



31 December 2003

二零零三年十二月三十一日

1. CORPORATE INFORMATION

The principal place of business of China Everbright Technology Limited is located at 39th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

During the year, the Group was involved in the following principal activities:

- manufacture and distribution of watches and timepieces
- property investment and development
- manufacture and distribution of timber products

2. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE

The following new and revised Hong Kong Statement of Standard Accounting Practice (“SSAPs”) and Interpretation are effective for the first time for the current year’s financial statements:

- SSAP 12 (Revised): “Income taxes”
- Interpretation 20: “Income taxes – Recovery of revalued non-depreciable assets”

This SSAP and Interpretation prescribe new accounting measurement and disclosure practices. The major effects on the Group’s accounting policies and on the amounts disclosed in these financial statements of adopting this SSAP and Interpretation, are summarised as follows:

SSAP 12 prescribes the accounting for income taxes payable or recoverable, arising from the taxable profit or loss for the current period (current tax); and income taxes payable or recoverable in future periods, principally arising from taxable and deductible temporary differences and the carry forward of unused tax losses (deferred tax).

1. 公司資料

中國光大科技有限公司之主要營業地點位於香港夏慤道16號遠東金融中心39樓。

年內，本集團從事以下主要業務：

- 製造及分銷鐘錶及時計產品
- 物業投資及發展
- 製造及分銷木材產品

2. 新訂及經修訂香港會計實務準則之影響

以下為首次適用於本年度財務報表之新訂及經修訂香港會計實務準則（「會計實務準則」）及詮釋：

- 會計實務準則第12號（經修訂）：「所得稅」
- 詮釋20：「所得稅 – 收回重估不可折舊資產」

此會計實務準則及詮釋訂明新會計計算方法及披露慣例。採納此會計實務準則及詮釋對本集團會計政策及財務報表所披露金額之主要影響概述如下：

會計實務準則第12號訂明因即期應課稅損益所產生之應付或可收回所得稅（即期稅項）以及主要因應課稅及可扣稅暫時差額及結轉未運用稅項虧損產生之日後期間應付或可收回所得稅（遞延稅項）之會計方法。



31 December 2003

二零零三年十二月三十一日

2. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE (continued)

The principal impact of the revision of this SSAP on these financial statements is that a deferred tax asset has been recognised for tax losses arising in the current/prior periods to the extent that it is probable that there will be sufficient future taxable profits against which such losses can be utilised. Further, the related note disclosures are now more extensive than previously required. These disclosures are presented in notes 10 and 27 to the financial statements and include a reconciliation between the accounting profit/loss and the tax expense for the year.

Further details of these changes are included in the accounting policy for deferred tax in notes 3 and 27 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment properties as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2003. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

2. 新訂及經修訂香港會計實務準則之影響(續)

修訂此會計實務準則對本財務報表之主要影響為，在日後可能有足夠之應課稅溢利可以抵銷稅項虧損時，便會將本期間／過往期間產生之稅項虧損確認為遞延稅項資產。此外，經修訂之會計實務準則亦規定對此作出更詳盡之披露。有關披露資料載於財務報表附註10及27，當中並包括本年度之會計溢利／虧損與稅項支出之對賬表。

此等變動之進一步詳情載於財務報表附註3之遞延稅項會計政策及附註27。

3. 主要會計政策概要

編製基準

財務報表乃根據香港會計實務準則、香港公認會計原則及香港公司條例之披露規定，按歷史成本法編製，惟投資物業之定期重新計算除外，有關資料進一步闡述如下。

綜合基準

綜合財務報表包括本公司及其附屬公司截至二零零三年十二月三十一日止年度之財務報表。年內收購或出售之附屬公司業績由實際收購日期起或至實際出售日期止綜合計入賬目。所有集團系內公司間之重大交易及結餘已於綜合賬目時對銷。

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Basis of consolidation (continued)

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint venture companies

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

3. 主要會計政策概要 (續)

綜合基準 (續)

少數股東權益指外界股東於本公司附屬公司業績及資產淨值所佔權益。

附屬公司

附屬公司指本公司直接或間接控制其財務及營運政策，以從其業務獲益之公司。

附屬公司之業績乃就已收及應收股息計入本公司之損益表。本公司於附屬公司之權益乃按成本減任何減值虧損列賬。

合營公司

合營公司指按合約安排成立之公司，本集團及其他訂約方藉此進行經濟業務。合營公司按個別實體模式經營，而本集團及該等其他訂約方於當中擁有權益。

合營方之間所訂立之合營協議訂明合營方之注資額、合營企業年期及解散時變現資產之基準。合營公司業務產生之盈虧以及剩餘資產之任何分派均由合營方按其各自之注資比例或按合營協議條款攤分。



31 December 2003

二零零三年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint venture companies (continued)

A joint venture company is treated as:

- (a) a subsidiary, if the Company has unilateral control, directly or indirectly, over the joint venture company;
- (b) a jointly-controlled entity, if the Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;
- (c) an associate, if the Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or
- (d) a long term investment, if the Company holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

Associates

An associate is a company, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

3. 主要會計政策概要 (續)

合營公司 (續)

合營公司被視為：

- (a) 由本公司單方面直接或間接控制，則合營公司會被視為附屬公司；
- (b) 並非由本公司單方面控制，惟直接或間接受共同控制，則合營公司會被視作共同控制實體；
- (c) 並非由本公司單方面控制，亦非由本公司共同控制，惟一般直接或間接持有合營公司註冊資本不少於20%權益，且本公司可對其行使重大影響力者，則合營公司會被視作聯營公司；或
- (d) 由本公司直接或間接持有其少於20%註冊資本，且無共同控制權，本公司亦不可對其行使重大影響，則合營公司會被視作長期投資。

聯營公司

聯營公司並非附屬公司或共同控制實體，本集團擁有其股本投票權一般不少於20%及可對其行使重大影響。

本集團應佔聯營公司之收購後業績及儲備分別計入綜合損益表及綜合儲備。本集團於聯營公司之權益，按權益會計法減任何減值虧損計入綜合資產負債表本集團應佔資產淨值內。

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Associates (continued)

The results of associates are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in associates are treated as long term assets and are stated at cost less any impairment losses.

Goodwill

Goodwill arising on acquisition of subsidiaries and associates represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of 10 years. In the case of associates, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

Prior to the adoption of SSAP 30 "Business combinations" in 2001, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of the SSAP that permitted such goodwill to remain eliminated against consolidated reserves. Goodwill on acquisitions subsequent to the adoption of the SSAP is accounted for according to the SSAP 30 goodwill accounting policy above.

3. 主要會計政策概要 (續)

聯營公司 (續)

聯營公司之業績乃就已收及應收股息計入本公司損益表。本公司於聯營公司之權益視作長期資產，並按成本減任何減值虧損列賬。

商譽

收購附屬公司及聯營公司產生之商譽指收購成本超出於收購日期本集團應佔可識別資產及負債公平價值之差額。

收購產生之商譽於綜合資產負債表確認為資產，並於其10年之估計可用年期按直線法攤銷。就聯營公司而言，任何未攤銷商譽計入有關賬面值，而非於綜合資產負債表個別呈列為已識別資產。

於二零零一年採納會計實務準則第30號「業務合併」前，收購產生之商譽乃於收購年度於綜合儲備對銷。採納會計實務準則第30號時，本集團已應用該會計實務準則之過渡規定，容許有關商譽繼續於綜合儲備對銷。採納該會計實務準則後之收購所產生商譽按上述會計實務準則第30號商譽會計政策處理。



31 December 2003

二零零三年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

On disposal of subsidiaries or associates, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

3. 主要會計政策概要 (續)

商譽 (續)

出售附屬公司或聯營公司時，出售盈虧乃參考出售日期之資產淨值計算，包括尚未攤銷之商譽及任何有關儲備（倘適用）應佔部分。早前於收購時於綜合儲備對銷之任何應佔商譽將予撥回，並計入出售之盈虧。

商譽之賬面值會每年審閱，當中包括仍於綜合儲備對銷之商譽，並於需要時就減值作出撇減。除非減值虧損因一項特定外來特殊事件產生，而預期有關事件不會再次發生，及其後發生外來事件抵銷該事件之影響，否則早前確認之商譽減值虧損不予撥回。

有關連人士

倘一方有能力直接或間接控制另一方，或對另一方的財務及營運決策行使重大影響力，則該等人士被視為有關連人士。倘若所涉及各方均受同一方控制或受到同一重大影響，則有關各方亦被視為有關連人士。有關連人士可為個人或公司實體。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

3. 主要會計政策概要(續)

資產減值

將於每個結算日評定各項資產有否出現任何減值跡象，以及有無跡象顯示早前就以往年度確認的資產減值虧損不再存在或減少。倘若出現任何該等跡象，將估計資產的可收回金額。資產的可收回金額按資產的使用價值或售價淨額較高者計算。

當資產的賬面值超過其可收回金額時，減值虧損方予確認。除非資產按重估值列賬，否則減值虧損於產生期間計入損益表。減值虧損根據所重估資產之有關會計政策列賬。

除非用以釐定資產的可收回金額的假設出現變動，否則之前確認的減值虧損不予撥回，惟撥回金額不得超過倘過往年度並無就資產確認減值虧損而釐定的賬面值（經扣除任何折舊／攤銷）。撥回的減值虧損於所產生期間的損益表入賬，除非資產按重估值列賬，減值虧損撥回根據所重估資產之有關會計政策列賬。



31 December 2003

二零零三年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets and depreciation

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

Depreciation is calculated on the straight-line basis to write off the cost of each asset, less any estimated residual value, over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|--|--------------------------------------|
| Leasehold land | Over the lease terms |
| Buildings | 2% to 15% |
| Leasehold improvements | 10% or over the remaining lease term |
| Plant and machinery | 6% to 25% |
| Furniture, fixtures and office equipment | 10% to 25% |
| Motor vehicles | 20% to 25% |

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. 主要會計政策概要 (續)

固定資產及折舊

投資物業及在建工程以外之固定資產乃按成本減累積折舊及任何減值虧損列賬。資產成本包括其購買價格及令該項資產達至其擬定用途運作狀況及位置的任何直接應佔成本。固定資產投入運作後產生的支出，如修理與維護費用等，一般均會計入該等支出產生年度的損益表內。倘能清楚證明該等支出可引致因使用該項固定資產而帶來的預期日後經濟利益有所增加，則將該等支出撥充資本，撥作有關固定資產的額外成本。

折舊乃按估計可使用年期以直線法撇銷各資產成本後減任何估計剩餘價值計算。就此而言，有關主要年率如下：

| | |
|-------------|------------|
| 租賃土地 | 按租期 |
| 樓宇 | 2%至15% |
| 租賃物業裝修 | 10%或尚餘租賃年期 |
| 廠房及機器 | 6%至25% |
| 傢具、裝置及辦公室設備 | 10%至25% |
| 汽車 | 20%至25% |

在損益表內確認的出售或棄用固定資產盈虧乃指銷售所得款項淨額與有關資產賬面值的差額。

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Fixed assets and depreciation (continued)

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of fixed assets when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year, except where the unexpired term of the lease is 20 years or less, in which case depreciation is provided on the then carrying amount over the remaining term of the lease.

Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

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

3. 主要會計政策概要 (續)

固定資產及折舊 (續)

在建工程指建造中樓宇，按成本減任何減值虧損列賬，並不予折舊。成本包括直接建造成本及於建造期內有關借貸資金經撥充資本之借貸成本。在建工程於落成及備用時重新歸類為適當固定資產類別。

投資物業

投資物業指建築及發展工程已經完成，並因其具有投資潛力而擬長期持有之土地及樓宇權益，而有關租金收益乃經公平磋商釐定。投資物業不作折舊，而按每個財政年度結算日之專業估值所定公開市值列值，惟倘若租約尚餘年期為20年或以下，則投資物業將按當時賬面價值及其租約尚餘年期計算折舊撥備。

投資物業價值之變動乃視作投資物業重估儲備之變動處理。倘按整體組合基準計算之儲備總額不足以抵銷虧絀，超出之虧絀數額則於損益表內扣除。其後出現之重估盈餘將撥入損益表，惟最多不得超過早前扣除的虧絀數額。

在出售投資物業時，投資物業重估儲備中與先前估值有關之已變現部分，將轉撥至損益表。



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties under development

Properties under development are stated at cost which includes all development expenditure, interest charges and other costs directly attributable to such properties.

Properties under development which have been pre-sold are stated at cost plus attributable profits less any foreseeable losses, and deposits received and instalments received.

When properties under development have been pre-sold, the total estimated profit is apportioned over the entire period of construction to reflect the progress of the development. On this basis, profit recognised on the pre-sold portion of the properties is calculated by reference to the proportion of construction costs incurred up to the accounting date, to the estimated total construction costs to completion, limited to the amount of sales deposits and instalments received and with due allowance for contingencies.

