

▷ Hong Kong GAAP

Model Financial Statements

Deloitte
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Tohmatsu
德勤

March 2004



OUR MISSION: TO HELP OUR CLIENTS AND OUR PEOPLE EXCEL

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Publications

This guide is one of a series of publications intended to assist users in the preparation of financial information in accordance with accounting and regulatory requirements in Hong Kong. These include:

Hong Kong GAAP: A Practical Guide to Generally Accepted Accounting Practice	2 nd Edition. Written by Stephen Taylor and Norma Hall, Deloitte Touche Tohmatsu, Hong Kong. Published by Sweet & Maxwell Asia.
Hong Kong GAAP: A Guide for the Preparation of Interim Reports	2 nd Edition. Guidance on the requirements for interim reports for listed enterprises, including model interim report and disclosure checklist.
Implementing Hong Kong GAAP: Moving towards IFRS	Review of Hong Kong SSAPs effective in 2002 and later, and discussion of expected future developments.
Accounting for Income Taxes : A Guide to SSAP 12 (Revised)	A comprehensive publication addressing the implementation of SSAP 12 (Revised) <i>Income Taxes</i>
Comparison of Hong Kong GAAP and IFRS	Brief standard-by-standard comparison of Hong Kong GAAP and IFRS, and plans for future convergence.
Hong Kong GAAP – Update	Regular newsletter on accounting developments in Hong Kong.

Further details of these publications, and materials for download, can be found at:
www.iasplus.com/country/hongkong.htm

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Deloitte Touche Tohmatsu publications intended to assist users in understanding International Financial Reporting Standards are listed on the inside back cover of this publication.

Model Financial Statements

The information in this publication is written in general terms. It is intended as a guide only and the application of its contents to specific situations will depend on the particular circumstances involved. It cannot be applied to a specific situation without appropriate professional advice. Accordingly, we recommend that readers seek such professional advice regarding their particular circumstances. This publication should not be relied on as a substitute for such professional advice. All offices of Deloitte Touche Tohmatsu would be pleased to advise you.

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INTRODUCTION

The model financial statements of Hong Kong GAAP Limited are intended to address the presentation and disclosure requirements of Hong Kong Financial Reporting Standards and Interpretations, the Companies Ordinance and the Listing Rules. They also contain additional disclosures that are considered to be best practice, particularly where such disclosures are included in the illustrative examples provided with a specific Standard.

For the purposes of presenting the income statement and the statement of changes in equity, all of the alternatives allowed for by SSAP 1 *Presentation of Financial Statements* have been illustrated. Preparers should select the alternatives most appropriate to their circumstances.

Hong Kong GAAP Limited is assumed to be listed on the Main Board of the SEHK. For those enterprises listed on the Growth Enterprise Market, specific disclosure requirements are set out in the GEM Rules. These are largely consistent with the requirements of the Listing Rules and, for the user's convenience, cross-references to the GEM Rules have also been included in the Model Financial Statements and the Presentation and Disclosure Checklist.

Hong Kong GAAP Limited is assumed to be a Hong Kong incorporated body. For overseas enterprises complying with Hong Kong generally accepted accounting practice, important distinctions are that:

- all of the disclosure requirements of the Companies Ordinance need not be complied with. For overseas incorporated companies listed in Hong Kong, the Listing Rules and the GEM Rules specify which of the provisions of the Companies Ordinance apply (see item 4010 of the Presentation and Disclosure Checklist); and
- for GEM listed enterprises, the financial information specified for disclosure in Chapter 18 of the GEM Rules is supplemented by additional requirements in Chapter 24 (for overseas issuers) and Chapter 25 (for issuers incorporated in the People's Republic of China).

Additional variants in financial statement disclosure requirements, which are not dealt with in these illustrative financial statements, apply to:

- banking and insurance companies;
- private companies exempted from most of the disclosure requirements of the Companies Ordinance, under section 141D(1) of the Companies Ordinance; and
- financial conglomerates as defined in App 16.36 of the Listing Rules (GR 18.37B).

