經營政策，因而從其業務獲得利益，控制權即存在。

在附屬公司之投資，一般均合併入綜合財務報表內。但若所購入及持有之附屬公司權益會在不久將來出售，或該公司的運作長期受到嚴重限制，以至嚴重影響其將資金轉移至本集團之能力，則集團在附屬公司之投資額按公平價值在綜合資產負債表列賬，而公平價值之變動則於出現時在綜合損益表內確認。

集團內公司間之結餘及交易和因此而產生之任何未變現溢利於編製綜合財務報表時悉數抵銷。倘並無出現減值跡象，集團內公司間之交易所產生之未變現虧損則按照未變現收益之相同方式抵銷。

本公司之資產負債表內，於附屬公司之投資按成本值減去任何減值虧損（見附註1(i)）列賬。但若所購入及持有之附屬公司權益會在不久將來出售，或該公司的運作長期受到嚴重限制，以至嚴重影響其將資金轉移至本公司之能力，則本公司在附屬公司之投資額按公平價值在資產負債表列賬，而公平價值之變動則於出現時在損益表內確認。

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor, in which case it is stated at fair value with changes in fair value recognised in the consolidated income statement as they arise. The consolidated income statement reflects the Group's share of the post-acquisition results of the associates for the year.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the income statement.

1. 主要會計政策(續)

(d) 聯營公司

聯營公司是指本集團或本公司可以對其管理層發揮重大影響力的公司，包括參與財務及經營政策之決定，但並不控制或共同控制其管理層之公司。

於聯營公司之投資乃根據權益法記入綜合財務報表內，首先按成本入賬，其後須按本集團所佔聯營公司資產淨值於收購後的變動作出調整。但若所購入及持有該聯營公司權益將於不久將來出售，或該公司的運作長期受到嚴重限制，以至嚴重影響其將資金轉移至投資者的能力，集團則就此等公司之投資額按公平價值在綜合資產負債表列賬，而公平價值之變動則於出現時在綜合損益表內確認，而本集團所佔聯營公司於收購後的年度業績則於綜合損益表反映。

因本集團與其聯營公司進行交易而產生之未變現損益乃因應本集團所佔聯營公司權益比率抵銷，惟倘未變現虧損是由已轉讓資產的減值產生，則須立即在損益表上確認。

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Associates (continued)**

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses (see note 1(i)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor, in which case, it is stated at fair value with changes in fair value recognised in the income statement as they arise.

(e) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of subsidiaries:

- for acquisitions before 1 January 2002, positive goodwill is eliminated against reserves and is reduced by impairment losses (see note 1(i)); and
- for acquisitions on or after 1 January 2001, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and impairment losses (see note 1(i)).

1. 主要會計政策 (續)**(d) 聯營公司 (續)**

本公司之資產負債表內，於聯營公司之投資按成本減去減值虧損（見附註1(i)）列賬。但若所購入及持有之聯營公司權益會在不久將來出售，或該公司的運作長期受到嚴重限制，以至嚴重影響其將資金轉移至本公司之能力，則本公司在聯營公司之投資額按公平價值在資產負債表列賬，而公平價值之變動則於出現時在損益表內確認。

(e) 商譽

綜合賬目時產生之正商譽指收購成本與本集團所佔已購入可辨認資產及負債之公平價值的差額。就附屬公司而言：

- 於二零零二年一月一日前收購之附屬公司，其正商譽於儲備內抵銷並減去減值虧損（見附註1(i)）；及
- 於二零零一年一月一日或之後收購之附屬公司，其正商譽以直線法按其估計可用年期於綜合損益表攤銷。正商譽按成本扣除任何累積攤銷及減值虧損於綜合資產負債表列賬（見附註1(i)）。

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Goodwill (continued)**

On disposal of a subsidiary during the year, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement or which has previously been dealt with as a movement on group reserves is included in the calculation of the profit or loss on disposal.

(f) Other investments in securities

The Group's and the Company's policies for investments in securities other than investments in subsidiaries and associates are as follows:

- (i) Investments held on a continuing basis for an identified long-term purpose are classified as investment securities. Investment securities are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the income statement, such provisions being determined for each investment individually.
- (ii) Provisions against the carrying value of investment securities are written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

1. 主要會計政策 (續)**(e) 商譽 (續)**

就於年內售出一間附屬公司而言，計算出售所得溢利或虧損時計入先前未於綜合損益表攤銷或先前已作集團儲備變動處理之已購入商譽的任何應佔數額。

(f) 其他證券投資

除本集團及本公司於附屬公司及聯營公司投資以外之證券投資之會計政策如下：

- (i) 持續持有作指定長期用途之投資列為投資證券。投資證券按成本減任何減值撥備記入資產負債表。除非有證據證明減值是臨時性，否則，減值準備是在公平價值跌至低過賬面金額時提撥，並在損益表內確認為支出。這些準備是各項投資個別釐定。
- (ii) 倘導致撥備或撇銷之情況及事件不再存在，並具備有力證據證明新情況及事件將於可見未來持續，就投資證券賬面值作出之撥備須予撥回。

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(f) Other investments in securities (continued)**

- (iii) Securities held for trading are stated in the balance sheet at fair value. Changes in fair value are recognised in the income statement as they arise. Securities are presented as trading securities when they were acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin.
- (iv) Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

(g) Fixed assets

- (i) Fixed assets are carried in the balance sheets on the following bases:
- Investment properties with an unexpired lease term of more than 20 years are stated in the balance sheet at their open market value which is assessed annually by external qualified valuers.
 - Other fixed assets are stated in the balance sheet at cost less accumulated depreciation (see note 1(h)) and impairment losses (see note 1(i)).

1. 主要會計政策 (續)**(f) 其他證券投資 (續)**

- (iii) 持作買賣之證券按公平價值列賬，公平價值之變動於產生時在損益表中確認。購入時主要旨在從短期價格波動或證券商差價中獲取溢利之證券乃列作買賣證券入賬。
- (iv) 出售投資證券之盈虧指估計出售所得款項淨額與投資賬面值之差額，並於產生時記入損益表。

(g) 固定資產

- (i) 固定資產乃按下列基準記入資產負債表內：
- 租賃年期尚餘二十年以上之投資物業，乃按獨立認可測量師每年所評估之公開市值在資產負債表內列賬。
 - 其他固定資產乃按成本減累計折舊（見附註1(h)）及減值虧損（見附註1(i)）於資產負債表入賬。

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Fixed assets (continued)

(ii) Changes arising on the revaluation of investment properties are generally dealt with in reserves. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to the income statement, if and to the extent that it exceeds the amount held in the reserve in respect of the portfolio of investment properties, immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to the income statement, if and to the extent that a deficit on revaluation in respect of the portfolio of investment properties, had previously been charged to the income statement.

(iii) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

1. 主要會計政策 (續)

(g) 固定資產 (續)

(ii) 重估投資物業所產生之變動一般在儲備中處理。但下列情況則除外：

- 倘重估產生虧絀，而有關虧損額又超過該投資物業組合在是次重估前撥入儲備的金額，則超額部分虧絀便會撥入損益表；及
- 倘重估產生盈餘，而該投資物業組合曾經有重估虧絀撥入損益表，則會按所轉撥虧絀額將盈餘撥入損益表。

(iii) 倘固定資產之後期已確認支出能對企業帶來未來經濟利益（超逾最初評定現有資產之性能標準），則加入該項資產之賬面值。其他一切後期支出乃於產生之期間內確認為支出。

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Fixed assets (continued)

- (iv) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal. On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment properties revaluation reserve is also transferred to the income statement for the year.

(h) Depreciation

- (i) No depreciation is provided on investment properties with an unexpired lease term of over 20 years.
- (ii) Depreciation is calculated to write off the cost of other fixed assets over their estimated useful lives as follows:
- All land held on long leases is depreciated, to write off the cost less estimated residual value, over its remaining useful life to the extent that depreciation would be material. Land held on medium and short leases is depreciated on a straight-line basis over the remaining term of the relevant lease.

1. 主要會計政策 (續)

(g) 固定資產 (續)

- (iv) 退廢或出售固定資產之收益或虧損指估計出售所得款項淨額和資產賬面值之差額，並在退廢或出售之日於損益表確認。於出售投資物業時，早前撥入投資物業重估儲備之有關盈餘或虧絀部分亦轉入本年度損益表內。

(h) 折舊

- (i) 租賃年期尚餘二十年以上之投資物業毋須計提折舊。
- (ii) 其他固定資產之折舊乃於其估計可用年期內按下列方式撇銷成本：
- 所有長期租賃土地之折舊乃於其剩餘可用年期內撇銷成本（減估計剩餘價值），以將會出現重大折舊之情況為限。中期及短期租賃土地乃於有關租約之剩餘年期按直線法計提折舊。

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Depreciation (continued)

(ii) (continued)

- Buildings are depreciated on a straight line basis over the shorter of their estimated useful lives, being 50 years from the date of completion, and the unexpired terms of the leases; and
- Other fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	10 years or over the remaining lease term (if shorter)
Plant and machinery	20% – 25% per annum
Furniture, fixtures and office equipment	20% – 25% per annum
Motor vehicles	20% – 25% per annum

1. 主要會計政策 (續)

(h) 折舊 (續)

(ii) (續)

- 樓宇乃按其估計可用年期 (即由落成日期起計五十年) 或尚餘租賃年期兩者中之較短期間按直線法計提折舊; 及
- 其他固定資產乃以直線法於其估計可用年內按下列年率計提折舊:

租賃物業裝修	十年或尚餘租賃年期 (倘屬較短期間)
廠房及機器	年率20%至25%
傢具、裝置及辦公室設備	年率20%至25%
汽車	年率20%至25%

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(i) Impairment of assets**

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets (other than properties carried at revalued amounts);
- investments in subsidiaries and associates; and
- positive goodwill (whether taken initially to reserves or recognised as an asset).