Properties under development which have either been pre-sold or which are intended for sale and are expected to be completed within one year from the balance sheet date are classified as current assets.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

3. 主要會計政策概要 (續)

發展中物業

發展中的物業按成本值列賬，包括所有發展費用、利息支出及其他直接與該等物業有關之成本。

已預售之發展中物業按成本值加應佔溢利減任何可預見虧損以及已收按金和已收分期付款列賬。

如發展中物業已預售，估計溢利總額會於整個建築期間分攤，以反映發展進度。按此基準，就物業已預售部分確認之溢利經參考計至會計日期所產生之建築成本佔估計建成物業總成本之比例而計算，惟以銷售按金及已收分期付款之金額為限，並會對或然負債作出適當撥備。

預期會於年結日起計一年內建成之已預售或擬出售發展中物業會列作流動資產。

經營租約

凡資產所有權的絕大部分收益及風險仍歸於出租人的租約，均視作經營租約。倘本集團為出租人，本集團按經營租約租賃之資產列作非流動資產，而應收經營租約租金則按有關租約年期以直線法計入損益表。倘本集團為承租人，應付經營租約租金按有關租約年期以直線法自損益表扣除。

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Investment securities

Investment securities in listed equity securities, intended to be held for a continuing strategic or long term purpose, are stated at cost less any impairment losses, on an individual investment basis.

When a decline in the fair value of a security below its carrying amount has occurred, unless there is evidence that the decline is temporary, the carrying amount of the security is reduced to its fair value, as estimated by the directors. The amount of the impairment is charged to the profit and loss account for the period in which it arises. When the circumstances and events which led to the impairment in value cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged is credited to the profit and loss account to the extent of the amount previously charged.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

3. 主要會計政策概要 (續)

投資證券

凡是本集團擬基於持續策略或長期持有之上市股本證券投資，均因應個別投資基準按成本扣除任何減值虧損列賬。

倘若證券之公平值下降至低於其賬面值，除非有證據顯示減值只是暫時性，否則有關證券之賬面值會撇減至董事估計之公平值。減值金額於產生期間在損益表扣除。倘若導致減值之情況或事件不再存在，而且出現有力證據顯示該情況或事件在可見將來持續，之前在損益表扣除之減值將撥回損益表，惟數額以之前扣除之數額為限。

存貨

存貨乃按成本及可變現淨值之較低者列賬。成本按加權平均基準釐定，而倘為在製品及製成品，則包括直接原料、直接勞工和適當比例之生產成本。可變現淨值乃按照估計售價減任何估計於完成及出售時產生之成本計算。



31 December 2003

二零零三年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. 主要會計政策概要(續)

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及可隨時轉換為已知數額現金的短期高度流通投資，有關投資所承受價值風險輕微，一般於購入後三個內到期，另扣除須按要求償還及構成本集團現金管理一部分的銀行透支。

就資產負債表而言，現金及現金等價物包括手頭及銀行現金，當中包括無使用限制的定期存款。

所得稅

所得稅包括即期稅項及遞延稅項。所得稅於損益表中確認，或倘與於同一或不同期間在股東權益中確認之項目有關，則直接在股東權益中確認。

遞延稅項就於結算日資產及負債之稅基與其就財務申報而言的賬面值之所有暫時差額，以負債法作出撥備。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from negative goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. 主要會計政策概要 (續)

所得稅 (續)

所有應課稅暫時差額均確認為遞延稅項負債:

- 由商譽產生的遞延稅項負債或就一項交易(商業合併除外)初次確認資產或負債,而在交易時並不對會計溢利或應課稅溢利或虧損構成影響者除外;及
- 就有關附屬公司與聯營公司的投資及合營公司的權益所產生應課稅暫時差額確認,惟可控制撥回暫時差額的時間及暫時差額可能不會於可預見將來撥回則除外。

於可能以應課稅溢利抵扣可扣減暫時差額,及可動用結轉的未動用稅項資產及稅項虧損時,會就所有可扣稅暫時差額及未動用的稅項資產與稅項虧損結轉確認遞延稅項資產:

- 由負商譽產生的可扣減暫時差額的遞延稅項資產或就一項交易(業務合併除外)進行時初次確認資產或負債,而在交易時並不對會計溢利或應課稅溢利或虧損構成影響者除外;及
- 有關附屬公司與聯營公司的投資及合營公司的權益中產生的可扣減暫時差額,遞延稅項資產只限於暫時差額有可能於可預見將來撥回及可動用應課稅溢利以抵扣暫時性差額時確認。



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (d) dividend income, when the shareholders' right to receive payment has been established.

3. 主要會計政策概要 (續)

所得稅 (續)

遞延稅項資產的賬面值於每個結算日檢討，並於不再可能有足夠應課稅溢利以抵銷所有或部分遞延稅項資產時予以扣減。相反，過往未確認遞延稅項資產於可能有足夠應課稅溢利以抵銷所有或部分遞延稅項資產時予以確認。

遞延稅項資產及負債以該期間（當資產變現或負債清還時）預期適用的稅率計算，根據於結算日已頒佈或實際頒佈的稅率及稅務法例計算。

收入確認

當經濟利益可能流入本集團及收入能夠可靠地衡量時，按以下基準確認收入：

- (a) 銷售貨品收入於所有權之大部份風險及回報移交予買家，而且本集團對已售出貨品已失去所有權一般相關之管理權或有效控制權之時確認；
- (b) 租金收入按時間比例於租賃期確認；
- (c) 利息收入按未提取本金及適用實際利率依時間比例確認；
- (d) 股息收入在確立股東收取款項之權利時確認。

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

Provident fund scheme and other retirement benefits

The Group operates a defined contribution staff retirement scheme (the "ORSO Scheme") for certain of its employees, the assets of which are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the eligible employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the ORSO Scheme. When an employee leaves the ORSO Scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group can be reduced by the relevant amount of forfeited contributions.

3. 主要會計政策概要 (續)

僱員福利

有薪假期結轉

本集團根據僱傭合約按每個曆年向其僱員給予有薪年假。在若干情況下，由於有薪年假可結轉，各僱員可於下一個年度享用，故有些假期於結算日仍未享用。預期僱員日後於年內可享用的有薪假期及結轉假期於結算日累積計算。

僱傭條例之長期服務金

本集團若干僱員已於本集團完成規定之服務年期，符合資格於終止僱用時獲得香港僱傭條例規定之長期服務金。倘終止僱用符合香港僱傭條例規定之情況，本集團須支付該款項。

公積金計劃及其他退休福利

本集團為其若干僱員設有定額供款僱員退休計劃（「職業退休計劃」）。該計劃之資產與本集團資產分開由獨立管理基金持有。供款按合資格僱員基本薪金一定百分比作出，於根據職業退休計劃規則支付時，在損益表扣除。倘若僱員在本集團之僱主供款完全歸其所有前退出職業退休計劃，本集團可將有關數額之沒收供款用以減低日後應付供款。



31 December 2003

二零零三年十二月三十一日

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)****Employee benefits (continued)**

*Provident fund scheme and other retirement benefits
(continued)*

The Group also operates a defined contribution retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme not previously covered by the ORSO Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operate in the People’s Republic of China (“PRC”) are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of the payroll costs to the central pension scheme. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the central pension scheme.

3. 主要會計政策概要 (續)**僱員福利 (續)**

退休金計劃及其他退休福利 (續)

本集團亦根據強制性公積金計劃條例，為合資格參與強制性公積金計劃（「強積金計劃」）而之前無參與職業退休計劃之僱員設有定額供款計劃。供款按僱員基本薪金一定百分比作出，於根據強積金計劃規定應予支付時，在損益表扣除。強積金計劃資產與本集團資產分開由獨立管理基金持有。本集團的僱主供款於向強積金計劃作出時全數歸屬僱員。

本集團在中華人民共和國（「中國」）經營之附屬公司僱員須參加中國當地市政府設立的中央退休金計劃。該附屬公司須按工資之若干百分比，向中央退休金計劃供款。中央退休金計劃之供款，於根據中央退休金計劃規則應予支付時在損益表扣除。

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Employee benefits (continued)

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

3. 主要會計政策概要 (續)

僱員福利 (續)

優先認購股份權計劃

本公司設有優先認購股份權計劃，以獎勵及獎賞對本集團業務成就有所貢獻的合資格參與人士。根據優先認購股份權計劃授出優先認購股份權的財務影響，待優先認購股份權獲行使時，始於本公司及本集團的資產負債表記錄，而其成本則不會計入損益表或資產負債表。優先認購股份權獲行使時，本公司因而發行的股份按面值記錄為額外股本，而每股行使價超出股份面值的差額則記入本公司股份溢價賬。倘優先認購股份權於行使日期前註銷或失效，則自尚未行使優先認購股份權登記冊中刪除。

借貸成本

凡必須經過頗長時間以作擬定用途或銷售之資產之直接收購、建造或生產借貸成本，均撥充資本為該等資產之部分成本。當該等資產大致上可作擬定用途或銷售時，則停止將該等借貸成本撥作資本。如特定借貸在用於有關資產前作暫時投資，則投資所得收入將在借貸成本中扣減。



31 December 2003

二零零三年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries and associates are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries and associates are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. 主要會計政策概要 (續)

外幣

外幣交易按交易日之適用匯率入賬。於結算日以外幣結算之貨幣資產及負債按結算日之適用匯率換算。匯兌差額計入損益表。

在綜合賬目時，海外附屬公司及聯營公司之財務報表以投資淨額方法折算為港元。海外附屬公司及聯營公司之損益表乃按年內加權平均匯率折算為港元。該等公司之資產負債表按結算日之匯率折算為港元。由此產生之匯兌差額計入匯兌波動儲備。

就綜合現金流量表而言，海外附屬公司之現金流量按現金流量日期之匯率折算為港元。海外附屬公司於年內不時產生之經常性現金流量按年內加權平均匯率折算為港元。

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) manufacture and distribution of watches and timepieces;
- (b) property investment and development;
- (c) manufacture and distribution of timber products; and
- (d) corporate and others segment, comprising corporate income and expense items and other businesses.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

4. 分類資料

本集團之分類資料乃按兩個分類形式呈報：(i)主要分類匯報基準按業務分類；及(ii)次要分類匯報基準按地區分類。

本集團經營之業務按經營業務之性質及業務提供之產品及服務個別分類及管理。本集團各業務分類均為策略性業務單位，所提供之產品及服務之風險及回報與其他業務分類不同。業務分類之詳情概述如下：

- (a) 製造及分銷鐘錶及時計產品；
- (b) 物業投資及發展；
- (c) 製造及分銷木材產品；及
- (d) 公司及其他分類包括公司收支項目及其他業務。

於釐定本集團之地區分類時，收入乃按客戶所在地計入有關分類，資產則按資產所在地計入有關分類。

31 December 2003

二零零三年十二月三十一日

4. SEGMENT INFORMATION (continued)

4. 分類資料(續)

(a) Business segments

(a) 業務分類

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

下表呈列本集團按業務分類之收入、溢利／(虧損)及若干資產、債務及開支資料。

Group:

本集團：

| | | Watches and timepieces 鐘錶及時計產品 | | Property investment and development 物業投資及發展 | | Timber products 木材產品 | | Corporate and others 公司及其他 | | Consolidated 綜合 | |
|---|-------------------|-----------------------------------|----------------------------------|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Segment revenue and gain: | 分類收入和收益 | | | | | | | | | | |
| Sales to external customers | 向外界客戶銷售 | 85,133 | 103,890 | 4,133 | 5,580 | 195,314 | - | 3,298 | 6,926 | 287,878 | 116,396 |
| Other revenue and gain | 其他收入及收益 | 833 | 5,667 | 15 | 505 | 31,551 | - | 8,658 | 38 | 41,057 | 6,210 |
| Total | 總計 | <u>85,966</u> | <u>109,557</u> | <u>4,148</u> | <u>6,085</u> | <u>226,865</u> | <u>-</u> | <u>11,956</u> | <u>6,964</u> | <u>328,935</u> | <u>122,606</u> |
| Segment results | 分類業績 | <u>(3,625)</u> | <u>5,854</u> | <u>(5,610)</u> | <u>(158)</u> | <u>(7,117)</u> | <u>-</u> | <u>(22,404)</u> | <u>(9,370)</u> | <u>(38,756)</u> | <u>(3,634)</u> |
| Finance costs | 財務費用 | | | | | | | | | (8,851) | - |
| Gain on disposal of an associate | 出售一家聯營公司收益 | | | | | | | | | - | 4,000 |
| Write back of provision for an other receivable | 撥回其他應收賬款撥備 | | | | | | | | | 16,382 | - |
| Write back of provision for a long term receivable | 撥回長期應收賬款撥備 | | | | | | | | | - | 7,000 |
| Profit/(loss) before tax | 除稅前溢利／(虧損) | | | | | | | | | (31,225) | 7,326 |
| Tax | 稅項 | | | | | | | | | (661) | (1,921) |
| Profit/(loss) before minority interests | 扣除少數股東權益前溢利／(虧損) | | | | | | | | | (31,886) | 5,405 |
| Minority interests | 少數股東權益 | | | | | | | | | (108) | (12) |
| Net profit/(loss) from ordinary activities attributable to shareholders | 股東應佔一般業務純利／(虧損)淨額 | | | | | | | | | <u>(31,994)</u> | <u>5,393</u> |