ABBREVIATIONS

The following abbreviations have been used throughout these Model Financial Statements:

App	Appendix to the Listing Rules
CBP	Code of Best Practice, Appendix 14 to the Listing Rules
GEM	Growth Enterprise Market of the SEHK
GR	Rules Governing the Listing of Securities on the GEM (the GEM Rules)
HKFRS	Hong Kong Financial Reporting Standards issued by the HKSA
HKSA	Hong Kong Society of Accountants
IAS	International Accounting Standard(s)
IFRS	International Financial Reporting Standard(s)
INT	Interpretation issued by the UIISC
LR	Rules Governing the Listing of Securities on the SEHK (the Listing Rules)
MDA	Management Discussion and Analysis (Directors' Business Review)
PN	Practice Note to the Listing Rules
s	Section Reference, Hong Kong Companies Ordinance
SAS	Statement of Auditing Standards issued by the HKSA
Sch 10	Hong Kong Companies Ordinance, Tenth Schedule
SEHK	Stock Exchange of Hong Kong Limited (the Stock Exchange)
SFO	Securities and Futures Ordinance
SSAP	Statement of Standard Accounting Practice issued by the HKSA
UIISC	Urgent Issues and Interpretations Sub-Committee of the FASC

Disclosure requirements that are applicable only to enterprises listed on the Stock Exchange of Hong Kong Limited, whether on the Main Board or the Growth Enterprise Market, are shown in blue.

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Source	Checklist		
		CORPORATE INFORMATION	
		BOARD OF DIRECTORS	REGISTERED OFFICE
		Gary D.K. Wong, Chairman Daniel D.D. Lee Derek S.Y. Wong Gene S.M. Au Tiara Cheung Florence K.Y. Tang John Banks	14th Floor, Sheung Wan Tower Central Hong Kong
		COMPANY SECRETARY	REGISTRARS
		William Y.S. Lee	Hong Kong Registrars Limited Central Hong Kong
		PRINCIPAL BANKERS	
		Wan Chai Banking Corporation Kowloon Bank Limited	
		AUDITORS	
		Deloitte Touche Tohmatsu	
		SOLICITORS	
		Kwan, Lee & Wong	

Source	Checklist	
App 16.32 GR 18.41	1001	<p>DIRECTORS' BUSINESS REVIEW</p> <p><i>Listed enterprises, whether listed on the Main Board or GEM, are required to present in their annual reports a separate statement containing a discussion and analysis of the enterprise's performance during the year and the material factors underlying its results and financial position.</i></p> <p><i>Both the Listing Rules and the GEM Rules set out a number of matters on which, as a minimum, the directors should comment in their review, including:</i></p> <ul style="list-style-type: none"> ■ <i>the enterprise's liquidity and financial resources;</i> ■ <i>the capital structure of the enterprise;</i> ■ <i>the state of the enterprise's order book;</i> ■ <i>significant investments held and their performance;</i> ■ <i>details of material acquisitions and disposals during the year;</i> ■ <i>comments on segment information;</i> ■ <i>the number and remuneration of employees;</i> ■ <i>details of charges on group assets;</i> ■ <i>details of future plans for investments and sources of funding;</i> ■ <i>gearing ratio;</i> ■ <i>foreign exchange exposure; and</i> ■ <i>details of contingent liabilities.</i> <p><i>There is no 'model' for such a review. The analysis should focus on the key issues for the particular reporting enterprise. Additional guidance on the recommended content for an MDA can be found in the HKSA's Corporate Governance Disclosure in Annual Reports and the Reference for Disclosures in Annual Reports issued by the SEHK.</i></p>

Source	Checklist		
App 16.12 GR 18.39	1036	DIRECTORS' PROFILES	
		EXECUTIVE DIRECTORS	INDEPENDENT NON-EXECUTIVE DIRECTORS
		Gary D.K. Wong, Chairman and Managing Director Mr. Gary D.K. Wong, 53, is a design engineer. He has been with the Group since its formation, holding a number of Board positions before becoming Managing Director in 1991.	Tiara Cheung Ms. Tiara Cheung, 41, was appointed as a non-executive director in March 1998 and serves on the Audit Committee of the Company. She worked for a number of years in marketing and public relations positions with Secor Electronics Limited before establishing a consultancy practice in 1993.
		Daniel D.D. Lee, Finance Director Mr. Daniel D.D. Lee, 49, is a chartered accountant and holds a business degree from the University of Ontario. He joined the Board as Finance Director in 1993, having previously held senior positions in a number of manufacturing enterprises.	Florence K.Y. Tang Ms. Florence K.Y. Tang, 54, is one of Hong Kong's leading residents with a distinguished record in the business community. She joined the Board as non-executive director in 2000 and serves on the Audit Committee of the Company. She is a member of the Hong Kong Development Corporation and of the Community Development Project.
		Derek S.Y. Wong Mr. Derek S.Y. Wong, 44, is an executive director with special responsibility for product development. He is an electronic engineer with previous experience with multi-national conglomerates in the electronics industry. He joined the Board in 1996. Derek S.Y. Wong is a brother of Gary D.K. Wong.	John Banks Mr. John Banks, 45, was appointed as a non-executive director in April 2003 and serves on the Audit Committee of the Company. He is a chartered accountant and has many years of experience in corporate finance. Mr. Banks holds directorships in a number of public companies in Hong Kong.
		Gene S.M. Au Mr. Gene S.M. Au, 45, is an executive director with responsibility for sales and marketing. He held senior marketing positions with a number of Hong Kong companies before joining the Board in 1996.	