If any such indication exists, the asset's recoverable amount is estimated. For positive goodwill that is amortised over 20 years from initial recognition, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

1. 主要會計政策 (續)**(i) 資產減值**

自內部及外界所得資料均於每個結算日審閱，以確定下列資產是否出現減值跡象或先前已確認之減值虧損不再存在或已經減少：

- 固定資產（按重估數額列值之物業除外）；
- 於附屬公司及聯營公司之投資；及
- 正商譽（不論是否屬最初計入儲備或確認為資產者）。

倘出現任何該等跡象，則就資產之可收回價值進行估計。自最初確認之日起計攤銷超過20年之正商譽於每個結算日估計其可收回數額。倘資產之賬面值超過其可收回數額，減值虧損方予確認。

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

1. 主要會計政策 (續)

(i) 資產減值 (續)

(i) 計算可收回數額

資產之可收回數額乃指出售價格淨額與使用價值兩者中之較高者。評估使用價值時，估計日後現金流量乃根據除稅前折現率折現至現值，而該折現率須反映市場現行對款項的時間價值及資產獨有風險之評估。倘資產並不可在近乎獨立於其他資產之情況下產生現金流量，可收回數額則指可獨立產生現金流量之最小資產組別（即現金產生單位）之可收回數額。

(ii) 減值虧損撥回

就商譽以外的資產而言，倘用作釐定可收回數額之估計出現重大的有利變動，則須撥回減值虧損。就商譽之減值而言，倘該減值乃由一外在非經常性之獨特事件所引致，且可收回數額之增加與該獨特事件之轉變明顯有關，商譽之減值虧損始可撥回。

減值虧損撥回只限於該資產並未計算過往年度所確認之減值虧損時之賬面價值。減值虧損撥回計入在撥回的年度之損益表內。

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1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(j) Inventories**

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

1. 主要會計政策 (續)**(j) 存貨**

存貨乃按成本值或可變現淨值兩者中之較低值入賬。

成本值以加權平均成本法計算，包括所有採購成本、加工成本及其他將存貨運至現時地點及達至現時狀況所產生之其他費用。

可變現淨值為日常業務進行中，售出項目之估計售價減估計完成之成本及估計銷售所需之費用。

存貨出售時，該等存貨之賬面值會於有關收入確認之期間，確認為支出。任何就可變現淨值而撇減存貨之數額及存貨之所有虧損，均在撇減或虧損出現之期間確認為支出。因可變現淨值增加而撥回之任何撇減存貨數額，將用以減少於撥回期間的存貨支出。

(k) 僱員福利

(i) 薪金、年度花紅、有薪假期、休假及本集團非金錢福利於本集團僱員提供服務之年度提取。倘因付款遞延而造成重大分別，有關數額則按其現值列賬。

(Expressed in Hong Kong dollars)

(以港元列值)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Employee benefits (continued)

- (ii) The Group provides retirement benefits to certain Hong Kong eligible employees under an approved defined contribution retirement scheme ("the ORSO Scheme"). The ORSO Scheme is administered by independent trustees with its assets held separately from those of the Group. The ORSO Scheme is funded by contributions from employees and employers respectively at a rate of 5%, based on the monthly salary payments of employees. The unvested benefit of the employer's contribution, that is, the forfeited contributions can be utilised to reduce future contributions of the employers.

As from 1 December 2000, the Group also operates a Mandatory Provident Fund Scheme ("the MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance not previously covered by the ORSO Scheme. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of \$20,000.

Contributions to the ORSO Scheme and MPF Scheme are recognised as an expense in the income statement as incurred.

1. 主要會計政策 (續)

(k) 僱員福利 (續)

- (ii) 本集團根據認可定額供款退休計劃(「職業退休計劃」)向若干香港合資格僱員提供退休福利。職業退休計劃由獨立受託人管理，計劃資產與本集團資產分開持有。職業退休計劃乃由僱員及僱主分別按僱員月薪之5%作出供款。未歸僱員所有之僱主供款(即沒收供款)可用以減低僱主日後供款。

二零零零年十二月一日起，本集團另根據香港強制性公積金計劃條例，為受聘於香港僱傭條例司法權區內而先前未有加入職業退休計劃之僱員推行強制性公積金計劃(「強積金計劃」)。強積金計劃為由獨立受託人管理之定額供款退休計劃。根據強積金計劃，僱主及僱員須各自按僱員有關收入之5%作出供款，有關每月收入上限為20,000元。

職業退休計劃及強積金計劃之供款於產生期間計入損益表。

(Expressed in Hong Kong dollars)

(以港元列值)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(k) Employee benefits (continued)****(ii) (continued)**

The employees of the subsidiaries in the People's Republic of China ("PRC") are members of the Central Pensions Scheme operated by local authorities. The subsidiaries are required to contribute a certain percentage of their payroll to the Central Pensions Scheme to fund the benefits. The only obligation of the Group with respect to the Central Pensions Scheme is the required contributions under the Central Pensions Scheme.

- (iii) When the Group grants employees options to acquire shares of the Company at nil consideration, no employee benefit cost or obligation is recognised at the date of grant. When the options are exercised, equity is increased by the amount of the proceeds received.

(l) Cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

1. 主要會計政策 (續)**(k) 僱員福利 (續)****(ii) (續)**

中華人民共和國(「中國」)附屬公司僱員乃當地機關設立之中央退休計劃成員。附屬公司須按薪金之若干百分比向中央退休計劃供款。本集團就中央退休計劃之僅有責任為須向中央退休計劃作出供款。

- (iii) 倘本集團以零代價向僱員授出優先認購股份權以認購本公司股份，則於授出日期不會確認任何僱員福利成本或責任。優先認購股份權獲行使時，將按所獲取所得款項之款額增加股本。

(l) 現金等價物

現金及現金等價物包括銀行及手頭現金、於銀行及其他財務機構之活期存款及可隨時兌換為已知金額現金之短期及高流通性投資，其價值變動風險並不重大，並在購入起計三個月內到期。銀行透支須按要求償還及構成本集團現金管理之部分，並於現金流量表計入現金及現金等價物項下。

(Expressed in Hong Kong dollars)

(以港元列值)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(m) Deferred taxation**

Deferred taxation is provided using the liability method in respect of the taxation effect arising, from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallise in the foreseeable future.

Future deferred tax benefits are not recognised unless their realisation is assured beyond reasonable doubt.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1. 主要會計政策 (續)**(m) 遞延稅項**

遞延稅項採用負債法計算，乃就因收入及開支在會計及稅務處理上存在重大時差而引致且合理地預期將於可見將來出現之稅務效益提撥準備。

未來之遞延稅項收益僅會在可確定變現時確認。

(n) 撥備及或然負債

當本公司或本集團因過往事件而須負上法律或推定之責任，且可能須就履行該等責任而導致經濟效益流出，並能夠就此作出可靠估計，則始為未能確定何時發生或其款額之負債作出撥備。當數額涉及重大之時間價值時，則按預期用以履行責任之開支之現值作出撥備。

倘不一定需要流出經濟效益履行責任或未能可靠估計款額，則該等責任將披露作或然負債，除非出現經濟效益流出的可能性極微。可能出現的責任（僅於一項或多項未來事件發生或不發生的情況下確定）亦披露為或然負債，除非出現經濟利益流出的可能性極微。

(Expressed in Hong Kong dollars)

(以港元列值)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) *Sale of goods*

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added or other sales taxes and is after deduction of any trade discounts.

(ii) *Rental income from operating leases*

Rental income receivable under operating leases is recognised in the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable.

1. 主要會計政策 (續)

(o) 收入確認

當經濟效益可能流入本集團，及在收入及成本（如適用）能可靠計算之情況下，以下各項收入方會於損益表中確認：

(i) 貨品銷售

收入在貨物送達客戶，並經客戶接納貨物及所有權之有關風險和回報後確認。收入不包括增值稅或其他銷售稅，並已扣減任何貿易折扣。

(ii) 經營租賃物業之租金收入

應收經營租賃物業之租金收入乃按等額於租賃期所涵蓋會計期間於損益表中確認，但如有其他基準更清楚地反映租賃資產所產生的收益模式則除外。就租賃給予之激勵措施於損益表中確認為應收租賃款項淨額之組成部分。

(Expressed in Hong Kong dollars)

(以港元列值)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(o) Revenue recognition (continued)***(iii) Dividends*

- dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Interest income from bank deposits is accrued on a time-apportioned basis by reference to the principal outstanding and at the rate applicable.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date.

The results of PRC subsidiaries are translated into Hong Kong dollars at the average exchange rates for the year; balance sheet items are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

(q) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred.