4. SEGMENT INFORMATION (continued)

4. 分類資料(續)

(a) Business segments (continued)

(a) 業務分類(續)

| | | Watches and timepieces 鐘錶及時計產品 | | Property investment and development 物業投資及發展 | | Timber products 木材產品 | | Corporate and others 公司及其他 | | Consolidated 綜合 | |
|--------------------------------------|---------|-----------------------------------|----------------------------------|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Segment assets | 分類資產 | 72,934 | 102,039 | 426,504 | 81,889 | 316,613 | - | 347,652 | 381,943 | 1,163,703 | 565,871 |
| Segment liabilities | 分類負債 | 29,113 | 24,784 | 237,075 | 6,255 | 42,372 | - | 358,497 | 15,325 | 667,057 | 46,364 |
| Other segment information: | 其他分類資料: | | | | | | | | | | |
| Depreciation | 折舊 | 3,056 | 2,602 | 1,503 | 1,590 | 13,743 | - | 248 | 724 | 18,550 | 4,916 |
| Impairment of fixed assets | 固定資產減值 | 2,034 | - | - | - | - | - | - | - | 2,034 | - |
| Provision for inventory obsolescence | 陳舊存貨撥備 | 4,143 | - | - | - | - | - | - | - | 4,143 | - |
| Provision for bad and doubtful debts | 呆壞賬撥備 | - | - | 580 | 700 | 37,185 | - | - | - | 37,765 | 700 |
| Amortisation of goodwill | 商譽攤銷 | - | - | - | - | 438 | - | - | - | 438 | - |
| Impairment of investment securities | 投資證券減值 | - | - | - | - | - | - | 20,000 | - | 20,000 | - |
| Capital expenditure | 資本開支 | 7,334 | 3,751 | 16,382 | - | 316 | - | 321 | - | 24,353 | 3,751 |

(b) Geographical segments

(b) 地區分類

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments.

下表呈列本集團按地區分類之收入及若干資產與開支資料。

| | | Hong Kong 香港 | | The PRC 中國 | | Consolidated 綜合 | |
|-----------------------------|---------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Segment revenue: | 分類資產: | | | | | | |
| Sales to external customers | 向外界客戶銷售 | 44,587 | 9,256 | 243,291 | 107,140 | 287,878 | 116,396 |
| Other segment information: | 其他分類資料: | | | | | | |
| Segmental assets | 分類資產 | 338,038 | 450,568 | 825,665 | 115,303 | 1,163,703 | 565,871 |
| Capital expenditure | 資本開支 | 24 | - | 24,329 | 3,751 | 24,353 | 3,751 |



31 December 2003

二零零三年十二月三十一日

5. TURNOVER AND OTHER REVENUE AND GAIN

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts; interest income and rental income received and receivables.

An analysis of turnover and other revenue and gain is as follows:

5. 營業額及其他收入及收益

營業額乃指扣除退款及貿易折扣之售出貨品發票淨值，以及已收及應收利息收入及租金收入。

營業額及其他收入及收益之分析如下：

| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
|--|--------------|----------------------------------|----------------------------------|
| Turnover | 營業額 | | |
| Sales of goods | 貨品銷售 | 279,253 | 103,780 |
| Interest income | 利息收入 | 3,298 | 7,036 |
| Gross rental income | 租金收入總額 | 5,327 | 5,580 |
| | | <u>287,878</u> | <u>116,396</u> |
| Other revenue | 其他收入 | | |
| Dividend income from listed investments | 上市投資股息收入 | 340 | - |
| PRC valued added tax refund | 退回中國增值稅 | 9,816 | 5,667 |
| Claim received (Note) | 已收索償(附註) | 8,233 | - |
| Incentive bonus received from the PRC government | 收取自中國政府之獎勵花紅 | 942 | - |
| Others | 其他 | 705 | 543 |
| | | <u>20,036</u> | <u>6,210</u> |
| Gain | 收益 | | |
| Gain on disposal of fixed assets | 出售固定資產收益 | 21,021 | - |
| | | <u>41,057</u> | <u>6,210</u> |

5. **TURNOVER AND OTHER REVENUE AND GAIN (continued)**

Note:

On 25 June 1997, the Company entered into a sale and purchase agreement (the "Goodnice Agreement") with G. Yean Group Limited ("G Yean"), an independent third party, pursuant to which the Group agreed to acquire the entire issued share capital of Goodnice International Limited ("Goodnice"), a company incorporated in Hong Kong, at a consideration of HK\$140 million, satisfied by the issuance of 107,692,308 ordinary shares of the Company at HK\$1.30 per share.

Goodnice was engaged in the manufacturing of computer keyboards. Pursuant to the Goodnice Agreement, G Yean provided profit guarantees in respect of Goodnice to the Company for the three years ended 31 December 1999. Following a shortfall of the net profit after tax of Goodnice compared to the guaranteed amount for the year ended 31 December 1999, the Company claimed from G Yean a total of approximately HK\$50 million (the "Claim") and initiated legal proceedings against G Yean for the Claim in 2001. Due to the uncertainty on the outcome of the Claim, the claimed amount was not reflected as a receivable in the previous years' financial statements.

On 8 August 2003, a settlement deed was entered into between the Company and G Yean in respect of the settlement of the Claim and a total of HK\$8.2 million was received from G Yean during the year as full settlement of the Claim.

5. **營業額及其他收入及收益 (續)**

附註:

於一九九七年六月二十五日，本公司與獨立第三方資源集團有限公司（「資源集團」）訂立買賣協議（「德麗協議」），據此，本集團同意收購於香港註冊成立之德麗國際有限公司（「德麗」）全部已發行股本，代價為140,000,000港元，按每股1.30港元發行107,692,308股本公司普通股以支付代價。

德麗從事電腦鍵盤製造業務。根據德麗協議，資源集團就德麗截至一九九九年十二月三十一日止三個年度向本公司作出盈利保證。由於德麗截至一九九九年十二月三十一日止年度之除稅後純利低於保證金額，本公司向資源集團追討合共約50,000,000港元（「索償」），並於二零零一年向資源集團展開索償之法律程序。由於不肯定索償結果，索償金額並無於過往年度之財務報表反映為應收賬款。

於二零零三年八月八日，本公司與資源集團就索償和解簽訂和解協議，資源集團向本公司支付合共8,200,000港元作為索償之全數清付。



31 December 2003

二零零三年十二月三十一日

6. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

6. 經營虧損

本集團之經營虧損已扣除／(計入)下列各項：

| | | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
|---|--------------------|----|----------------------------------|----------------------------------|
| | Notes 附註 | | | |
| Cost of inventories sold** | 售出存貨成本** | | 223,046 | 65,854 |
| Depreciation | 折舊 | 13 | 18,550 | 4,916 |
| Amortisation of goodwill* | 商譽攤銷* | 15 | 438 | - |
| Minimum lease payments under operating lease in respect of land and buildings | 土地及樓宇經營租約項下最低租約款項 | | 2,673 | 430 |
| Auditors' remuneration | 核數師酬金 | | 950 | 1,128 |
| Staff costs (excluding directors' remuneration (note 8)) | 員工成本(不包括董事酬金(附註8)) | | | |
| Wages and salaries | 工資及薪酬 | | 41,874 | 19,461 |
| Provident fund contributions | 公積金供款 | | 2,056 | 1,236 |
| Less: Forfeited contributions | 減:沒收供款 | | (31) | - |
| Net provident fund contributions | 公積金供款淨額 | | 2,025 | 1,236 |
| | | | 43,899 | 20,697 |
| Gross rental income | 租金收入總額 | | 5,327 | 5,580 |
| Less: Outgoings | 減:支出 | | (1,173) | (835) |
| Net rental income | 租金收入淨額 | | 4,154 | 4,745 |
| Provision for bad and doubtful debts* | 呆壞賬撥備* | | 37,765 | 700 |
| Loss/(gain) on disposal of fixed assets, net | 出售固定資產虧損／(收益)淨額 | | (21,021) | 3 |
| Impairment of fixed assets* | 固定資產減值* | | 2,034 | - |
| Impairment of investment securities* | 投資證券減值* | | 20,000 | - |
| Provision for inventory obsolescence | 陳舊存貨撥備 | | 4,143 | - |

31 December 2003

二零零三年十二月三十一日

6. LOSS FROM OPERATING ACTIVITIES (continued)

* The amortisation of goodwill for the year, provision for bad and doubtful debts, and the impairment of fixed assets and investment securities are included in "Other operating expenses" on the face of the consolidated profit and loss account.

** Cost of inventories sold includes HK\$34,052,000 (2002: HK\$1,091,000) relating to staff costs, depreciation, provision for inventory obsolescence and minimum lease payments under operating lease in respect of land and buildings, which is also included in the respective total amounts disclosed separately above for these types of expenses.

7. FINANCE COSTS

6. 經營虧損(續)

* 年內商譽攤銷、呆壞賬準備與固定資產及投資證券減值均計入綜合損益表「其他經營費用」內。

** 售出存貨成本包括與員工成本、折舊、陳舊存貨撥備與土地及樓宇經營租約項下最低租約款項有關之34,052,000港元(二零零二年: 1,091,000港元)。上文已就該等開支類別獨立披露有關總額。

7. 財務費用

| | | Group 本集團 | |
|--|--------------------|-----------------|-----------------|
| | | 2003 二零零三年 | 2002 二零零二年 |
| | | HK\$'000 千港元 | HK\$'000 千港元 |
| Interests on bank loans wholly repayable within five years | 五年內悉數償付之 銀行貸款利息 | 8,851 | - |



31 December 2003

二零零三年十二月三十一日

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

| | | Group 本集團 | |
|---|------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Fees | 袍金 | 100 | 100 |
| Other emoluments: | 其他酬金： | | |
| Salaries, allowances and benefits in kind | 薪金、津貼及實物利益 | 3,603 | 3,887 |
| Provident fund contributions | 退休金計劃供款 | - | 64 |
| | | <u>3,603</u> | <u>3,951</u> |
| | | <u>3,703</u> | <u>4,051</u> |

Fees include HK\$100,000 (2002: HK\$100,000) payable to the independent non-executive directors. There were no other emoluments payable to the independent non-executive directors during the year (2002: Nil).

The number of directors whose remuneration fell within the following bands is as follows:

| | | Number of directors 董事人數 | |
|-------------------------------|-------------------------|-----------------------------|---------------|
| | | 2003 二零零三年 | 2002 二零零二年 |
| Nil – HK\$1,000,000 | 零至1,000,000港元 | 3 | 4 |
| HK\$1,000,001 – HK\$1,500,000 | 1,000,001港元至1,500,000港元 | 2 | 2 |
| | | <u>5</u> | <u>6</u> |

8. 董事酬金

根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)及香港公司條例第161條披露之年內董事酬金如下：

| | | Group 本集團 | |
|---|------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Fees | 袍金 | 100 | 100 |
| Other emoluments: | 其他酬金： | | |
| Salaries, allowances and benefits in kind | 薪金、津貼及實物利益 | 3,603 | 3,887 |
| Provident fund contributions | 退休金計劃供款 | - | 64 |
| | | <u>3,603</u> | <u>3,951</u> |
| | | <u>3,703</u> | <u>4,051</u> |

董事袍金中包括應付獨立非執行董事之100,000港元(二零零二年:100,000港元)。年內並無向獨立非執行董事應付其他酬金(二零零二年:零)。

酬金介乎下列範圍之董事人數如下：

| | | Number of directors 董事人數 | |
|-------------------------------|-------------------------|-----------------------------|---------------|
| | | 2003 二零零三年 | 2002 二零零二年 |
| Nil – HK\$1,000,000 | 零至1,000,000港元 | 3 | 4 |
| HK\$1,000,001 – HK\$1,500,000 | 1,000,001港元至1,500,000港元 | 2 | 2 |
| | | <u>5</u> | <u>6</u> |

31 December 2003

二零零三年十二月三十一日

8. DIRECTORS' REMUNERATION (continued)

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2002: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2002: three) non-director, highest paid employees for the year are as follows:

8. 董事酬金(續)