1. 主要會計政策 (續)**(o) 收入確認 (續)***(iii) 股息*

- 非上市投資之股息收入於股東收取款項之權利確立時確認。
- 上市投資之股息收入在投資之股價除淨後確認。

(iv) 銀行存款之利息收入之確認乃按時間比例基準，根據尚未償還本金額及適用利率計算。

(p) 外幣之換算

年內以外幣進行之交易按交易當日之匯率換算為港元。以外幣計算之貨幣資產及負債，按結算日之匯率換算為港元。

中國附屬公司的業績按年內平均匯率換算為港元；而資產負債表項目則以結算日匯率換算為港元。匯兌差額均撥入儲備變動處理。

(q) 借貸成本

借貸成本於產生期間在損益表中列作開支入賬。

(Expressed in Hong Kong dollars)

(以港元列值)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**(r) Operating lease charges**

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(s) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(t) Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

1. 主要會計政策 (續)**(r) 經營租賃開支**

假如本集團按經營租賃租用資產，則根據租賃作出的付款在租賃期所涵蓋的會計期間內，以等額在損益表扣除。經營租賃協議所涉及的激勵措施均在損益表中確認為租賃淨付款總額的組成部分。

(s) 有關連人士

就本財務報表而言，凡本集團可直接或間接控制，或於作出財務及經營決策時對其行使重大影響力，或相反而言，或與本集團共同受他人控制或共同影響力之人士，均被視為本集團之有關連人士。有關連人士可為個別人士或其他機構。

(t) 分類報告

「分類」是指集團內可劃分的單位，這些單位或負責提供產品或服務（業務分類），或在特定之經濟環境（地區分類）提供產品或服務，而個別分類所承受之風險或所得之回報與其他分類不同。

根據本集團之內部財務報告方式，集團選擇以業務分類資料作為主要匯報方式，而地區分類則為次要匯報方式。

*(Expressed in Hong Kong dollars)**(以港元列值)***1. SIGNIFICANT ACCOUNTING POLICIES (continued)****(t) Segmental reporting (continued)**

Segmental revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segmental assets may include inventories, trade receivables and fixed assets. Segmental revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segmental capital expenditure is the total cost incurred during the year to acquire segmental assets (both tangible and intangible) that are expected to be used for more than one year.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

1. 主要會計政策 (續)**(t) 分類報告 (續)**

分類收入、支出、業績、資產及負債包括直接歸屬於該分類之項目和能以合理方式分配至該分類之項目。舉例說，分類的資產可能包括存貨、應收賬款及物業、廠房和設備。分類收入、支出、資產及負債將於集團內公司間的結餘及交易因編製綜合財務報表而被抵銷前釐定，除非此等集團內公司間的結餘及交易是來自同一分類內的集團企業。

分類之資本支出是收購預期使用超過一年的分類資產（有形及無形資產）而於收購期內產生之總成本。

未經分配之項目主要包括財務及企業資產、帶息貸款、借貸、企業及融資費用，及少數股東權益。

(Expressed in Hong Kong dollars)

(以港元列值)

2. TURNOVER

The principal activities of the Group are property and investment holding, manufacturing and sales of watches and timepieces.

Turnover represents the sales value of goods supplied to customers, interest income and rental income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

2. 營業額

本集團的主要業務為物業持有、投資控股、鐘錶及時計產品製造及銷售。

營業額乃指出售予客戶之貨品銷售額、利息收入及租金收入。於年內，營業額內各主要項目之已確認收入如下：

		2002	2001
		二零零二年	二零零一年
		\$'000	\$'000
		千元	千元
Sales of watches and timepieces	銷售鐘錶及時計產品	103,780	73,998
Interest income	利息收入	7,036	19,923
Property investments	物業投資收入	5,580	5,468
		<u>116,396</u>	<u>99,389</u>

(Expressed in Hong Kong dollars)

(以港元列值)

3. OTHER REVENUE AND OTHER NET LOSS

3. 其他收入及其他虧損淨額

		2002	2001
		二零零二年	二零零一年
		\$'000	\$'000
		千元	千元
Other revenue	其他收入		
Dividend income from listed securities	上市證券股息收入	-	1,656
PRC valued added tax exempted	中國增值稅豁免	5,667	5,790
Miscellaneous	雜項	543	1,013
		<u>6,210</u>	<u>8,459</u>
Other net loss	其他虧損淨額		
Net realised and unrealised (loss)/ gain on trading and other securities carried at fair value	以公平價值列賬之買賣 及其他證券之已變現 及未變現(虧損)/溢利淨額	(183)	2,767
Net loss on disposal of fixed assets	出售固定資產之虧損淨額	(3)	(3,432)
		<u>(186)</u>	<u>(665)</u>

(Expressed in Hong Kong dollars)

(以港元列值)

4. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

4. 一般業務除稅前溢利

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

一般業務除稅前溢利已扣除/(計入)下列各項:

		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
(a) Finance costs:	(a) 財務費用:		
Interest on bank loans	銀行貸款之利息	-	2,597
(b) Staff costs:	(b) 僱員成本:		
Contributions to defined contribution retirement schemes	定額供款退休計劃供款	1,236	1,270
Salaries, wages and other benefits	薪金、工資及其他福利	19,461	16,647
		<u>20,697</u>	<u>17,917</u>
(c) Other items:	(c) 其他項目:		
Cost of inventories *	存貨成本*	65,854	44,248
Auditors' remuneration – audit services	核數師酬金 – 核數服務	918	875
– other services	– 其他服務	210	245
Depreciation	折舊	4,916	5,529
Operating lease charges for land and buildings	土地及樓宇之經營租賃支出	430	541
Rental income from investment properties net of outgoings of \$835,000 (2001: \$994,000)	投資物業租金收入減開支835,000元 (二零零一年: 994,000元)		
– from China Everbright Holdings Company Limited (“CEH”)	– 來自中國光大集團有限公司 (「光大集團」)	(1,740)	(1,929)
– from others	– 來自其他公司	(3,005)	(2,545)
		<u>(3,005)</u>	<u>(2,545)</u>

* Cost of inventories included \$1,091,000 (2001: \$974,000) relating to staff costs, depreciation expenses and operating lease charges, which amount is also included in respective total amounts disclosed separately above for each of these types of expenses.

* 存貨成本包括僱員成本、折舊費用及經營租賃支出之1,091,000元(二零零一年: 974,000元)·上文披露各項開支各自之總金額亦包括此金額。

(Expressed in Hong Kong dollars)

(以港元列值)

5. TAXATION

- (a) Taxation in the consolidated income statement represents:

5. 稅項

- (a) 綜合損益表之稅項包括：

		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
Provision for Hong Kong Profits Tax for the year	本年度香港利得稅撥備	-	149
Provision for income tax outside Hong Kong in the PRC for the year	本年度中國(香港除外)所得稅撥備	1,921	1,067
Over-provision in respect of prior years	以往年度超額準備	-	(15)
		<u>1,921</u>	<u>1,201</u>
Share of associates' taxation	所佔聯營公司稅項	-	374
		<u>1,921</u>	<u>1,575</u>

No provision for Hong Kong Profits Tax has been made as the Group sustained a loss for taxation purpose for the year. The provision for Hong Kong Profits Tax for the year ended 31 December 2001 was calculated at 16% of the estimated assessable profits. Taxation for PRC subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the PRC.

就香港利得稅而言，本集團於年內被視為出現虧損，故並無作出撥備。截至二零零一年十二月三十一日止年度的香港利得稅撥備乃以估計應課稅溢利按16%稅率計算。中國附屬公司之稅項以中國現行適用稅率按有關規定計算。

(Expressed in Hong Kong dollars)

(以港元列值)

5. TAXATION (continued)

5. 稅項(續)

(b) Taxation in the consolidated balance sheet represents:

(b) 綜合資產負債表之稅項包括:

		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
Provision for Hong Kong Profits Tax for the year	本年度香港利得稅撥備	-	149
Balance of provision for Hong Kong Profits Tax relating to prior years	以往年度香港利得稅撥備結餘	27	108
		----- 27	----- 257
Provision for PRC income tax	中國所得稅撥備	1,921	1,067
Balance of provision for PRC income tax related to prior years	以往年度中國所得稅撥備結餘	932	1,229
		----- 2,853	----- 2,296
		----- 2,880	----- 2,553

None of the taxation payable is expected to be settled after more than 1 year.

並無任何應繳稅項預期將於一年後始清繳。

*(Expressed in Hong Kong dollars)**(以港元列值)***5. TAXATION (continued)**

- (c) At the balance sheet date, the Group had an unrecognised deferred tax asset of \$2,485,000 (2001: \$2,300,000) which represents the tax effect of timing differences arising as a result of tax losses available to set off against future assessable profits. These deferred tax assets have not been recognised in the financial statements as it is not certain that the benefit will be realised in the foreseeable future.

In the opinion of the directors, the deficit arising on revaluation of investment properties situated in Hong Kong does not constitute a timing difference for tax purposes. In addition, the directors are of the opinion that the Group has no intention to dispose of its investment properties situated in the PRC in the foreseeable future. Accordingly, no deferred taxation has been provided on the revaluation deficit of these property interests.

The Group had no significant unprovided deferred taxation for the year or at the balance sheet date.

5. 稅項 (續)

- (c) 於結算日，本集團有為數2,485,000元（二零零一年：2,300,000元）之未確認遞延稅項資產，為以稅務虧損抵銷未來應課稅溢利而產生之時差稅務效益。由於未能確定此等遞延稅項資產會否於可見將來變現，故並未在財務報表上確認此項利益。

董事認為，重估位於香港之投資物業價值所產生之虧絀在稅務上並不構成時差。此外，董事認為本集團無意於可見將來出售名下位於中國之投資物業。因此，並無就此等物業權益之重估虧絀提撥遞延稅項。

於本年度內或於結算日，本集團並無任何未撥備之重大遞延稅項。

(Expressed in Hong Kong dollars)

(以港元列值)

6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

		2002	2001
		二零零二年	二零零一年
		\$'000	\$'000
		千元	千元
Fees	袍金	100	100
Salaries and other emoluments	薪金及其他酬金	3,887	5,356
Retirement scheme contributions	退休金計劃供款	64	47
		<u>4,051</u>	<u>5,503</u>

Included in the directors' remuneration were fees of \$100,000 (2001: \$100,000) paid to the independent non-executive directors during the year.