年內並無董事豁免或同意豁免任何酬金之安排。

9. 五名最高薪酬人士

年內五名最高薪酬人士中，其中兩名(二零零二年：兩名)為董事，彼等之酬金已於上文附註8披露。其餘三名(二零零二年：三名)最高薪酬非董事人士之酬金詳情如下：

| | | Group 本集團 | |
|---|------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Salaries, allowances and benefits in kind | 薪金、津貼及實物利益 | 2,735 | 2,712 |
| Provident fund contributions | 公積金計劃供款 | 34 | - |
| | | <u>2,769</u> | <u>2,712</u> |

The number of non-director, highest paid employees whose remuneration fell within the following band is as follows:

酬金介乎下列範圍之最高薪酬非董事僱員人數如下：

| | | Number of employees 僱員人數 | |
|---------------------|---------------|-----------------------------|---------------|
| | | 2003 二零零三年 | 2002 二零零二年 |
| Nil – HK\$1,000,000 | 零至1,000,000港元 | <u>3</u> | <u>3</u> |



31 December 2003

二零零三年十二月三十一日

10. TAX

For the year ended 31 December 2003, no provision for Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the year. For the year ended 31 December 2002, no provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during that year. In accordance with the relevant tax rules and regulations in the PRC, certain of the Company's subsidiaries established in the PRC enjoy income tax exemptions and reductions. The subsidiaries established in the PRC are subject to income taxes at tax rates ranging from 7.5% to 33%.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

10. 稅項

由於本集團於截至二零零三年十二月三十一日止年度並無於香港產生任何應課稅溢利，故並無於年內就香港利得稅作出撥備。由於本集團自過往多個年度結轉稅項虧損，以抵銷截至二零零二年十二月三十一日止年度所產生應課稅溢利，故並無於該年度就香港利得稅作出撥備。根據中國有關稅務規則及規定，本公司多家於中國成立之附屬公司可享有豁免繳納所得稅及稅項扣減等優惠。在中國成立之附屬公司須按7.5%至33%稅率繳納所得稅。

於其他地區之應課稅溢利稅項乃按本集團經營業務之國家之現行稅率根據當地之現行法例、詮釋及慣例計算。

| | | 2003 | 2002 |
|-------------------------------|-------------|-------------|--------------|
| | | 二零零三年 | 二零零二年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Group: | 本集團： | | |
| Current – Hong Kong | 即期稅項 – 香港 | – | – |
| – Elsewhere | – 其他地區 | 1,661 | 1,921 |
| Deferred (note 27) | 遞延稅項 (附註27) | (1,000) | – |
| Total tax charge for the year | 年內稅項開支總額 | <u>661</u> | <u>1,921</u> |

31 December 2003

二零零三年十二月三十一日

10. TAX (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates for the countries in which the Company and its subsidiaries and associates are domiciled to the tax expense at the effective tax rates are as follows:

| | | Group 本集團 | |
|---|------------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Profit/(loss) before tax | 除稅前溢利／(虧損) | (31,225) | 7,326 |
| Tax at the applicable rates to profits in the countries concerned | 有關國家溢利按適用稅率計算之稅項 | (4,206) | 1,252 |
| Income not subject to tax | 毋須課稅之收入 | (3,567) | (1,759) |
| Expenses not deductible for tax | 不可扣稅之開支 | 10,310 | 1,096 |
| Tax benefit from tax holiday | 稅項優惠期內的稅項得益 | 163 | (79) |
| Tax losses utilised from previous periods | 過往期間所用稅項虧損 | (3,021) | - |
| Tax losses not recognised | 未確認稅項虧損 | 982 | 1,411 |
| Tax charge at the Group's effective rate | 以本集團實際稅率計算之稅項開支 | 661 | 1,921 |

11. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders for the year ended 31 December 2003 dealt with in the financial statements of the Company, was HK\$21,467,000 (2002: HK\$1,131,000).

12. EARNINGS/(LOSS) PER SHARE

The calculation of basic loss per share is based on the net loss attributable to shareholders for the year of HK\$31,994,000 (2002: net profit attributable to shareholders of HK\$5,393,000), and the weighted average of 1,554,831,000 ordinary shares (2002: 1,552,193,392 ordinary shares) in issue during the year.

Diluted earnings/(loss) per share amounts for the years ended 31 December 2003 and 2002 have not been disclosed as no diluting events existed during the years.

10. 稅項 (續)

按本公司及其附屬公司及聯營公司所在國家之法定稅率計算之除稅前溢利／(虧損)適用之稅項支出，與按實際稅率計算之稅項支出對賬如下：

11. 股東應佔一般業務純利／(虧損)淨額

截至二零零三年十二月三十一日止年度，股東應佔一般業務虧損淨額21,467,000港元（二零零二年：1,131,000港元）已於本公司財務報表內處理。

12. 每股盈利／(虧損)

每股基本虧損乃根據年內股東應佔虧損淨額31,994,000港元（二零零二年：股東應佔純利5,393,000港元）及年內已發行普通股之加權平均數1,554,831,000股（二零零二年：1,552,193,392股）計算。

由於過往年度並無出現攤薄事件，故並無披露截至二零零三年及二零零二年十二月三十一日止年度每股攤薄盈利／(虧損)數額。

31 December 2003

二零零三年十二月三十一日

13. FIXED ASSETS

13. 固定資產

The Group

本集團

| | | Investments properties 投資物業 HK\$'000 千港元 | Land and buildings 土地及樓宇 HK\$'000 千港元 | Leasehold improve- ments 租賃物業 裝修 HK\$'000 千港元 | Plant and machinery 廠房及機器 HK\$'000 千港元 | Furniture, fixtures and office equipment 傢具、裝置及 辦公室設備 HK\$'000 千港元 | Motor vehicles 汽車 HK\$'000 千港元 | Construction in progress 在建工程 HK\$'000 千港元 | Total 總額 HK\$'000 千港元 |
|---|-----------------------|--|---|---|--|---|--|--|--------------------------------|
| Cost or valuation: | 成本值或估值: | | | | | | | | |
| At beginning of year | 年初 | 53,860 | 83,913 | 1,091 | 4,828 | 10,779 | 5,156 | - | 159,627 |
| Additions | 添置 | 16,382 | 1,193 | 3,147 | 1,042 | 1,575 | 1,014 | - | 24,353 |
| Acquisition of subsidiaries (note 31(b)) | 收購附屬公司 (附註31(b)) | - | 147,952 | - | 82,461 | 18,751 | 9,679 | 10,194 | 269,037 |
| Disposals | 出售 | - | - | - | - | (1,554) | (307) | (9,818) | (11,679) |
| Deficit on revaluation | 重估虧絀 | (2,495) | - | - | - | - | - | - | (2,495) |
| Exchange realignment | 匯兌調整 | - | (1,327) | - | (744) | (229) | (166) | (88) | (2,554) |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | 67,747 | 231,731 | 4,238 | 87,587 | 29,322 | 15,376 | 288 | 436,289 |
| Analysis of cost or valuation: | 成本值或 估值分析: | | | | | | | | |
| At cost | 成本值 | - | 231,731 | 4,238 | 87,587 | 29,322 | 15,376 | 288 | 368,542 |
| At 2003 valuation | 二零零三年估值 | 67,747 | - | - | - | - | - | - | 67,747 |
| | | 67,747 | 231,731 | 4,238 | 87,587 | 29,322 | 15,376 | 288 | 436,289 |
| Accumulated depreciation and impairment: | 累積折舊及減值: | | | | | | | | |
| At beginning of year | 年初 | - | 51,065 | 1,013 | 1,964 | 6,778 | 2,786 | - | 63,606 |
| Depreciation provided during the year | 年內折舊 | - | 7,048 | 505 | 6,454 | 2,470 | 2,073 | - | 18,550 |
| Impairment provided during the year | 年內減值 | - | - | - | 2,034 | - | - | - | 2,034 |
| Disposals | 出售 | - | - | - | - | (1,297) | - | - | (1,297) |
| Exchange realignment | 匯兌調整 | - | (29) | - | (16) | (36) | (20) | - | (101) |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | - | 58,084 | 1,518 | 10,436 | 7,915 | 4,839 | - | 82,792 |
| Net book value: | 賬面淨值: | | | | | | | | |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | 67,747 | 173,647 | 2,720 | 77,151 | 21,407 | 10,537 | 288 | 353,497 |
| At 31 December 2002 | 於二零零二年 十二月三十一日 | 53,860 | 32,848 | 78 | 2,864 | 4,001 | 2,370 | - | 96,021 |

31 December 2003

二零零三年十二月三十一日

13. FIXED ASSETS (continued)

13. 固定資產(續)

The Company

本公司

| | | Furniture, fixtures and office equipment 傢具、裝置及 辦公室設備 HK\$'000 千港元 | Leasehold improvements 租賃 物業裝修 HK\$'000 千港元 | Motor vehicles 汽車 HK\$'000 千港元 | Total 總額 HK\$'000 千港元 |
|---------------------------|-------------------|---|--|--|--------------------------------|
| Cost: | 成本值: | | | | |
| At beginning of year | 年初 | 2,495 | 626 | 610 | 3,731 |
| Additions | 添置 | 24 | - | 297 | 321 |
| Disposals | 出售 | (13) | - | - | (13) |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | 2,506 | 626 | 907 | 4,039 |
| Accumulated depreciation: | 累積折舊: | | | | |
| At beginning of year | 年初 | 2,341 | 553 | 364 | 3,258 |
| Provided during the year | 年內撥備 | 58 | 30 | 160 | 248 |
| Disposals | 出售 | (4) | - | - | (4) |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | 2,395 | 583 | 524 | 3,502 |
| Net book value: | 賬面淨值: | | | | |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | 111 | 43 | 383 | 537 |
| At 31 December 2002 | 於二零零二年 十二月三十一日 | 154 | 73 | 246 | 473 |



31 December 2003

二零零三年十二月三十一日

13. FIXED ASSETS (continued)**The Company (continued)**

The Group's land and buildings included above are held under the following lease terms:

| | | Hong Kong 香港 HK\$'000 千港元 | Elsewhere 其他地區 HK\$'000 千港元 | Total 總值 HK\$'000 千港元 |
|--------------------|------|------------------------------------|--------------------------------------|--------------------------------|
| At cost: | 成本值: | | | |
| Short term leases | 短期租約 | – | 3,967 | 3,967 |
| Medium term leases | 中期租約 | – | 152,495 | 152,495 |
| Long term leases | 長期租約 | 74,852 | 417 | 75,269 |
| | | <u>74,852</u> | <u>156,879</u> | <u>231,731</u> |

At 31 December 2003, the Group's leasehold land and buildings with carrying values of HK\$133,446,000 (2002: Nil) held in the PRC were pledged to secure certain banking facilities granted to the Group (note 24).

The Group's investment properties are held under the following lease terms:

| | | Hong Kong 香港 HK\$'000 千港元 | Elsewhere 其他地區 HK\$'000 千港元 | Total 總值 HK\$'000 千港元 |
|--------------------|------|------------------------------------|--------------------------------------|--------------------------------|
| At valuation: | 估值: | | | |
| Medium term leases | 中期租約 | – | 20,500 | 20,500 |
| Long term leases | 長期租約 | 32,380 | 14,867 | 47,247 |
| | | <u>32,380</u> | <u>35,367</u> | <u>67,747</u> |

13. 固定資產(續)**本公司(續)**

上文包括之本集團土地及樓宇乃按下列年期持有:

| | | Hong Kong 香港 HK\$'000 千港元 | Elsewhere 其他地區 HK\$'000 千港元 | Total 總值 HK\$'000 千港元 |
|--------------------|------|------------------------------------|--------------------------------------|--------------------------------|
| At cost: | 成本值: | | | |
| Short term leases | 短期租約 | – | 3,967 | 3,967 |
| Medium term leases | 中期租約 | – | 152,495 | 152,495 |
| Long term leases | 長期租約 | 74,852 | 417 | 75,269 |
| | | <u>74,852</u> | <u>156,879</u> | <u>231,731</u> |

於二零零三年十二月三十一日，本集團於中國持有賬面值133,446,000港元(二零零二年:零)之租賃土地及樓宇已作抵押，為本集團取得若干銀行融資(附註24)。

本集團之投資物業乃按下列年期持有:

| | | Hong Kong 香港 HK\$'000 千港元 | Elsewhere 其他地區 HK\$'000 千港元 | Total 總值 HK\$'000 千港元 |
|--------------------|------|------------------------------------|--------------------------------------|--------------------------------|
| At valuation: | 估值: | | | |
| Medium term leases | 中期租約 | – | 20,500 | 20,500 |
| Long term leases | 長期租約 | 32,380 | 14,867 | 47,247 |
| | | <u>32,380</u> | <u>35,367</u> | <u>67,747</u> |

13. FIXED ASSETS (continued)

The Company (continued)

The Group's investment properties were revalued on 31 December 2003 by Chung, Chan & Associates ("CCA"), independent professionally qualified valuers, at HK\$67,747,000 on an open market, existing use basis. A revaluation deficit of HK\$2,495,000 resulting from the above revaluations, has been charged to the profit and loss account. Details of the additions to the investment properties during the year are set out in note 31(a) to the financial statements. Certain of the Group's investment properties are leased to third parties under operating leases, further summary details of which are included in note 33 to the financial statements. As at 31 December 2003, the Group had an investment property (the "Dongguan Property") located in Dongguan, Guangdong Province of the PRC, with the carrying amount of HK\$20,500,000 (2002: HK\$19,500,000). The Group has not yet obtained the relevant title certificate for the Dongguan Property. As confirmed by the Group's legal advisors, the Group is the rightful and equitable owner of the Dongguan Property.

Further details of the Group's investment properties are included on page 99 of the annual report.

As at 31 December 2003, the Group has not yet obtained the title certificates for certain of its leasehold land and buildings situated in Shenzhen, Guangdong Province of the PRC and Beijing, the PRC with a net book value of approximately HK\$20,212,000 (2002: HK\$977,000). As confirmed by the Group's legal advisors and the Company's directors, the Group has obtained the right to use the land and buildings legally and can obtain the relevant title certificates through making applications to the relevant government authorities.

13. 固定資產(續)

本公司(續)

本集團之投資物業於二零零三年十二月三十一日已由獨立專業認可估值師衡量行(「衡量行」)按公開市值及現行用途基準重估為67,747,000港元。因上述重估產生之2,495,000港元重估虧絀已於損益表扣除。年內添置之投資物業詳情載於財務報表附註31(a)。本集團若干投資物業已按經營租約租賃予多名第三方，進一步概況載於財務報表附註33。於二零零三年十二月三十一日，本集團於中國廣東省東莞市擁有一投資物業(「東莞物業」)，賬面值為20,500,000港元(二零零二年：19,500,000港元)。本集團仍未取得東莞物業之相關業權證明。本集團之法律顧問已確認，本集團是東莞物業之合法及衡平法上的擁有人。

本集團投資物業之進一步詳情載於年報第99頁。

於二零零三年十二月三十一日，本集團仍未取得其位於中國廣東省深圳及北京市之若干租賃土地及樓宇之業權證明，該等土地及樓宇之賬面淨值約為20,212,000港元(二零零二年：977,000港元)。本集團之法律顧問及本公司董事已確認，本集團已取得合法使用該等土地及樓宇之權利，並可透過向有關政府部門提出申請而取得相關業權證明。



31 December 2003

二零零三年十二月三十一日

14. PROPERTIES UNDER DEVELOPMENT

14. 發展中物業

| | | Group 本集團 | |
|---|------------------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Acquisition of subsidiaries (note 31(b)) and at end of year | 收購附屬公司 (附註31(b)) 及截至年終 | 332,091 | - |

The properties under development are situated in Beijing, the PRC and are held under long term lease. Subsequent to the balance sheet date, the Group's properties under development were pledged to a bank for a bank loan facility amounted to approximately HK\$377 million.

本集團發展中物業位於中國北京，並按長期租約持有。結算日後，本集團發展中物業已抵押予一家銀行，以取得約377,000,000港元銀行貸款融資。

Further details of the Group's properties under development are included on page 100 of the annual report.

有關本集團發展中物業詳情載於年報第100頁。

15. GOODWILL

15. 商譽

The amounts of the goodwill capitalised as an asset in the consolidated balance sheet, arising from the acquisition of subsidiaries, are as follows:

因收購附屬公司產生之商譽金額已撥充資本，於綜合資產負債表列作資產如下：

| Group | | 本集團 HK\$'000 千港元 | |
|--|---------------------------------|------------------------|-------|
| Cost: | 成本值： | | |
| Acquisition of subsidiaries (note 31(b)) and at 31 December 2003 | 收購附屬公司 (附註31(b)) 及於二零零三年十二月三十一日 | | 5,838 |
| Accumulated amortisation: | 累積攤銷： | | |
| Amortisation provided during the year and at 31 December 2003 | 年內攤銷及於二零零三年十二月三十一日 | | 438 |
| Net book value: | 賬面淨值： | | |
| At 31 December 2003 | 於二零零三年十二月三十一日 | | 5,400 |

15. GOODWILL (continued)

As detailed in note 3 to the financial statements, on the adoption of SSAP 30 in 2001, the Group applied the transitional provision of SSAP 30 that permitted goodwill in respect of acquisitions which occurred prior to the adoption of the SSAP, to remain eliminated against consolidated reserves.

The amounts of goodwill remaining in consolidated reserves as at 31 December 2003, arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001, amounted to HK\$15,300,000 as at 31 December 2003 (2002: HK\$15,300,000).

16. INTERESTS IN SUBSIDIARIES

Unlisted shares, at cost 非上市股份·成本值
Due from subsidiaries 應收附屬公司欠款

Provision for impairment 減值撥備

Except for an amount due from a subsidiary of HK\$3,766,000 which bears interest at 5.4% per annum, the balances with subsidiaries included in the Company's interests in subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

15. 商譽(續)

誠如財務報表附註3所詳述·本集團於二零零一年採納會計實務準則第30號時·已應用會計實務準則第30號過渡條文·允許於採納會計實務準則前進行收購之商譽仍於綜合儲備對銷。

於二零零三年十二月三十一日仍於綜合儲備之商譽金額(於二零零一年採納會計實務準則第30號前收購附屬公司所產生)為15,300,000港元(二零零二年:15,300,000港元)。

16. 所佔附屬公司權益

| | | Company 本公司 | |
|--------------------------|-----------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Unlisted shares, at cost | 非上市股份·成本值 | 128,174 | 21,374 |
| Due from subsidiaries | 應收附屬公司欠款 | 541,664 | 438,761 |
| | | 669,838 | 460,135 |
| Provision for impairment | 減值撥備 | (311,800) | (276,800) |
| | | 358,038 | 183,335 |

除一間附屬公司一筆按年利率5.4厘計息之3,766,000港元欠款外·計入本公司於附屬公司之權益之附屬公司結餘乃無抵押·免息及無固定還款期。



31 December 2003

二零零三年十二月三十一日

16. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

| Name 名稱 | Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點 | Nominal value of issued ordinary/ registered capital 已發行 普通/註冊 股本面值 | Percentage of equity attributable to the Company | | Principal activities 主要業務 |
|--|--|---|---|----------------|--|
| | | | Direct 直接 | Indirect 間接 | |
| Qingapen Limited 晴嘉有限公司 | Hong Kong/PRC 香港/中國 | HK\$2 2港元 | 100 | – | Property investment 物業投資 |
| Wisdom Power Property Limited 智力物業有限公司 | Hong Kong 香港 | HK\$2 2港元 | 100 | – | Property investment 物業投資 |
| China Everbright Commercial Network Services Limited 中國光大商業網絡 服務有限公司 | Hong Kong/PRC 香港/中國 | HK\$2 2港元 | 100 | – | Property investment 物業投資 |
| Everbright-Creation International Limited | Hong Kong 香港 | US\$50,000 50,000美元 | 100 | – | Investment holding 投資控股 |
| Everbright Watch and Clock (Shenzhen) Co., Limited 光大依波鐘錶(深圳) 有限公司 | PRC# 中國# | HK\$30,000,000 30,000,000港元 | – | 100 | Manufacture and sale of watches and timepieces 製造及銷售鐘錶及 時計產品 |

16. 所佔附屬公司權益(續)

主要附屬公司詳情如下:

16. INTERESTS IN SUBSIDIARIES (continued)

16. 所佔附屬公司權益(續)

| Name 名稱 | Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點 | Nominal value of issued ordinary/ registered capital 已發行 普通/註冊 股本面值 | Percentage of equity attributable to the Company 本公司應佔 股本百分比 | | Principal activities 主要業務 |
|---|--|---|---|----------------|--|
| | | | Direct 直接 | Indirect 間接 | |
| Sealgold Precision Manufacturing (Shenzhen) Co., Limited 翔利高精密製造(深圳) 有限公司 | PRC# 中國# | HK\$3,000,000 3,000,000港元 | - | 100 | Sale of watches and timepieces 銷售鐘錶及時計產品 |
| Everbright Timber Industry (Shenzhen) Co., Ltd.* 光大木材工業(深圳) 有限公司* | PRC# 中國# | US\$45,525,860 45,525,860美元 | - | 100 | Manufacture and sale of timber products 製造及銷售木材產品 |
| 北京京冠房地產開發 有限公司(「京冠」)* | PRC@ 中國@ | RMB20,000,000 人民幣20,000,000元 | - | 100 | Property development 物業發展 |

Registered as a wholly foreign-owned enterprise in the PRC.

於中國註冊為全外資企業。

@ Registered as a foreign investment limited liability company in the PRC.

@ 於中國註冊為外商投資有限公司。

* Subsidiaries acquired during the year.

* 年內收購之附屬公司。

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

上表載列董事認為主要影響本集團本年度之業績或構成本集團資產淨值重大部分之本公司附屬公司。董事認為，詳列其他附屬公司之資料將會令有關資料過於冗長。



31 December 2003

二零零三年十二月三十一日

16. INTERESTS IN SUBSIDIARIES (continued)

During the year, the Group acquired Everbright Timber Industry (Shenzhen) Co., Ltd. from a subsidiary of a substantial shareholder of the Company. Further details of this acquisition are included in notes 31(b)(i) and 35 to the financial statements.

The Group holds a 51% equity interest in Shunde Everbright Sunto Computer Co. Ltd., a company 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 had 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 aggregate of HK\$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.

16. 所佔附屬公司權益(續)

年內，本集團向本公司主要股東一間附屬公司收購光大木材工業(深圳)有限公司。該收購之進一步詳情載於財務報表附註31(b)(i)及35。

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未有披露若干重大交易，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之管理實際上已陷入僵局，所以本集團於該附屬公司之投資值及能否收回該附屬公司之欠款(合共60,500,000港元)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。本集團不會對該附屬公司作出任何進一步投資。

31 December 2003

二零零三年十二月三十一日

17. INTERESTS IN ASSOCIATES

17. 所佔聯營公司權益

| | | Group 本集團 | | Company 本公司 | |
|----------------------------|-----------|-----------------|-----------------|-----------------|-----------------|
| | | 2003 二零零三年 | 2002 二零零二年 | 2003 二零零三年 | 2002 二零零二年 |
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| 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 | - | - | - | - |
| | | - | - | 39,301 | 39,301 |
| Amount due to an associate | 應付聯營公司欠款 | (3,649) | (3,649) | (3,649) | (3,649) |
| Provision for impairment | 減值撥備 | - | - | (35,652) | (35,652) |
| | | <u>(3,649)</u> | <u>(3,649)</u> | <u>-</u> | <u>-</u> |

The amount due to an associate is interest-free, unsecured, not repayable in the next year, and is included in long term other payables.

應付聯營公司欠款為免息、無抵押，並毋須於明年償還。該欠款已包括在其他長期應付賬款。

The Group's associates had no significant effect over the results or assets of the Group for the year ended 31 December 2003.

截至二零零三年十二月三十一日止年度，本集團之聯營公司於本集團業績或資產並無重大影響力。



31 December 2003

二零零三年十二月三十一日

17. INTERESTS IN ASSOCIATES (continued)

Particulars of the principal associates are as follows:

| Name 名稱 | Business structure 業務架構 | Place of incorporation/ registration and operations 註冊成立／註冊 及營業地點 | Percentage of ownership interest attributable to the Group 本集團 應佔所有權 權益百分比 | Principal activities 主要業務 |
|---|-------------------------------|--|---|---------------------------------|
| China Everbright Telecom-Land Network Limited 中國光大通信天地網絡系統 有限公司 | Corporate 公司 | The British Virgin Islands (the "BVI") 英屬處女群島 (「英屬處女群島」) | 35 | Investment holding 投資控股 |
| Everbright Telecom-Land Network (Shanghai) Co. Ltd. 光大通信天地網絡系統(上海) 有限公司 | Corporate 公司 | PRC 中國 | 35 | Retailing 零售 |

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

17. 所佔聯營公司權益(續)

主要聯營公司之詳情如下:

董事認為上表所列之本集團聯營公司對本集團於年內之業績影響重大，或為本集團之資產淨值之主要部分。董事認為，刊載其他聯營公司之詳情將會過於冗長。

31 December 2003

二零零三年十二月三十一日

18. INVESTMENT SECURITIES

18. 投資證券

| | | Group 本集團 | |
|--|--------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Listed equity investment in Hong Kong, at cost | 香港上市股票投資·成本值 | 54,440 | 53,687 |
| Provision for impairment | 減值撥備 | (34,200) | (14,200) |
| | | <u>20,240</u> | <u>39,487</u> |
| Market value | 市值 | <u>39,045</u> | <u>14,487</u> |

The market value of the Group's long-term listed equity investment at the date of approval of these financial statements was approximately HK\$20.4 million.