The remuneration of the directors is within the following bands:

		Number of directors	
		董事人數	
		2002	2001
		二零零二年	二零零一年
\$Nil – \$1,000,000	零至1,000,000元	4	4
\$1,000,001 – \$1,500,000	1,000,001元至1,500,000元	2	1
\$1,500,001 – \$2,000,000	1,500,001元至2,000,000元	–	2
		<u> </u>	<u> </u>

6. 董事酬金

根據香港公司條例第161條披露之董事酬金如下：

		2002	2001
		二零零二年	二零零一年
		\$'000	\$'000
		千元	千元
Fees	袍金	100	100
Salaries and other emoluments	薪金及其他酬金	3,887	5,356
Retirement scheme contributions	退休金計劃供款	64	47
		<u>4,051</u>	<u>5,503</u>

董事酬金中包括於本年度支付予獨立非執行董事之袍金共100,000元(二零零一年:100,000元)。

董事酬金介乎下列範圍：

		Number of directors	
		董事人數	
		2002	2001
		二零零二年	二零零一年
\$Nil – \$1,000,000	零至1,000,000元	4	4
\$1,000,001 – \$1,500,000	1,000,001元至1,500,000元	2	1
\$1,500,001 – \$2,000,000	1,500,001元至2,000,000元	–	2
		<u> </u>	<u> </u>

(Expressed in Hong Kong dollars)

(以港元列值)

7. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2001: three) are directors whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the other three (2001: two) individuals are as follows:

		2002	2001
		二零零二年	二零零一年
		\$'000	\$'000
		千元	千元
Salaries and other emoluments	薪金及其他酬金	<u>2,712</u>	<u>1,563</u>

The emoluments of the three (2001: two) individuals are within the following band:

		Number of individuals	
		僱員人數	
		2002	2001
		二零零二年	二零零一年
\$Nil – \$1,000,000	零至1,000,000元	<u>3</u>	<u>2</u>

7. 最高薪酬人士

五位最高薪酬人士中，其中兩位（二零零一年：三位）為董事，其酬金已在附註6披露。其餘三位（二零零一年：兩位）人士之酬金總額如下：

		2002	2001
		二零零二年	二零零一年
		\$'000	\$'000
		千元	千元
Salaries and other emoluments	薪金及其他酬金	<u>2,712</u>	<u>1,563</u>

三位（二零零一年：兩位）人士之酬金介乎下列範圍：

		Number of individuals	
		僱員人數	
		2002	2001
		二零零二年	二零零一年
\$Nil – \$1,000,000	零至1,000,000元	<u>3</u>	<u>2</u>

(Expressed in Hong Kong dollars)

(以港元列值)

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a loss of \$1,131,000 (2001: a profit of \$4,487,000) which has been dealt with in the financial statements of the Company.

9. EARNINGS PER SHARE**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the consolidated profit for the year of \$5,393,000 (2001: \$4,017,000) and the weighted average of 1,552,193,392 ordinary shares (2001: 1,554,980,368 shares) in issue during the year.

(b) Diluted earnings per share

There were no potential ordinary shares for the year ended 31 December 2002. Diluted earnings per share was not shown for the year ended 31 December 2001 as all the potential ordinary shares were anti-dilutive.

10. SEGMENTAL REPORTING

Segmental information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

- (i) Sales of watches and timepieces, and
- (ii) Property investments.

8. 股東應佔溢利

股東應佔綜合溢利中包括1,131,000元(二零零一年:溢利4,487,000元)之虧損已於本公司財務報表中處理。

9. 每股盈利**(a) 每股基本盈利**

每股基本盈利乃根據本年度綜合溢利5,393,000元(二零零一年:4,017,000元)及於本年內已發行普通股之加權平均數1,552,193,392股(二零零一年:1,554,980,368股)計算。

(b) 每股攤薄盈利

截至二零零二年十二月三十一日止年度內,並無任何潛在普通股。由於所有潛在普通股均未受攤薄影響,故並無呈列截至二零零一年十二月三十一日止年度之每股攤薄盈利。

10. 分類報告

本集團之分類資料是按業務類別及經營地區列報。集團為配合內部財務報告,故選擇以業務類別為主要匯報形式。

業務分類

本集團涉及下列主要業務類別:

- (i) 銷售鐘錶及時計產品及
- (ii) 物業投資。

(Expressed in Hong Kong dollars)

(以港元列值)

10. SEGMENTAL REPORTING (continued)

The segmental information for the year about these business segments is presented below:

(a) Segmental revenue and results

10. 分類報告(續)

於本年度，有關該等業務分類之分類資料呈列如下：

(a) 分類收入及業績

		* Segmental revenue		Segmental results	
		* 分類收入		分類業績	
		2002	2001	2002	2001
		二零零二年	二零零一年	二零零二年	二零零一年
		\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元
Sales of watches and timepieces	銷售鐘錶及時計產品	109,557	80,203	5,854	8,624
Property investments	物業投資	6,085	8,556	(158)	(5,147)
Unallocated (note)	未經分配(附註)	6,964	19,089	(9,370)	318
		<u>122,606</u>	<u>107,848</u>	(3,674)	3,795
Finance costs	財務費用			-	(2,597)
Share of profits less losses of associates	所佔聯營公司溢利減虧損			-	412
Gain on disposal of an associate	出售一間聯營公司收益			4,000	-
Write back of provision for long term receivable	撥回長期應收款撥備			7,000	4,000
Profit from ordinary activities before taxation	一般業務除稅前溢利			7,326	5,610
Taxation	稅項			(1,921)	(1,575)
Profit from ordinary activities after taxation	一般業務除稅後溢利			5,405	4,035
Minority interests	少數股東權益			(12)	(18)
Profit for the year	本年度溢利			<u>5,393</u>	<u>4,017</u>

(Expressed in Hong Kong dollars)

(以港元列值)

10. SEGMENTAL REPORTING (continued)

10. 分類報告(續)

(a) Segmental revenue and results (continued)

(a) 分類收入及業績(續)

There were no transactions among the Group's business segments during the years ended 31 December 2002 and 2001.

截至二零零二年及二零零一年十二月三十一日止年度內，本集團之業務類別間並無進行任何交易。

Note: The "Unallocated" segment mainly comprises financial income and corporate expenses.

附註：「未經分配」分類主要包括財務收入及企業開支。

* The segmental revenue can be analysed as follows:

* 分類收入之分析如下：

		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
Turnover	營業額	116,396	99,389
Other revenue	其他收入	6,210	8,459
		<u>122,606</u>	<u>107,848</u>

(b) Segmental assets and liabilities

(b) 分類資產及負債

		Segmental assets 分類資產		Segmental liabilities 分類負債	
		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元	2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
Sales of watches and timepieces	銷售鐘錶及時計產品	102,039	92,960	24,784	20,287
Property investments	物業投資	81,889	84,500	6,255	7,208
Unallocated (note)	未經分配(附註)	381,943	381,889	15,325	15,559
		<u>565,871</u>	<u>559,349</u>	<u>46,364</u>	<u>43,054</u>

Note: The "Unallocated" segment mainly comprises financial assets, receivables in respect of the sale of a subsidiary and interest in associates.

附註：「未經分配」分類主要包括財務資產、出售一附屬公司之應收款項及聯營公司之權益。

(Expressed in Hong Kong dollars)

(以港元列值)

10. SEGMENTAL REPORTING (continued)

10. 分類報告(續)

(c) Other segmental information

(c) 其他分類資料

	Depreciation		Capital expenditure	
	折舊		資本開支	
	2002	2001	2002	2001
	二零零二年	二零零一年	二零零二年	二零零一年
	\$'000	\$'000	\$'000	\$'000
	千元	千元	千元	千元
Sales of watches and timepieces	2,602	3,203	3,751	2,281
Property investments	1,590	1,589	-	-
Unallocated	724	737	-	-
	<u>4,916</u>	<u>5,529</u>	<u>3,751</u>	<u>2,281</u>

The Group participates in two principal economic environments. Hong Kong is a major market for the Group's property investment business and the other parts of the PRC is a major market for sales of watches and timepieces.

本集團現處於兩個主要營商環境。香港乃本集團物業投資業務之主要市場，而中國其他地區則為銷售鐘錶及時計產品之主要市場。

(Expressed in Hong Kong dollars)

(以港元列值)

10. SEGMENTAL REPORTING (continued)

10. 分類報告(續)

(c) Other segmental information (continued)

(c) 其他分類資料(續)

In presenting information on the basis of geographical segments, segmental revenue is based on the geographical location of customers. Segmental assets and capital expenditure are based on the geographical location of the assets.