於此等財務報表批准日期，本集團長期上市股票投資市值約為20,400,000港元。

The market value of the Group's long-term listed equity investment was below its carrying amount for a prolonged period. The impairment loss was determined by the directors of the Company with reference to the average prevailing quoted market price of the listed equity investment.

本集團長期上市股票投資之市值長時間低於其賬面值。減值虧損乃由本公司董事經參考上市股票投資之平均現行所報市價而釐定。



31 December 2003

二零零三年十二月三十一日

19. INVENTORIES

| | | Group 本集團 | |
|------------------|-----|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Raw materials | 原材料 | 31,730 | 10,085 |
| Work in progress | 在製品 | 10,582 | 3,807 |
| Finished goods | 製成品 | <u>55,470</u> | <u>26,054</u> |
| | | <u>97,782</u> | <u>39,946</u> |

At the balance sheet date, the Group had no inventories carried at net realisable value (2002: Nil).

於結算日，本集團並無以可變現淨值列賬之存貨（二零零二年：零）。

20. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. Trade debtors with balances that are more than three months overdue are required to settle all outstanding balances before any further credit is granted.

20. 應收賬款

除新客戶一般需要預先付款外，本集團與其客戶訂立之買賣條款主要按所訂信貸期繳款，而信貸期一般為期一個月，主要客戶可獲長至最多三個月之信貸期。每名客戶設有信貸上限。逾期三個月以上之應收賬款結餘須於獲授出任何進一步信貸前清還所有未償還餘額。

31 December 2003

二零零三年十二月三十一日

20. TRADE RECEIVABLES (continued)

An aged analysis of the trade receivables as at the balance sheet date, based on invoice date, and net of provisions, is as follows:

20. 應收賬款(續)

應收賬款於結算日按照發票日期及扣減撥備後之賬齡分析如下:

| | | Group 本集團 | |
|------------------|--------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| 1 to 3 months | 1至3個月 | 11,606 | 6,007 |
| 4 to 6 months | 4至6個月 | 475 | 71 |
| 7 to 12 months | 7至12個月 | 51 | 479 |
| More than 1 year | 1年以上 | 109 | 231 |
| | | 12,241 | 6,788 |



31 December 2003

二零零三年十二月三十一日

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS 21. 現金及現金等價物與已抵押銀行存款

| | | Group 本集團 | | Company 本公司 | |
|--|------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Cash and bank balances | 現金及銀行結存 | 84,496 | 34,336 | 13,108 | 3,919 |
| Time deposits | 定期存款 | 240,643 | 323,168 | 230,197 | 323,168 |
| | | 325,139 | 357,504 | 243,305 | 327,087 |
| Less: Deposits pledged for short term bank loans (note 24) | 減：就短期銀行貸款 抵押之存款 (附註24) | (4,797) | - | - | - |
| Cash and cash equivalents | 現金及現金等價物 | 320,342 | 357,504 | 243,305 | 327,087 |

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$53,522,000 (2002: HK\$19,934,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於結算日，本集團以人民幣（「人民幣」）為單位之現金及銀行結存合共約為53,522,000港元（二零零二年：19,934,000港元）。人民幣不得自由兌換為其他貨幣。然而，根據中國關於外匯管理及結匯、售匯及付匯管理規定，本集團僅可在獲授權進行外匯業務之銀行將人民幣兌換為其他貨幣。

31 December 2003

二零零三年十二月三十一日

22. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

| | | Group 本集團 | |
|------------------|--------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| 1 to 3 months | 1至3個月 | 21,278 | 11,867 |
| 4 to 6 months | 4至6個月 | 4,197 | 1,181 |
| 7 to 12 months | 7至12個月 | - | 3,263 |
| More than 1 year | 超過1年 | 290 | - |
| | | 25,765 | 16,311 |

22. 應付賬款

應付賬款於結算日按照發票日期之賬齡分析如下：

23. OTHER PAYABLES AND ACCRUALS

| | | Group 本集團 | | Company 本公司 | |
|--|-----------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Accruals | 應計費用 | 15,371 | 3,643 | 706 | 829 |
| Deposits received | 已收按金 | 4,114 | 2,815 | - | - |
| Other payables | 其他應付賬款 | 160,617 | 17,066 | 110,675 | 10,845 |
| | | 180,102 | 23,524 | 111,381 | 11,674 |
| Portion classified as current liabilities | 列作流動負債之部分 | (160,102) | (22,799) | (91,381) | (11,674) |
| Long term portion | 長期部分 | 20,000 | 725 | 20,000 | - |

23. 其他應付賬款及應計費用



31 December 2003

二零零三年十二月三十一日

24. BANK AND OTHER LOANS

24. 銀行及其他貸款

| | | Group 本集團 | |
|---|----------------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Bank loans repayable within one year, secured | 須於一年內償還之 有抵押銀行貸款 | 242,361 | - |
| Other loans not repayable within one year, unsecured | 毋須於一年內償還之 其他無抵押貸款 | 201,044 | - |
| | | 443,405 | - |
| Portion classified as current liabilities | 列作流動負債部分 | (242,361) | - |
| Long term portion | 長期部分 | 201,044 | - |

The Group's other loans are unsecured, bear interest ranging from nil to 5.4% per annum and are not repayable within one year.

本集團之其他貸款乃無抵押、按年利率零至5.4厘計息及毋須在一年內償還。

As at 31 December 2003, the Group's bank loan facilities were secured by:

於二零零三年十二月三十一日，本集團銀行借貸融資以下列各項作抵押：

- (i) the pledge of the Group's time deposits amounting to approximately HK\$4,797,000 (2002: Nil) (note 21);
- (ii) a legal charge over the Group's medium term leasehold land and buildings situated in the PRC with net book value amounting to approximately HK\$133,446,000 as at 31 December 2003 (note 13); and
- (iii) a corporate guarantee executed by a substantial shareholder of the Company to the extent of HK\$310,695,000.

- (i) 抵押本集團定期存款約4,797,000港元(二零零二年：零)(附註21)；
- (ii) 本集團根據中期租賃持有，於二零零三年十二月三十一日之賬面淨值約133,446,000港元之中國租賃土地及樓宇(附註13)之法定押記；及
- (iii) 本公司主要股東作出之公司擔保最多310,695,000港元。

25. DUE TO A SUBSTANTIAL SHAREHOLDER

The amount due to a substantial shareholder is unsecured, interest-free and has no fixed terms of repayment.

26. DUE TO RELATED COMPANIES

The amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment.

27. DEFERRED TAX

The movement in deferred tax assets during the year is as follows:

25. 應付一名主要股東欠款

應付一名主要股東欠款乃無抵押、免息及無固定還款期。

26. 應付關連公司欠款

應付關連公司欠款乃無抵押、免息及無固定還款期。

27. 遞延稅項

年內遞延稅項資產之變動如下：

| | Group 本集團 | |
|--|----------------------------------|----------------------------------|
| | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Deferred tax asset in respect of losses available for offset against future taxable profit credited to the profit and loss account during the year and at 31 December 2003 | 1,000 | - |

已計入截至二零零三年十二月三十一日止年度損益表有關可抵銷日後應課稅溢利之虧損的遞延稅項資產

The Group has tax losses arising in Hong Kong of HK\$34,411,000 (2002: HK\$21,515,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

At 31 December 2003, there is no significant unrecognised deferred tax liability (2002: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures as the Group has no liability to additional tax should such amounts be remitted.

本集團於香港產生稅項虧損34,411,000港元(二零零二年: 21,515,000港元), 而有關稅項虧損可在無限期用作抵銷出現虧損之公司之日後應課稅溢利。由於該等附屬公司出現虧損已有一段時間, 故並無就該等虧損確認遞延稅項資產。

於二零零三年十二月三十一日, 並無有關本集團若干附屬公司、聯營公司或合營企業之未付匯盈利應付稅項之重大未確認遞延稅項負債(二零零二年: 無), 此乃由於即使匯出該等款項, 本集團亦無任何額外稅項責任。



31 December 2003

二零零三年十二月三十一日

27. DEFERRED TAX (continued)

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

SSAP 12 (revised) was adopted during the year, as further explained in note 2 to the financial statements. This change in accounting policy has resulted in the recognition by the Group of a deferred tax asset as at 31 December 2003 of HK\$1,000,000. As a result, the consolidated net loss attributable to shareholders for the year ended 31 December 2003 decreased by HK\$1,000,000.

28. SHARE CAPITAL**27. 遞延稅項(續)**

本公司向其股東派付股息概無產生任何所得稅責任。

年內已採納會計實務準則第12號(經修訂),進一步詳情載於財務報表附註2。本集團於二零零三年十二月三十一日之遞延稅項資產因有關會計政策變動而確認1,000,000港元。因此,截至二零零三年十二月三十一日止年度之股東應佔綜合虧損淨額已減少1,000,000港元。

28. 股本

| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
|----------------------------------|-------------------------|----------------------------------|----------------------------------|
| Shares | 股份 | | |
| <i>Authorised:</i> | <i>法定:</i> | | |
| 2,000,000,000 | 2,000,000,000股 | | |
| (2002: 2,000,000,000) | (二零零二年: 2,000,000,000股) | | |
| ordinary shares of HK\$0.10 each | 每股面值0.10港元之普通股 | <u>200,000</u> | <u>200,000</u> |
| <i>Issued and fully paid:</i> | <i>已發行及悉數繳足:</i> | | |
| 1,544,831,000 | 1,544,831,000股 | | |
| (2002: 1,544,831,000) | (二零零二年: 1,544,831,000股) | | |
| ordinary shares of HK\$0.10 each | 每股面值0.10港元之普通股 | <u>154,483</u> | <u>154,483</u> |

28. SHARE CAPITAL (continued)

During the year ended 31 December 2002, the Company repurchased 8,518,000 of its ordinary shares of HK\$0.10 each on the Stock Exchange, the summary details of which are as follows:

| Month 月份 | Number of shares repurchased 購回股份 數目 | Price per share 每股價格 | | Total price paid 價格總額 HK\$'000 千港元 |
|---------------|--|-----------------------------|----------------------------|--|
| | | Highest 最高 HK\$ 港元 | Lowest 最低 HK\$ 港元 | |
| 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 5,874,000 | 0.32 | 0.30 | 1,838 |
| | <u>8,518,000</u> | | | <u>2,562</u> |

The repurchased shares were cancelled during the year ended 31 December 2002 and the issued share capital of the Company was reduced by the par value thereof. The premium paid on the repurchase of the shares, of HK\$1,710,000, was charged to the share premium account (note 30) in accordance with the provisions of the Companies Law of the Cayman Islands.

The repurchases of the Company's shares during the year ended 31 December 2002 were effected by the directors, pursuant to the mandate from shareholders received at the previous annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

28. 股本 (續)

截至二零零二年十二月三十一日止年度，本公司於聯交所購回其每股面值0.10港元之普通股8,518,000股，有關詳情概述如下：

購回股份已於截至二零零二年十二月三十一日止年度註銷，而本公司已發行股本已按此等股份之面值相應減少。根據開曼群島公司法之條文，購回股份所付溢價1,710,000港元已計入股份溢價賬（附註30）。

於截至二零零二年十二月三十一日止年度，董事根據股東於過往股東週年大會授出之授權購回本公司股份，旨在藉此提高本集團每股資產淨值及每股盈利，從而令股東整體受惠。



31 December 2003

二零零三年十二月三十一日

28. SHARE CAPITAL (continued)

A summary of the above movements in the authorised and issued share capital of the Company is as follows:

28. 股本 (續)

上述本公司之法定及已發行股本變動概述如下:

| | | Number of authorised shares | Number of shares issued | Nominal value of shares issued |
|--|--|--|--|---|
| | | 法定 股份數目 '000 千股 | 已發行 股份數目 '000 千股 | 已發行 股份面值 HK\$'000 千港元 |
| At 1 January 2002 | 於二零零二年一月一日 | 200,000 | 1,553,349 | 155,335 |
| Repurchase of shares | 購回股份 | — | (8,518) | (852) |
| At 31 December 2002, 1 January 2003 and 31 December 2003 | 於二零零二年十二月 三十一日、二零零三年 一月一日及二零零三年 十二月三十一日 | <u>200,000</u> | <u>1,544,831</u> | <u>154,483</u> |

29. 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. The exercise price of options was determined by the board and was the higher of the nominal value of the Company's shares and 90% of the average of the closing prices of the Company's shares on the Stock Exchange for the five business days immediately preceding the date of grant.

Pursuant to the amendments (the "New Rules") to Chapter 17 of the Listing Rules, any options granted after September 2001 must comply with the provisions of the New Rules. If the Company wishes to grant options to its directors or other eligible participants in future, a new share option scheme in compliance with the New Rules is to be approved and adopted by the shareholders of the Company in a general meeting. Since the adoption of the New Rules, no new share option scheme had been approved nor adopted.

During the year, no share options were granted or exercised and there were no outstanding options at 31 December 2003 (2002: Nil).

29. 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，據此，本公司董事可酌情邀請本集團僱員（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直至二零一一年五月二十四日前十年一直有效，該日後不可再授出優先認購股份權。行使價乃由董事會釐定，相當於本公司股份面值或緊接授出優先認購股份權當日前五個營業日本公司股份在聯交所之平均收市價之90%（以較高者為準）。

根據上市規則第17章之修訂（「新規則」），所有於二零零一年九月後授出之優先認購股份權均須符合新規則之條文。倘本公司擬於將來向其董事或其他合資格參與者授出優先認購股份權，則本公司股東必須於股東大會批准及採納符合新規則之新優先認購股份權計劃。自採納新規則以來，並無批准或採納任何新優先認購股份權計劃。

年內，概無優先認購股份權獲授出或行使，於二零零三年十二月三十一日，概無任何尚未行使優先認購股份權（二零零二年：無）。



31 December 2003

二零零三年十二月三十一日

30. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 30 of the financial statements.

The Group's share premium account mainly includes shares issued at a premium.

In accordance with the PRC regulations, certain of the Group's subsidiaries registered in the PRC are required to transfer part of their profits after tax to the statutory reserve fund, before profit distributions are made. The amounts of the transfers are subject to the approval of the boards of directors of these companies, in accordance with their joint venture agreements and/or articles of association. The statutory reserve fund is non-distributable and restricted as to use.

Certain amounts of goodwill arising on the acquisition of subsidiaries in prior years remain eliminated against consolidated reserves as explained in notes 3 and 15 to the financial statements.

30. 儲備

(a) 本集團

本集團於目前及過往年度之儲備數額及有關變動載於財務報表第30頁綜合股權變動報表。

本集團股份溢價賬主要包括按溢價發行之股份。

按照中國規例，若干於中國註冊之本集團附屬公司於作出溢利分派前，須將其部分除稅後溢利轉撥至法定儲備基金。轉撥款額須由該等公司之董事會按各自之合營協議及／或公司章程細則批准。法定儲備基金不可分派，及其用途是有所限制。

誠如財務報表附註3及15所闡釋，於過往年度收購附屬公司所產生商譽若干數額仍於綜合保留溢利對銷。

31 December 2003

二零零三年十二月三十一日

30. RESERVES (continued)

(b) Company

| | | Share premium account 股份溢價賬 HK\$'000 千港元 | Accumulated losses 累積虧損 HK\$'000 千港元 | Total 總額 HK\$'000 千港元 |
|-----------------------------------|-------------------|---|--|--------------------------------|
| At 1 January 2002 | 於二零零二年一月一日 | 679,592 | (318,737) | 360,855 |
| Repurchase of shares (note 28) | 購回股份 (附註28) | (1,710) | - | (1,710) |
| Loss for the year | 年內虧損 | - | (1,131) | (1,131) |
| At 31 December 2002 | 於二零零二年 十二月三十一日 | 677,882 | (319,868) | 358,014 |
| Loss for the year | 年內虧損 | - | (21,467) | (21,467) |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | <u>677,882</u> | <u>(341,335)</u> | <u>336,547</u> |

31. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Major non-cash transactions

During the current year, the Group received certain investment properties in aggregate of HK\$16,382,000 from China Everbright Holdings Company Limited ("CEH") a substantial shareholder of the Company, for the settlement of amount owed by a subsidiary of CEH to the Group, which had been fully written off in prior years. Therefore the additions to the investment properties of the Group during the year did not result in any cash flow.

30. 儲備 (續)

(b) 本公司

| | | Share premium account 股份溢價賬 HK\$'000 千港元 | Accumulated losses 累積虧損 HK\$'000 千港元 | Total 總額 HK\$'000 千港元 |
|-----------------------------------|-------------------|---|--|--------------------------------|
| At 1 January 2002 | 於二零零二年一月一日 | 679,592 | (318,737) | 360,855 |
| Repurchase of shares (note 28) | 購回股份 (附註28) | (1,710) | - | (1,710) |
| Loss for the year | 年內虧損 | - | (1,131) | (1,131) |
| At 31 December 2002 | 於二零零二年 十二月三十一日 | 677,882 | (319,868) | 358,014 |
| Loss for the year | 年內虧損 | - | (21,467) | (21,467) |
| At 31 December 2003 | 於二零零三年 十二月三十一日 | <u>677,882</u> | <u>(341,335)</u> | <u>336,547</u> |

31. 綜合現金流量表附註

(a) 主要非現金交易

本集團於本年度自本公司主要股東中國光大集團有限公司(「光大集團」)收取合共16,382,000港元之若干投資物業,作為已於過往年度全數撇銷之光大集團一家附屬公司結欠本集團款項之清償。因此,年內本集團添置投資物業並無產生任何現金流量。



31 December 2003

二零零三年十二月三十一日

31. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (continued) 31. 綜合現金流量表附註(續)

(b) Acquisition of subsidiaries

(b) 收購附屬公司

| | | | 2003 | 2002 |
|---|----------------|-------|----------------|----------|
| | | | 二零零三年 | 二零零二年 |
| | | Notes | HK\$'000 | HK\$'000 |
| | | 附註 | 千港元 | 千港元 |
| Net assets acquired: | 購入資產淨值: | | | |
| Fixed assets | 固定資產 | 13 | 269,037 | - |
| Properties under development | 發展中物業 | 14 | 332,091 | - |
| Cash and bank balances | 現金及銀行結存 | | 24,014 | - |
| Trade receivables | 應收賬款 | | 53,123 | - |
| Inventories | 存貨 | | 57,673 | - |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收賬款 | | 18,302 | - |
| Trade payables | 應付賬款 | | (18,188) | - |
| Other payables and accruals | 其他應付賬款及應計費用 | | (63,652) | - |
| Due to a substantial shareholder | 應付一名主要股東欠款 | | (3,926) | - |
| Due to related companies | 應付一家關連公司欠款 | | (4,917) | - |
| Bank loans | 銀行貸款 | | (350,421) | - |
| Other loans | 其他貸款 | | (201,044) | - |
| Minority interests | 少數股東權益 | | (8,960) | - |
| | | | 103,132 | - |
| Goodwill on acquisition | 收購時產生之商譽 | 15 | 5,838 | - |
| | | | <u>108,970</u> | <u>-</u> |
| Satisfied by: | 以下列方式支付: | | | |
| Cash | 現金 | | <u>108,970</u> | <u>-</u> |

31 December 2003

二零零三年十二月三十一日

31. NOTES TO CONSOLIDATED CASH FLOW STATEMENT
(continued)

(b) Acquisition of subsidiaries (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
|--|-------------------------------|----------------------------------|----------------------------------|
| Cash consideration | 現金代價 | (108,970) | - |
| Unsettled amount as at 31 December 2003* | 於二零零三年十二月三十一日 未清償之款項* | 99,800 | - |
| Cash and bank balances acquired | 購入現金及銀行結存 | 24,014 | - |
| Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries | 有關收購附屬公司之 現金及現金等價物 流入淨值 | <u>14,844</u> | <u>-</u> |

* The unsettled consideration as at 31 December 2003 is included in other payables (current portion HK\$79.8 million and non-current portion HK\$20 million) of the Group's consolidated balance sheet.

(i) On 23 March 2003, the Group acquired a 100% interest in Wellpeck International Group Limited ("Wellpeck") from a subsidiary of CEH and an independent third party. Wellpeck and its subsidiaries are engaged in the manufacture and sale of timber products. Further details of the transaction are included in note 35(v) to the financial statements.

Since its acquisition, Wellpeck and its subsidiaries contributed HK\$195,314,000 to the Group's turnover and a loss of HK\$15,975,000 to the consolidated loss after tax and before minority interests for the year ended 31 December 2003.

31. 綜合現金流量表附註(續)

(b) 收購附屬公司(續)

有關收購附屬公司之現金及現金等價物流出淨值分析如下：

| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
|--|-------------------------------|----------------------------------|----------------------------------|
| Cash consideration | 現金代價 | (108,970) | - |
| Unsettled amount as at 31 December 2003* | 於二零零三年十二月三十一日 未清償之款項* | 99,800 | - |
| Cash and bank balances acquired | 購入現金及銀行結存 | 24,014 | - |
| Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries | 有關收購附屬公司之 現金及現金等價物 流入淨值 | <u>14,844</u> | <u>-</u> |

* 於二零零三年十二月三十一日尚未清償之代價計入本集團綜合資產負債表之其他應付賬款之內，即期部分為79,800,000港元，而非即期部分則為20,000,000港元。

(i) 於二零零三年三月二十三日，本集團向光大集團一家附屬公司及一名獨立第三方收購 Wellpeck International Group Limited (「Wellpeck」) 100%權益。Wellpeck及其附屬公司從事製造及銷售木材產品。有關交易之進一步詳情載於財務報表附註35(v)。

自收購以來，Wellpeck及其附屬公司分別為本集團截至二零零三年十二月三十一日止年度之營業額及除稅後但未計少數股東權益綜合虧損帶來195,314,000港元及15,975,000港元。



31 December 2003

二零零三年十二月三十一日

**31. NOTES TO CONSOLIDATED CASH FLOW STATEMENT
(continued)****(b) Acquisition of subsidiaries (continued)**

- (ii) The Group acquired the entire equity interest in another subsidiary, Starlex Limited (“Startex”), on 13 December 2003 from an independent third party. The principal activities of Starlex and its wholly-owned subsidiary, 京冠, are investment holding and properties development, respectively. The purchase consideration for the acquisition of HK\$99.8 million was included in other payables as at the balance sheet date.

Starlex and its subsidiary made no material contributions to the Group’s turnover and consolidated profit after tax and before minority interests for the year ended 31 December 2003.

32. CONTINGENT LIABILITIES

The Company and the Group had no material contingent liabilities as at the balance sheet date.

31. 綜合現金流量表附註(續)**(b) 收購附屬公司(續)**

- (ii) 於二零零三年十二月十三日，本集團向一名獨立第三方收購另一家附屬公司 Starlex Limited (「Starlex」) 全部權益。Starlex及其全資附屬公司京冠之主要業務分別為投資控股及物業發展。截至結算日，收購代價為99,800,000港元，計入其他應付賬款。

Starlex及其附屬公司並無為本集團截至二零零三年十二月三十一日止年度之營業額及除稅後但未計少數股東權益綜合溢利帶來任何重大貢獻。

32. 或然負債

於結算日，本公司及本集團並無任何重大或然負債。

31 December 2003

二零零三年十二月三十一日

33. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 13) under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years.

At 31 December 2003, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants due as follows:

33. 經營租約安排

(a) 作為出租人

本集團根據經營租約安排出租其投資物業(附註13)，該等租約之議定年期介乎一至二十年不等。

於二零零三年十二月三十一日，本集團根據不可取消經營租約之未來最低應收租金總額將於下列期間到期：

| | | Group 本集團 | |
|--|--------------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Within one year | 一年內 | 4,297 | 5,495 |
| In the second to fifth years, inclusive | 第二至第五年 (包括首尾兩年) | 14,946 | 4,350 |
| After five years | 五年後 | 57,433 | - |
| | | 76,676 | 9,845 |



31 December 2003

二零零三年十二月三十一日

33. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

The Group leases certain of its office and factory premises under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

At 31 December 2003, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | |
|--|--------------------|
| Within one year | 一年內 |
| In the second to fifth years, inclusive | 第二至第五年 (包括首尾兩年) |
| After five years | 五年後 |

In addition, the Group is required to pay an annual fee of approximately HK\$280,000 in respect of a leasehold land in the PRC from the year 1992 up to the year 2042 with a 20% increment for every five years. During the year, the annual fee of approximately HK\$404,000 was charged to the Group (2002: HK\$381,000).