按地區分類基準呈報資料時，分類收入按客戶所處地域位置呈報。分類資產及資本開支乃按資產所在地域位置呈報。

	Hong Kong		Other parts of the PRC	
	香港		中國其他地區	
	2002	2001	2002	2001
	二零零二年	二零零一年	二零零二年	二零零一年
	\$'000	\$'000	\$'000	\$'000
	千元	千元	千元	千元
Revenue from external customers	12,015	24,972	110,591	82,876
Segmental assets	450,568	453,765	115,303	105,584
Capital expenditure incurred during the year	-	-	3,751	2,281

外界客戶之收益

分類資產

本年度產生之資本開支

(Expressed in Hong Kong dollars)

(以港元列值)

11. FIXED ASSETS

11. 固定資產

(a) The Group

(a) 本集團

	Land and buildings 土地及樓宇 \$'000 千元	Leasehold improvements 租賃物業裝修 \$'000 千元	Plant and machinery 廠房及機器 \$'000 千元	Furniture, Fixtures and office equipment 傢具、裝置及辦公室設備 \$'000 千元	Motor vehicles 汽車 \$'000 千元	Sub-total 小計 \$'000 千元	Investment properties 投資物業 \$'000 千元	Total 總額 \$'000 千元	
Cost or valuation:	成本值或估值:								
At 1 January 2002	於二零零二年一月一日								
	82,917	812	4,773	9,828	3,529	101,859	54,879	156,738	
Exchange adjustments	60	-	36	53	21	170	-	170	
Additions	936	279	19	911	1,606	3,751	-	3,751	
Disposals	-	-	-	(13)	-	(13)	-	(13)	
Deficit on revaluation	-	-	-	-	-	-	(1,019)	(1,019)	
At 31 December 2002	於二零零二年十二月三十一日								
	83,913	1,091	4,828	10,779	5,156	105,767	53,860	159,627	
Representing:	代表:								
At cost	成本值								
	83,913	1,091	4,828	10,779	5,156	105,767	-	105,767	
At valuation - 2002	估值 - 二零零二年								
	-	-	-	-	-	-	53,860	53,860	
	83,913	1,091	4,828	10,779	5,156	105,767	53,860	159,627	
Aggregate depreciation:	累計折舊:								
At 1 January 2002	於二零零二年一月一日								
	49,150	697	1,514	5,015	2,254	58,630	-	58,630	
Exchange adjustments	21	-	12	23	14	70	-	70	
Charge for the year	1,894	316	438	1,750	518	4,916	-	4,916	
Written back on disposal	-	-	-	(10)	-	(10)	-	(10)	
At 31 December 2002	於二零零二年十二月三十一日								
	51,065	1,013	1,964	6,778	2,786	63,606	-	63,606	
Net book value:	賬面淨值:								
At 31 December 2002	於二零零二年十二月三十一日								
	32,848	78	2,864	4,001	2,370	42,161	53,860	96,021	
At 31 December 2001	於二零零一年十二月三十一日								
	33,767	115	3,259	4,813	1,275	43,229	54,879	98,108	

(Expressed in Hong Kong dollars)

(以港元列值)

11. FIXED ASSETS (continued)

11. 固定資產(續)

(b) The Company

(b) 本公司

		Furniture, fixtures and office equipment	Leasehold improvements	Motor vehicles	Total
		傢具、 裝置及 辦公室設備	租賃 物業裝修	汽車	總額
		\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元
Cost:	成本值:				
At 1 January 2002	於二零零二年一月一日	2,508	626	610	3,744
Disposals	出售	(13)	-	-	(13)
At 31 December 2002	於二零零二年 十二月三十一日	2,495	626	610	3,731
Aggregate depreciation:	累計折舊:				
At 1 January 2002	於二零零二年一月一日	1,874	429	241	2,544
Charge for the year	本年度折舊	477	124	123	724
Written back on disposal	出售時撥回	(10)	-	-	(10)
At 31 December 2002	於二零零二年 十二月三十一日	2,341	553	364	3,258
Net book value:	賬面淨值:				
At 31 December 2002	於二零零二年 十二月三十一日	154	73	246	473
At 31 December 2001	於二零零一年 十二月三十一日	634	197	369	1,200

(Expressed in Hong Kong dollars)

(以港元列值)

11. FIXED ASSETS (continued)

- (c) The analysis of net book value of properties is as follows:

		The Group 本集團	
		2002 二零零二年	2001 二零零一年
		\$'000 千元	\$'000 千元
In Hong Kong	香港		
– long term leases	– 長期租賃	61,372	64,188
Other parts in the PRC	中國其他地區		
– medium term lease	– 中期租賃	25,336	24,458
		86,708	88,646

- (d) Investment properties of the Group were revalued at 31 December 2002 by an independent firm of surveyors, Chung, Chan and Associates, who have among their staff Associates of the Hong Kong Institute of Surveyors, on an open market value basis calculated by reference to net rental income allowing for reversionary income potential. The revaluation deficit of \$1,019,000 (2001: \$1,121,000) has been charged to the income statement.

- (e) The Group leases out investment properties under operating leases. The leases typically run for an initial period of two to four years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The gross carrying amounts of investment properties of the Group held for use in the operating leases was \$53,860,000 (2001: \$54,879,000).

11. 固定資產(續)

- (c) 物業賬面淨值分析如下：

		The Group 本集團	
		2002 二零零二年	2001 二零零一年
		\$'000 千元	\$'000 千元
In Hong Kong	香港		
– long term leases	– 長期租賃	61,372	64,188
Other parts in the PRC	中國其他地區		
– medium term lease	– 中期租賃	25,336	24,458
		86,708	88,646

- (d) 本集團之投資物業於二零零二年十二月三十一日之估值已由獨立測量師行衡量行(其職員包括屬於香港測量師學會會員之人士)·按公開市值基準並計入可收回之潛在租金收入淨額評估。重估虧絀1,019,000元(二零零一年:1,121,000元)已計入損益表。

- (e) 本集團根據經營租約租出投資物業。租賃期初步為二至四年·並可選擇待所有條款經重新商討後續約。上述租賃概無任何或然租金。

本集團所持有以根據經營租約租出之投資物業之賬面總額為53,860,000元(二零零一年:54,879,000元)。

(Expressed in Hong Kong dollars)

(以港元列值)

11. FIXED ASSETS (continued)

- (f) The future lease payments under the non-cancellable operating leases are receivable as follows:

		2002	2001
		二零零二年	二零零一年
		\$'000	\$'000
		千元	千元
Within 1 year	一年內	2,595	2,780
After 1 year but within 5 years	一年後但五年內	-	2,035
		<u>2,595</u>	<u>4,815</u>

12. INTEREST IN SUBSIDIARIES

Unlisted shares, at cost	非上市股份·成本值	21,374	21,374
Amounts due from subsidiaries	應收附屬公司欠款	438,761	442,777
Amounts due to subsidiaries	應付附屬公司欠款	-	(16)
		<u>460,135</u>	<u>464,135</u>
Less: Provisions	減:撥備	(276,800)	(276,800)
		<u>183,335</u>	<u>187,335</u>

Details of the Company's principal subsidiaries as at 31 December 2002 are set out in note 25. All of the Company's subsidiaries have been consolidated into the Group's financial statements except as described below.

11. 固定資產(續)

- (f) 不可撤銷經營租約之應收未來租賃款項如下:

		2002	2001
		二零零二年	二零零一年
		\$'000	\$'000
		千元	千元
Within 1 year	一年內	2,595	2,780
After 1 year but within 5 years	一年後但五年內	-	2,035
		<u>2,595</u>	<u>4,815</u>

12. 所佔附屬公司權益

The Company
本公司

		2002	2001
		二零零二年	二零零一年
		\$'000	\$'000
		千元	千元
Unlisted shares, at cost	非上市股份·成本值	21,374	21,374
Amounts due from subsidiaries	應收附屬公司欠款	438,761	442,777
Amounts due to subsidiaries	應付附屬公司欠款	-	(16)
		<u>460,135</u>	<u>464,135</u>
Less: Provisions	減:撥備	(276,800)	(276,800)
		<u>183,335</u>	<u>187,335</u>

有關本公司主要附屬公司於二零零二年十二月三十一日之詳情載於附註25。除下文所述者外，本公司所有附屬公司業績已綜合載於本集團之財務報表內。

(Expressed in Hong Kong dollars)

(以港元列值)

12. INTEREST IN SUBSIDIARIES (continued)

The Group holds a 51% equity interest in Shunde Everbright Sunto Computer Co. Ltd., a company which is established in the PRC through which the Group had intended to participate in the manufacturing and the sale of computer casing products with third parties. Due to the non-disclosure of certain material transactions by the subsidiary's management and its minority shareholder, the Group has reasonable doubt as to the reliability of the financial information provided by the subsidiary. The directors of the Company are of the opinion that the subsidiary is practically in a management dead-lock, and the value of the Group's investment in this subsidiary, and the collectibility of the amount due from it in a total amount of \$60.5 million, are doubtful. Accordingly, the Group's interest in this unconsolidated subsidiary has been fully provided as from the year ended 31 December 1998. The Group will not make any further investment in this subsidiary.