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

33. 經營租約安排 (續)

(b) 作為承租人

本集團根據經營租約安排租用其若干辦公室及工廠物業，該等租約之議定期限介乎一至十年不等。

於二零零三年十二月三十一日，本集團根據不可取消經營租約之未來最低應付租金總額將於下列期間到期：

| | | Group 本集團 | |
|--|--------------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Within one year | 一年內 | 1,492 | 480 |
| In the second to fifth years, inclusive | 第二至第五年 (包括首尾兩年) | 1,925 | 1,618 |
| After five years | 五年後 | 1,545 | 1,960 |
| | | <u>4,962</u> | <u>4,058</u> |

此外，本集團自一九九二年起至二零四二年止須就其在中國之一幅租賃土地支付年費約280,000港元，年費每五年增加20%。年內，本集團支付年費約404,000港元（二零零二年：381,000港元）。

於結算日，本公司並無重大經營租約承擔。

31 December 2003

二零零三年十二月三十一日

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33(b) above, the Group had the following capital commitments at the balance sheet date:

34. 承擔

除上文附註33(b)所述之經營租約承擔外，於結算日，本集團尚有下列資本承擔：

| | | Group 本集團 | |
|---|------------|----------------------------------|----------------------------------|
| | | 2003 二零零三年 HK\$'000 千港元 | 2002 二零零二年 HK\$'000 千港元 |
| Contracted but not provided for: | 已訂約但未撥備： | | |
| Construction works in respect of properties under development | 發展中物業之建築工程 | 43,762 | - |
| Capital contributions payable to a subsidiary | 應向一家附屬公司注資 | 56,490 | - |
| Purchases of fixed assets | 購買固定資產 | 404 | - |
| | | <u>100,656</u> | <u>-</u> |

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

於結算日，本公司並無重大承擔。

35. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

| | | | 2003 | 2002 |
|---|-------------|-------|--------------|----------|
| | | Notes | 二零零三年 | 二零零二年 |
| | | 附註 | HK\$'000 | HK\$'000 |
| | | | 千港元 | 千港元 |
| Rental income from leasing of investment properties | 出租投資物業之租金收入 | (i) | (1,641) | (2,220) |
| Interest expenses paid | 已付利息開支 | (ii) | 1,873 | - |
| Rental paid for staff quarter | 已付員工宿舍租金 | (iii) | 117 | 160 |
| Purchases of raw materials | 購買原材料 | (iv) | <u>1,823</u> | <u>-</u> |

Notes:-

- (i) On 23 November 2001, a tenancy agreement was entered into between the Group and CEH, the substantial shareholder of the Company, under which the Group agreed to let and CEH agreed to lease a portion (with saleable area of approximately 4,586 square feet) of an investment property of the Group situated in Hong Kong at a monthly rental of HK\$185,000 (inclusive of management fee, insurance, government rent and rates) for a term of two years commencing from 28 November 2001 (the "CEH Tenancy Agreement"). Details of the CEH Tenancy Agreement were announced in a press announcement by the Company on 23 November 2001. The directors considered that the monthly rentals were charged by the Group with reference to the prevailing market prices. No renewal of the tenancy agreement was made between the Group and CEH upon expiry of the CEH Tenancy Agreement in current year.
- (ii) At the balance sheet date, the Group had bank loans of HK\$36,275,000 borrowed from China Everbright Bank Company Limited, a related company of the Company ("EB Bank Loans"). The EB Bank Loans were transferred to the Group upon its acquisition of the timber products business as detailed in (v) below and note 31(b) and bear interest at 5.31% per annum.
- (iii) The rental expenses were paid to CEH for a staff quarter. The rental expenses were based on the agreements signed.

35. 有關連人士交易

除本財務報表其他部分所載列之交易及結餘外，本集團於年內曾與有關連人士進行以下重大交易：

| | | | 2003 | 2002 |
|-------------|--|-------|--------------|----------|
| | | Notes | 二零零三年 | 二零零二年 |
| | | 附註 | HK\$'000 | HK\$'000 |
| | | | 千港元 | 千港元 |
| 出租投資物業之租金收入 | | (i) | (1,641) | (2,220) |
| 已付利息開支 | | (ii) | 1,873 | - |
| 已付員工宿舍租金 | | (iii) | 117 | 160 |
| 購買原材料 | | (iv) | <u>1,823</u> | <u>-</u> |

附註：-

- (i) 於二零零一年十一月二十三日，本集團與本公司主要股東光大集團簽訂一份租約，據此，本集團同意出租，而光大集團則同意租用本集團位於香港之一項投資物業（實用面積約4,586平方呎），每月租金為185,000港元（包括管理費、保險、政府地租及差餉），租期由二零零一年十一月二十八日起為期兩年（「光大集團租賃協議」）。光大集團租賃協議之詳情載於本公司在二零零一年十一月二十三日刊發之報章公布內。董事認為本集團收取之月租乃經參考當時市場價格釐定。於本年度屆滿後，本集團與光大集團並無續訂任何租賃協議。
- (ii) 於結算日，本集團向本公司之有關連公司中國光大銀行有限公司借入銀行貸款36,275,000港元（「光大銀行貸款」），光大銀行貸款是由於下文(v)項及附註31(b)段所詳述本集團收購木材業務時轉撥予本集團，有關貸款按年息5.31厘計息。
- (iii) 租金支出乃支付予光大集團，以租用員工宿舍。租金支出根據已簽訂協議計算。

35. RELATED PARTY TRANSACTIONS (continued)

Notes:— (continued)

- (iv) The Group purchased raw materials from 中國光大南方對外貿易有限公司 (“南方光大”), a wholly-owned subsidiary of the ultimate holding company of CEH. The directors of the Company considered that the purchases of raw materials were charged with reference to the cost of 南方光大.
- (v) On 21 March 2003, the Company entered into an agreement (the “CEIL Agreement”) with a subsidiary of CEH, China Everbright International Limited (“CEIL”), a company incorporated in Hong Kong and listed on the Stock Exchange. Pursuant to the CEIL Agreement, the Company agreed to purchase and CEIL agreed to sell 100% interests in each of Tung On Assets Limited (“Tung On”) and Bright Merit Investments Limited (“Bright Merit”) at an aggregate cash consideration of HK\$7,000,000. Tung On and Bright Merit together held an aggregate 72.01% interest in Wellpeck.

On the same date, Prime Win Profits Limited (“Prime Win”), a wholly-owned subsidiary of the Company, entered into an agreement (the “JC Agreement”) with Joint Cheer Investments Limited (“Joint Cheer”), an independent third party. Pursuant to the JC Agreement, Prime Win agreed to purchase the remaining 27.99% interest in Wellpeck from Joint Cheer at a cash consideration of HK\$2,170,000.

The aggregate consideration of HK\$9,170,000 payable to CEIL and Joint Cheer was arrived at by reference to a valuation report on the value of a 100% equity interest of Wellpeck dated 20 March 2003, prepared by BMI Appraisal Limited, an independent firm of professionally qualified valuers.

After completion of the CEIL Agreement and JC Agreement during the year, Wellpeck became a wholly-owned subsidiary of the Company. The principal activities of Wellpeck and its subsidiaries (the “Wellpeck Group”) are the manufacture and sale of timber products, the development and servicing of machineries, investment holding, and the trading and export of timber products.

35. 有關連人士交易

附註：— (續)

- (iv) 本集團向光大集團最終控股公司之全資附屬公司中國光大南方對外貿易有限公司(「南方光大」)採購原料。本公司董事認為採購原料之價格乃參考南方光大之成本釐定。
- (v) 於二零零三年二月二十一日，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」)訂立協議(「光大國際協議」)。光大國際於香港註冊成立，於聯交所上市。根據光大國際協議，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%股權，現金代價合共7,000,000港元。Tung On及Bright Merit合共持有Wellpeck 72.01%股權。

同日，本公司全資附屬公司Prime Win Profits Limited(「Prime Win」)與獨立第三方Joint Cheer Investments Limited(「Joint Cheer」)訂立協議(「JC協議」)。根據JC協議，Prime Win同意按現金代價2,170,000港元，向Joint Cheer購買Wellpeck餘下之27.99%股權。

應付予光大國際及Joint Cheer之總代價9,170,000港元，乃經參考獨立專業估值公司邦盟匯駿評估有限公司所編製日期為二零零三年三月二十日關於Wellpeck 100%股權之價值之估值報告釐定。

光大國際協議及JC協議於年內完成後，Wellpeck成為本公司之全資附屬公司。Wellpeck及其附屬公司(「Wellpeck集團」)之主要業務為製造及銷售木材產品、開發及維修機器、投資控股，以及買賣及出口木材產品。



31 December 2003

二零零三年十二月三十一日

35. RELATED PARTY TRANSACTIONS (continued)*Notes:— (continued)*

- (vi) In 2000, the Group advanced a total of approximately HK\$16 million (the “Advance”) to a former subsidiary of the Company (the “Borrower”). The advance was supported by a corporate guarantee provided by China Everbright Group Limited (“CEG”), a related company of the Company. In view of the uncertainties affecting its recoverability, the directors considered that it was appropriate to fully write off the Advance during the year ended 31 December 2000. On 15 April 2003, an agreement was entered into between the Group and CEG pursuant to which CEG agreed to compensate the Group for the Advance by means of the transfer of certain of the CEG’s properties located in the PRC to the Group. During the year ended 31 December 2003, CEG transferred certain properties located in Shenzhen and Zhuhai, the PRC, to the Group at an agreed value of approximately HK\$16,382,000 arrived with reference to the valuation report issued by CCA, which was valued on an open market vacant possession basis. As a result of the transfer, a write back of provision amounting to HK\$16,382,000 has been credited to the consolidated profit and loss account during the year ended 31 December 2003.
- (vii) As at 31 December 2003, certain of the Group’s bank loans of HK\$209,879,000 (the “Guaranteed Loans”) were supported by the corporate guarantee executed by CEH as detailed in note 24(iii) to the financial statements. Subsequent to the balance sheet date, the Guaranteed Loans were fully repaid.

The abovementioned related party transactions also constitute connected transactions as defined under the Listing Rules.

35. 有關連人士交易 (續)*附註:— (續)*

- (vi) 於二零零零年，本集團向本公司前附屬公司（「借方」）墊付合共約16,000,000港元之款項（「墊付款項」），該項墊款獲本公司之有關連公司中國光大（集團）總公司（「光大總公司」）提供公司擔保。鑑於未能肯定能夠收回墊款，董事認為於截至二零零零年十二月三十一日止年度作出全數撇銷墊付款項乃為恰當之做法。於二零零三年四月十五日，本集團與光大總公司訂立一項協議，據此，光大總公司同意將其位於中國之若干物業轉讓予本集團，以就墊付款項向本集團作出賠償。於截至二零零三年十二月三十一日止年度，光大總公司向本集團轉讓若干位於中國深圳及珠海之物業，協定價格約為16,382,000港元，該價格乃經參考衡量行按公開市場及交吉基準編製之估值後釐定。轉讓導致16,382,000港元之撥回金額已計入截至二零零三年十二月三十一日止年度之綜合損益表。
- (vii) 於二零零三年十二月三十一日，本集團為數209,879,000港元之若干銀行借貸（「擔保借貸」）乃由光大集團所提供之公司擔保作抵押，詳情見附註24(iii)。結算日後，擔保借貸已悉數償還。

上述有關連人士交易亦構成上市規則所界定之關連交易。

36. POST BALANCE SHEET EVENTS

In addition to those events disclosed elsewhere in these financial statements, the Group also had the following significant post balance sheet event:

On 18 March 2004, a share sale agreement (the "Share Sale Agreement") was entered into between Kenco Investments Limited and Everbright Investment & Management Limited (collectively referred to as the "Vendors") and Sincere View International Limited (the "Offeror"), a company incorporated in the BVI and an independent third party to the Company. The Vendors are collectively substantial shareholders of the Company and are wholly-owned subsidiaries of CEH. Pursuant to the Share Sale Agreements, the Vendors agreed to sell and the Offeror conditionally agreed to acquire the entire 625,393,515 issued and fully paid shares of the Company collectively held by the Vendors at a cash consideration of approximately HK\$219 million (the "Proposed Acquisition"). The Proposed Acquisition was completed on 25 March 2004. Further details of the above transactions are set out in joint announcements made by the Company and the Offeror on 19 March 2004, 25 March 2004 and 7 April 2004.

37. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the adoption of certain new and revised SSAPs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 April 2004.

36. 結算日後事項

除於本財務報表其他部分所披露之事宜外，本集團於結算日後另發生以下重大事項：

於二零零四年三月十八日，Kenco Investments Limited及光大投資管理有限公司（統稱「賣方」）與信景國際有限公司（「收購人」），一家於英屬處女群島註冊成立之公司並為本公司之獨立第三方，訂立售股協議（「售股協議」）。賣方共同為本公司之主要股東，並為光大集團之全資附屬公司。根據售股協議，賣方同意出售而收購人有條件同意收購賣方共同持有之全部625,393,515股本公司已發行及繳足股份，現金代價約為219,000,000港元（「建議收購」）。建議收購於二零零四年三月二十五日完成。有關上述交易之進一步詳情載於本公司及收購人聯合刊發日期為二零零四年三月十九日、二零零四年三月二十五日及二零零四年四月七日之公佈。

37. 比較金額

誠如財務報表附註2所進一步闡述，由於本年度採納若干新訂及經修訂會計實務準則，財務報表內若干項目及結餘之會計處理及呈列方式已經作出修訂，以符合新規定。因此，若干比較數字已經重新分類，以符合本年度之呈列方式。

38. 批准財務報表

財務報表已於二零零四年四月二十六日獲董事會批准及授權刊發。