12. 所佔附屬公司權益(續)

本集團持有於中國成立之順德市光大順通電腦有限公司51%股本權益。本集團原擬透過該公司聯同第三方參與製造及銷售電腦機箱產品。由於該附屬公司之管理層及其少數股東對若干重大交易未有披露，本集團對該附屬公司所提供之財務資料之可靠性存有疑問。本公司董事會認為該附屬公司實際上已陷入僵局，所以本集團於該附屬公司之投資及能否收回附屬公司之欠款（合共60,500,000元）均成疑問。因此，本集團所佔該未綜合計入賬目之附屬公司權益已由截至一九九八年十二月三十一日止年度起作出全面撥備。本集團亦不會對該附屬公司作出任何進一步投資。

(Expressed in Hong Kong dollars)

(以港元列值)

13. INTEREST IN ASSOCIATES

(a)

		The Group 本集團		The Company 本公司	
		2002 二零零二年	2001 二零零一年	2002 二零零二年	2001 二零零一年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Unlisted shares, at cost	非上市股份·成本值	-	-	39,301	39,301
Share of net assets	應佔資產淨值	-	-	-	-
Less: Impairment losses	減:減值虧損	-	-	(35,652)	(35,652)
Amount due to associate	應付聯營公司欠款	(3,649)	(3,649)	(3,649)	(3,649)
		<u>(3,649)</u>	<u>(3,649)</u>	<u>-</u>	<u>-</u>

The Group has no associate which has significant effect over the results or assets of the Group for the year ended 31 December 2002. Prior to March 2001, the Group held approximately 49.4% interest in Cokin Limited, a company incorporated in the British Virgin Islands. Cokin Limited held approximately 20% interest in Chevalier iTech Holdings Limited ("Chevalier") and had no other business activities apart from the investment in Chevalier. Chevalier is a company listed on the HKSE which is engaged in the supply, installation and servicing of computer equipment, telecommunication systems and office automation system. Cokin Limited was wound up in March 2001 and the Group's attributable interest in Chevalier was transferred to Everbright Creation International Limited, a wholly owned subsidiary of the Group. Following the transaction, the Group was unable to exercise significant influence over the financial and operating decision of Chevalier. Accordingly, the Group ceased to equity account for the results of Chevalier and classified its interest in Chevalier as investment securities intended to be held on a continuing basis. The Group's share of net assets of Chevalier as at 31 March 2001 was considered as the deemed cost of the investment securities on that date.

13. 所佔聯營公司權益

(a)

本集團於二零零二年十二月三十一日止年度並無對本集團業績或資產構成主要影響之聯營公司。於二零零一年三月之前，本集團持有於英屬處女群島註冊成立之Cokin Limited約49.4%權益。Cokin Limited持有其士科技控股有限公司（「其士」）約20%權益。除於其士之投資外，Cokin Limited概無經營其他業務。其士為於聯交所上市的公司，從事電腦設備、電訊系統及辦公室自動化系統之供應、安裝及維修服務。Cokin Limited於二零零一年三月清盤，而本集團於其士之所佔權益則轉予本集團之全資附屬公司Everbright Creation International Limited。交易完成後，本集團不能於其士就財務及經營決策權上行使重大影響力。因此，本集團終止按權益會計法將其士業績入賬，並將其士權益列為持續持有之投資證券。本集團於二零零一年三月三十一日於其士之所佔資產淨值被視為於該日之投資證券成本。

(Expressed in Hong Kong dollars)

(以港元列值)

13. INTEREST IN ASSOCIATES (continued)**(b) Associate – not equity accounted for**

In July 1999, the Group through two wholly owned subsidiaries of the Company, China Everbright Technology Chains Limited (“CET Chains”) and China Everbright Info-tech Land Limited (“Info-tech Land”), acquired a 38% equity interest in Wuxi Taide I.T.-Land Development Company Limited (“Wuxi Taide”). The principal activity of Wuxi Taide is property development in Wuxi, Jiangsu Province of the PRC.

The equity method of accounting for the results of the associate, Wuxi Taide, is not adopted as no audited financial statements of Wuxi Taide are available and the Group is unable to exercise significant influence on it. The operations of Wuxi Taide have ceased as the company faced severe financial difficulties and litigations were made by a number of creditors against the company for repayment of debts.

The directors consider that it is more appropriate to fully write off the Group’s interest in Wuxi Taide of approximately \$85 million in the financial statements for the year ended 31 December 1999 in view of the uncertainties on the recoverable amount of the investment.

On 5 July 2002, CET Chains entered into a sale and purchase agreement with Global Master China Limited (“Global Master”), an independent third party, pursuant to which, CET Chains sold its entire 100% equity interest in Infotech-Land to Global Master for a cash consideration of \$4 million. The gain on disposal has been dealt with in the consolidated income statement for the year as gain on disposal of an associate.

13. 所佔聯營公司權益 (續)**(b) 未按權益會計法入賬之聯營公司**

本集團於一九九九年七月透過兩間全資附屬公司 China Everbright Technology Chains Limited (「CET Chains」) 及中國光大資訊天地有限公司 (「資訊天地」) 購入無錫泰德科教發展有限公司 (「無錫泰德」) 38% 股本權益。無錫泰德之主要業務為在中國江蘇省無錫從事物業發展。

由於無錫泰德並無任何經審核財務報表，且本集團未能對其行使重大影響力，故不採用權益會計法處理聯營公司無錫泰德之業績。由於無錫泰德現正面臨嚴重財政困難，且遭多名債權人興訟追討債項，導致該公司業務停頓。

鑑於未能確定能否收回投資金額，故董事認為悉數撇棄本集團截至一九九九年十二月三十一日止年度於無錫泰德之全部權益約85,000,000元乃較為恰當之處理方法。

二零零二年七月五日，CET Chains與獨立第三方浩瀚中國有限公司 (「浩瀚」) 訂立買賣協議。據此，CET Chains按4,000,000元之現金代價，出售其所持有之資訊天地全部100%股本權益。出售所得溢利已列作出售一間聯營公司收益計入綜合損益表。

(Expressed in Hong Kong dollars)

(以港元列值)

14. INVESTMENT SECURITIES

14. 投資證券

		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
Equity securities listed in Hong Kong	於香港上市之股本證券	39,487	39,487
Market value	市值	14,487	21,523

15. LONG TERM RECEIVABLE

15. 長期應收賬款

		The Group and the Company 本集團及本公司	
		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
Amount receivable in respect of the sale of a subsidiary in 2000, gross	有關於二零零零年出售一家附屬公司應收款·總額	11,750	79,185
Less: Provision (note)	減:撥備(附註)	-	(7,000)
Amount receivable in respect of the sale of a subsidiary in 2000, net	有關於二零零零年出售一家附屬公司應收款·淨額	11,750	72,185
Less: Amount receivable within one year and included in other receivables (note 18)	減:應於一年內收取之款項並已計入其他應收款(附註18)	(11,750)	(72,185)
Amount receivable after one year	應於一年後收取之款項	-	-

Note: The balance of the amount receivable has been fully settled in 2003 and the provision brought forward of \$7,000,000 has therefore been written back to the consolidated income statement for the year.

附註: 應收款結餘已於二零零三年悉數收回,撥備之7,000,000元承前結餘已因而於年內在綜合損益表撥回。

(Expressed in Hong Kong dollars)

(以港元列值)

16. OTHER INVESTMENTS

16. 其他投資

	The Group 本集團		The Company 本公司	
	2002 二零零二年	2001 二零零一年	2002 二零零二年	2001 二零零一年
	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
At market value	按市值			
Equity securities listed outside Hong Kong	於香港以外地區 上市之股本證券			
	-	720	-	720

17. INVENTORIES

17. 存貨

		The Group 本集團	
		2002 二零零二年	2001 二零零一年
		\$'000 千元	\$'000 千元
Raw materials	原材料	10,085	6,211
Work in progress	在製品	3,807	1,951
Finished goods	製成品	26,054	28,829
		<u>39,946</u>	<u>36,991</u>

Included in finished goods are inventories of \$26,054,000 (2001: \$28,829,000), stated net of a general provision, made in order to state those inventories at the lower of their cost and estimated net realisable value.

製成品包括價值為26,054,000元(二零零一年: 28,829,000元)之存貨, 因已扣除一般撥備, 故存貨可按成本值或估計可變現淨值兩者中之較低者列賬。

(Expressed in Hong Kong dollars)

(以港元列值)

18. TRADE AND OTHER RECEIVABLES

18. 應收賬款及其他應收款

(i)

(i)

		The Group 本集團		The Company 本公司	
		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元	2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
Trade debtors	應收賬款	6,788	7,391	-	-
Amount receivable in respect of the sale of a subsidiary in 2000 (note 15)	有關於二零零零年出售 一家附屬公司應收款 (附註15)	11,750	72,185	11,750	72,185
Prepayments and deposits paid	已付預付款項 及按金	11,792	6,537	483	2,512
Other receivables	其他應收款	2,559	3,930	1,019	672
		<u>32,889</u>	<u>90,043</u>	<u>13,252</u>	<u>75,369</u>

All of the trade and other receivables are expected to be recovered within one year.

預期所有應收賬款及其他應收款將於一年內收回。

(ii) Ageing analysis of trade debtors of the Group are as follows:

(ii) 本集團之應收賬款賬齡分析如下:

		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
Current	現期	6,129	6,327
1 to 6 months overdue	逾期1至6個月	419	259
More than 6 months overdue but less than 12 months overdue	逾期6個月以上 但少於12個月	240	805
		<u>6,788</u>	<u>7,391</u>

Trade debts are due after 1 month from the date of billings. Trade debtors with balances that are more than 3 months overdue are requested to settle all outstanding balances before any further credit is granted.

應收賬款於賬單日期起計一個月後到期。倘賬款結餘逾期三個月以上，須先償還所有欠款後才再給予任何進一步信貸。

(Expressed in Hong Kong dollars)

(以港元列值)

19. CASH AND CASH EQUIVALENTS

19. 現金及現金等價物

		The Group 本集團		The Company 本公司	
		2002 二零零二年	2001 二零零一年	2002 二零零二年	2001 二零零一年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Deposits with banks and other financial institutions	在銀行及其他財務機構的存款	323,168	265,760	323,168	259,935
Cash at banks and in hand	銀行結存及現金	34,336	28,240	3,919	3,558
		<u>357,504</u>	<u>294,000</u>	<u>327,087</u>	<u>263,493</u>

Included in the deposits with banks and other financial institutions is a deposit of \$Nil (2001: \$2,652,000) pledged as a security against a banking facility extended to the Group. At 31 December 2002, the facility has been terminated. (At 31 December 2001: \$1,420,000 of the banking facility was utilised).

現金及現金等價物包括在銀行及其他財務機構的存款零元(二零零一年: 2,652,000元), 用作本集團所獲銀行給予的信用額之抵押。於二零零二年十二月三十一日, 該項信貸已經終止(於二零零一年十二月三十一日: 已動用之信用額為1,420,000元)。

20. TRADE AND OTHER PAYABLES

20. 應付賬款及其他應付款

		The Group 本集團		The Company 本公司	
		2002 二零零二年	2001 二零零一年	2002 二零零二年	2001 二零零一年
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Trade creditors	應付賬款	16,311	10,884	-	-
Bills payable	應付票據	-	1,420	-	-
Accrued expenses	預提費用	3,643	4,150	829	1,062
Deposits received	已收按金	2,815	3,567	-	-
Other payables	其他應付款	16,341	13,954	10,845	10,845
		<u>39,110</u>	<u>33,975</u>	<u>11,674</u>	<u>11,907</u>

All trade creditors and bills payable are due within 3 to 6 months.

所有應付賬款及應付票據將於三至六個月內到期。

(Expressed in Hong Kong dollars)

(以港元列值)

21. SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 25 May 2001 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The share option scheme shall be valid and effective for a period of ten years ending on 24 May 2011, after which no further options will be granted. For options granted before 1 September 2001, the exercise price of options was determined by the board and was the higher of the nominal value of the shares and 90% of the average of the closing prices of the shares on the Stock Exchange of Hong Kong Limited ("HKSE") for the five business days immediately preceding the date of grant. For options granted on or after 1 September 2001, the exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on the HKSE on the date of grant and the average closing price of the shares on the HKSE for the five business days immediately preceding the date of grant. Each option gives the holder the right to subscribe for one share. During the year, there is no share options granted or exercised. There were no outstanding options at 31 December 2002.

21. 優先認購股份權計劃

本公司於二零零一年五月二十五日採納一項優先認購股份權計劃，藉此授權本公司董事酌情邀請本集團之僱員（包括本集團任何成員公司之董事）接納優先認購股份權，以認購本公司股份。優先認購股份權計劃於截至二零零一年五月二十四日止十年期間內有效及生效，該期間後將不會再授出任何優先認購股份權。就於二零零一年九月一日之前授出之優先認購股份權而言，優先認購股份權之行使價由董事會釐訂，為股份面值及股份在緊接授出日期前五個營業日於香港聯合交易所有限公司（「聯交所」）之平均收市價90%兩者之較高者。就於二零零一年九月一日或之後授出之優先認購股份權而言，行使價則為股份面值、股份在授出日期於聯交所之收市價及股份在緊接授出日期前五個營業日於聯交所之平均收市價三者之最高者。每份優先認購股份權均賦予其持有人可認購一股股份之權利。於本年度內並無授予或行使優先認購股份權。於二零零二年十二月三十一日並無任何尚未行使之優先認購股份權。

(Expressed in Hong Kong dollars)

(以港元列值)

22. SHARE CAPITAL

22. 股本

		2002		2001	
		二零零二年		二零零一年	
		No. of shares 股份數目 '000 千股	Amount 金額 \$'000 千元	No. of shares 股份數目 '000 千股	Amount 金額 \$'000 千元
<i>Authorised:</i>	<i>法定:</i>				
Ordinary shares of \$0.10 each	每股面值0.10元之 普通股	<u>2,000,000</u>	<u>200,000</u>	<u>2,000,000</u>	<u>200,000</u>
<i>Issued and fully paid:</i>	<i>已發行及悉數繳足:</i>				
At 1 January	於一月一日	1,553,349	155,335	1,560,221	156,022
Shares repurchased	贖回股份	<u>(8,518)</u>	<u>(852)</u>	<u>(6,872)</u>	<u>(687)</u>
At 31 December	於十二月三十一日	<u>1,544,831</u>	<u>154,483</u>	<u>1,553,349</u>	<u>155,335</u>

During the year, the Company repurchased its own shares on the HKSE as follows:

本年度內，本公司於聯交所購回本身股份如下：

Month/year 年份/月份		Number of shares repurchased 購回之股份 數目	Highest price paid per share 支付之每股 最高股價 \$ 元	Lowest price paid per share 支付之每股 最低股價 \$ 元	Aggregate price paid 支付之 價格總額 \$'000 千元
October 2002	二零零二年十月	2,644,000	0.295	0.25	724
November 2002	二零零二年十一月	<u>5,874,000</u>	0.32	0.30	<u>1,838</u>
		<u>8,518,000</u>			<u>2,562</u>

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37 of the Companies Law (2001 Second Revision) of the Cayman Islands, the premium paid on the repurchase of the shares of \$1,710,000 was charged to the share premium account (note 23).

由於購回股份已經被註銷，本公司已發行股本因此按此等股份之面值相應減低。根據開曼群島公司法（二零零一年第二修訂版）第37條，購回股份所付溢價1,710,000元已計入股份溢價賬（附註23）。

During the year, there were no share options granted or exercised.

於本年度內並無授予或行使優先認購股份權。

(Expressed in Hong Kong dollars)

(以港元列值)

23. RESERVES

23. 儲備

		Share premium	Goodwill arising on consolidation	Statutory reserves	Exchange reserve	Accumulated losses	Total
		綜合賬目時 所產生之商譽	法定 儲備基金	匯兌儲備	累積虧損		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
The Group	本集團						
2001	二零零一年						
At 1 January 2001	於二零零一年一月一日	681,643	(15,300)	1,785	(268)	(309,157)	358,703
Purchase of own shares	贖回本身股份						
- premium paid	- 已付溢價	(2,051)	-	-	-	-	(2,051)
Exchange differences on translation of financial statements of PRC subsidiaries	換算中國境內附屬公司財務報表之匯兌差額	-	-	-	32	-	32
Share of exchange reserve of an associate	所佔一間聯營公司匯兌儲備	-	-	-	16	-	16
Transfer to statutory reserve (note (i))	轉撥至法定儲備基金(附註(i))	-	-	975	-	(975)	-
Profit for the year	本年度溢利	-	-	-	-	4,017	4,017
At 31 December 2001	於二零零一年十二月三十一日	<u>679,592</u>	<u>(15,300)</u>	<u>2,760</u>	<u>(220)</u>	<u>(306,115)</u>	<u>360,717</u>
2002	二零零二年						
At 1 January 2002	於二零零二年一月一日	679,592	(15,300)	2,760	(220)	(306,115)	360,717
Purchase of own shares	贖回本身股份						
- premium paid	- 已付溢價	(1,710)	-	-	-	-	(1,710)
Exchange differences on translation of financial statements of PRC subsidiaries	換算中國境內附屬公司財務報表之匯兌差額	-	-	-	367	-	367
Share of exchange reserve of an associate	所佔一間聯營公司匯兌儲備	-	-	-	-	-	-
Transfer to statutory reserve (note (i))	轉撥至法定儲備基金(附註(i))	-	-	1,983	-	(1,983)	-
Profit for the year	本年度溢利	-	-	-	-	5,393	5,393
At 31 December 2002	於二零零二年十二月三十一日	<u>677,882</u>	<u>(15,300)</u>	<u>4,743</u>	<u>147</u>	<u>(302,705)</u>	<u>364,767</u>

(Expressed in Hong Kong dollars)

(以港元列值)

23. RESERVES (continued)

Notes:

- (i) These are statutory reserves of PRC subsidiaries which are non-distributable.
- (ii) Included in the figure for the accumulated losses is an amount of \$27,337,000 (2001: \$27,337,000) attributable to associates.
- (iii) The application of the share premium account is governed by the Companies Law (2001 Second Revision) of the Cayman Islands.
- (iv) The exchange reserves have been set up and will be dealt with in accordance with the accounting policies adopted for foreign currency translation.

23. 儲備 (續)

附註:

- (i) 此為中國附屬公司不可作分派之法定儲備基金。
- (ii) 於累積虧損中包括一項應佔聯營公司27,337,000元之款項(二零零一年: 27,337,000元)。
- (iii) 股份溢價賬之應用乃受開曼群島公司法(二零零一年第二修訂版)所規限。
- (iv) 匯兌儲備已經設立,並將根據外幣換算所採用之會計政策處理。

		Share premium	Accumulated losses	Total
		股份溢價	累積虧損	總額
		\$'000	\$'000	\$'000
		千元	千元	千元
The Company	本公司			
2001	二零零一年			
At 1 January 2001	於二零零一年一月一日	681,643	(323,224)	358,419
Purchase of own shares	贖回本身股份			
– premium paid	– 已付溢價	(2,051)	–	(2,051)
Profit for the year	本年度溢利	–	4,487	4,487
		<u>–</u>	<u>4,487</u>	<u>4,487</u>
At 31 December 2001	於二零零一年 十二月三十一日	<u>679,592</u>	<u>(318,737)</u>	<u>360,855</u>
2002	二零零二年			
At 1 January 2002	於二零零二年一月一日	679,592	(318,737)	360,855
Purchase of own shares	贖回本身股份			
– premium paid	– 已付溢價	(1,710)	–	(1,710)
Loss for the year	本年度虧損	–	(1,131)	(1,131)
		<u>–</u>	<u>(1,131)</u>	<u>(1,131)</u>
At 31 December 2002	於二零零二年 十二月三十一日	<u>677,882</u>	<u>(319,868)</u>	<u>358,014</u>

(Expressed in Hong Kong dollars)

(以港元列值)

24. OPERATING LEASE COMMITMENTS

At 31 December 2002, the total future lease payments under non-cancellable operating leases are payable as follows:

		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
Within one year	一年內	480	273
After one year but within five years	一年後但五年內	1,618	55
After five years	五年後	1,960	-
		<u>4,058</u>	<u>328</u>

25. PARTICULARS OF SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results or assets of the Group. The class of shares held is ordinary shares unless otherwise stated.

24. 經營租賃承擔

於二零零二年十二月三十一日，不可撤銷經營租約之應付未來租賃總額年期如下：

25. 附屬公司詳情

以下僅列出對本集團之業績或資產構成主要影響之附屬公司資料。除另有註明外，所持股份之類別均為普通股。

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Nominal value of issued and fully paid ordinary capital 已發行及 悉數繳足 普通股本面值	Principal activities 主要業務	Attributable interest 應佔權益
Qingapen Limited 晴嘉投資有限公司	Hong Kong/PRC 香港／中國	\$2 2元	Property investment 物業投資	100%
Wisdom Power Property Limited 智力物業有限公司	Hong Kong 香港	\$2 2元	Property investment 物業投資	100%

(Expressed in Hong Kong dollars)

(以港元列值)

25. PARTICULARS OF SUBSIDIARIES (continued)

25. 附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 營業地點	Nominal value of issued and fully paid ordinary capital 已發行及 悉數繳足 普通股本面值	Principal activities 主要業務	Attributable interest 應佔權益
Everbright Watch and Clock (Shenzhen) Co., Limited 光大依波鐘錶(深圳) 有限公司	# PRC # 中國	\$30,000,000 30,000,000元	Manufacture and sales of watches and timepieces 鐘錶 製造及銷售	100%
Sealgold Precision Manufacturing (Shenzhen) Co., Limited 翔利高精密製造(深圳) 有限公司	# PRC # 中國	\$3,000,000 3,000,000元	Sales of watches and timepieces 鐘錶銷售	100%
Shenzhen Everbright Southern Trading Co., Limited 深圳依波南方貿易有限公司	@ PRC @ 中國	RMB500,000 人民幣500,000元	Sales of watches and timepieces 鐘錶銷售	60%

Registered as a foreign investment enterprise

註冊為外資企業

@ Registered as a limited liability company

@ 註冊為有限責任公司

(Expressed in Hong Kong dollars)

(以港元列值)

26. MATERIAL RELATED PARTY TRANSACTIONS

Transactions with and amounts paid to or received from a controlling shareholder and its subsidiaries:

		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
Rental paid for staff quarter	支付員工宿舍租金	160	267
Rental income on properties	物業租金收入	<u>(2,220)</u>	<u>(2,409)</u>

27. POST BALANCE SHEET EVENTS

- (i) On 14 March 2003, the Company entered into a sales and purchase agreement with an independent third party, pursuant to which, the Company agreed to purchase the entire issued share capital in Starlex Limited ("Starlex"), incorporated in British Virgin Islands, for a cash consideration of \$99.8 million.

On the same date, Starlex entered into an equity transfer agreement pursuant to which, Starlex agreed to acquire the entire equity interest in Beijing Jing Guan Property Development Co. Ltd ("Jing Guan") from the existing investors.

Jing Guan was established on 8 June 2000 as a domestic limited liability company in the PRC with registered capital of RMB20 million. Jing Guan will be transformed as a wholly foreign-owned enterprise following the equity transfer. Jing Guan is engaged in property development and the sole asset of which is a piece of land with site area of approximately 45,900 square meters situated at East Part of E Area, Taiyanggong New District, Chao Yang Qu, Beijing, the PRC. The property development project is still in the development stage and the demolition and resettlement in respect of the site has been completed.

26. 與有關連人士之重大交易

與控權股東及其附屬公司進行之交易及應付或應收款項：

		2002 二零零二年 \$'000 千元	2001 二零零一年 \$'000 千元
Rental paid for staff quarter	支付員工宿舍租金	160	267
Rental income on properties	物業租金收入	<u>(2,220)</u>	<u>(2,409)</u>

27. 結算日後事項

- (i) 於二零零三年三月十四日，本公司與一名獨立第三方訂立一項買賣協議，據此，本公司同意按現金代價99,800,000元購買Starlex Limited（「Starlex」）全部已發行股本，該公司於英屬處女群島註冊成立。

同日，Starlex訂立一項權益轉讓協議，據此，Starlex同意向現有投資者購買北京京冠房地產開發有限公司（「京冠」）全部股本權益。

京冠於二零零零年六月八日在中國成立為內資有限責任公司，註冊資本為人民幣20,000,000元。進行股權轉移後，京冠將轉化為全外資企業。京冠從事物業發展之業務，其唯一資產為一幅位於中國北京市朝陽區太陽宮北街太陽宮新區E區東部，面積約45,900平方米之土地。該物業發展項目尚在發展階段，而上述土地之拆卸及遷徙工作已告完成。

*(Expressed in Hong Kong dollars)**(以港元列值)***27. POST BALANCE SHEET EVENTS (continued)**

- (ii) On 21 March 2003, the Company entered into an agreement with a subsidiary of CEH, China Everbright International Limited (“CEIL”). Pursuant to the agreement, the Company agreed to purchase and CEIL agreed to sell 100% interest in each of Tung On Assets Limited (“Tung On”) and Bright Merit Investments Limited (“Bright Merit”) at an aggregate cash consideration of \$7,000,000. Tung On and Bright Merit hold an aggregate 72.01% interest in Wellpeck International Group Limited (“Wellpeck”).

On the same date, a wholly owned subsidiary of the Company, Prime Win Profits Limited (“Prime Win”), entered into an agreement with Joint Cheer Investments Limited (“Joint Cheer”), an independent third party. Pursuant to the agreement, Prime Win agreed to purchase 27.99% interest in Wellpeck from Joint Cheer at a cash consideration of \$2,170,000. At the completion of the two transactions, which is expected to be on 28 March 2003, the Group will have a 100% beneficial interest in Wellpeck. The principal activities of Wellpeck and its subsidiaries are manufacturing and sale of timber products, development and servicing of machineries, investment holding, and trading and export of forest products.

27. 結算日後事項 (續)

- (ii) 於二零零三年三月二十一日，本公司與光大集團之附屬公司中國光大國際有限公司（「光大國際」）訂立一項協議。根據協議，本公司同意購買而光大國際同意出售於Tung On Assets Limited（「Tung On」）及Bright Merit Investments Limited（「Bright Merit」）各自之100%權益，現金代價合共7,000,000元。Tung On及Bright Merit合共持有Wellpeck International Group Limited（「Wellpeck」）72.01%權益。

同日，本公司之全資附屬公司Prime Win Profits Limited（「Prime Win」）與一名獨立第三方Joint Cheer Investments Limited（「Joint Cheer」）訂立協議。根據協議，Prime Win同意按現金代價2,170,000元向Joint Cheer購買其擁有之Wellpeck 27.99%權益。於完成兩項交易（預期為二零零三年三月二十八日）後，本集團將實益擁有Wellpeck 100%權益。Wellpeck及其附屬公司的主要業務為製造及銷售木材產品、製造及維修機器、投資控股和林木產品之貿易及出口。

(Expressed in Hong Kong dollars)

(以港元列值)

28. ADOPTION OF REVISED SSAPs

The following revised SSAPs issued by the HKSA, which became effective during 2002, were adopted for preparation of the Group's financial statements for the years ended 31 December 2001 and 2002:

- SSAP 1 (revised) "Presentation of financial statements"
- SSAP 15 (revised) "Cash flow statements"

Adoption of SSAP 1 (revised) "Presentation of financial statements"

In order to comply with the revised requirements of SSAP 1 (revised), the Group adopts the new statement "consolidated statement of changes in equity" which replaces the "consolidated statement of recognised gains and losses" included in previous financial statements. The new statement reconciles the movement of key components of the shareholders' fund, including share capital, reserves and retained earnings, from the beginning to end of the year.

Adoption of SSAP 15 (revised) "Cash flow statements"

The format of the consolidated cash flow statement has been revised to follow the new requirements of SSAP 15 (revised) "Cash flow statements". As a result, cash flow items from taxation, returns on investments and servicing of finance have been classified into operating, investing and financing activities respectively and a detailed breakdown of cash flows from operating activities has been included on the face of the consolidated cash flow statement. Comparative figures have been reclassified to conform with the current year's presentation.

28. 採納經修訂之會計實務準則

本集團編製截至二零零一年及二零零二年十二月三十一日止年度之財務報表時，已採納下列由香港會計師公會所頒佈而於二零零二年生效之經修訂會計實務準則：

- 會計實務準則第1號（經修訂）「財務報表之呈列」
- 會計實務準則第15號（經修訂）「現金流量表」

採納會計實務準則第1號（經修訂）「財務報表之呈列」

為符合會計實務準則第1號（經修訂）之經修訂規定，本集團採納新的「綜合股權變動報表」，取代以往財務報表所載之「已確認收益虧損綜合計算表」。新報表就股東資金主要組成部分，包括股本、儲備及保留溢利，列示出自年初至年終之變動。

採納會計實務準則第15號（經修訂）「現金流量表」

綜合現金流量表之呈列方式已因應會計實務準則第15號（經修訂）「現金流量表」之新規定予以修訂。因此，稅項、投資回報及融資成本之現金流量項目已分別歸類為經營、投資及融資活動。經營活動之現金流量之明細，已包括於綜合現金流量表當中。比較數字已重列，以貫徹本年度之呈列方式。