Source	Checklist	
		REPORT OF THE DIRECTORS
		The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2003.
s129D(3)(a) App 16.7 GR 18.08	2002	PRINCIPAL ACTIVITIES
		The Company acts as an investment holding company.
		The principal activities of its subsidiaries are the manufacture and distribution of electronic consumer goods, the leasing of electronic equipment and property construction. The Group was also previously involved in the manufacture and sale of toys (see note 10 to the financial statements), which operations were discontinued during the period.
s129D(3)(b) s129D(3)(c)	2003 2004	RESULTS AND APPROPRIATIONS
		The results of the Group for the year ended 31 December 2003 are set out in the consolidated income statement on page 17/18.
		An interim dividend of 4.2 cents per share, amounting to HK\$5.04 million, was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of 9.8 cents per share to the shareholders on the register of members on 15 May 2004, amounting to HK\$11.8 million, and the retention of the remaining profit for the year.
s129D(3)(f)	2006	FIXED ASSETS
		During the year, the Group spent approximately HK\$44 million on fixtures and equipment and HK\$17 million on properties under construction to expand and upgrade its production capacity. The Group revalued its self-occupied properties at 31 December 2003, resulting in a revaluation surplus of HK\$64.7 million. The investment property held by the Company was revalued at 31 December 2003, resulting in a revaluation surplus of HK\$0.6 million.
		Details of these and other movements during the year in the fixed assets of the Group and the Company are set out in notes 15 and 16 to the financial statements.
		SHARE CAPITAL AND WARRANTS
App 16.10(4) LR 10.06(4)(b) GR 18.14 GR 13.13(2)	1005 1006	During the year, the Company repurchased certain of its own shares through the Stock Exchange of Hong Kong Limited, details of which are set out in note 28 to the financial statements. The directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company.
App 16.10(1) GR 18.11	1002	A bonus issue of warrants was made on the basis of one warrant for every two ordinary shares held on 15 March 2003. Each warrant carries an entitlement to subscribe in cash at a price of HK\$2.20 for one ordinary share of the Company, at any time from the date of issue to 30 June 2004.

Source	Checklist	
		REPORT OF THE DIRECTORS
s129D(3)(g) App 16.10(2) GR 18.12	2007 1003	<p>During the year, the registered holders of 461,500 warrants exercised their rights to subscribe for ordinary shares. At the balance sheet date, the Company had outstanding 59,363,500 warrants. Exercise in full of such warrants would result in the issue of 59,363,500 additional shares of HK\$1 each.</p> <p>On 14 February 2004, a capitalisation issue of 1 bonus share for every four shares in issue resulted in an increase in the Company's issued share capital of HK\$30 million, and an equivalent reduction in the share premium account.</p> <p>Further details in relation to the share capital of the Company are set out in note 28 to the financial statements.</p>
s129D(3)(i)	2009	<p>DIRECTORS</p> <p>The directors of the Company during the year and up to the date of this report were:</p> <p><u>Executive Directors</u></p> <p>Gary D.K. Wong Daniel D.D. Lee Derek S.Y. Wong Gene S.M. Au</p> <p><u>Independent Non-Executive Directors</u></p> <p>Tiara Cheung Florence K.Y. Tang John Banks (appointed 1 April 2003)</p> <p>In accordance with Article 131 of the Company's Articles of Association, Messrs. Derek S.Y. Wong and Gene S.M. Au retire by rotation and, being eligible, offer themselves for re-election.</p>
CBP 7 GR 18.24(2)	1038	The independent non-executive directors have been appointed for a term of three years, renewable for one term only.
App 16.14 GR 18.24(1)	1037	No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Source	Checklist																																																																																		
App 16.13(1),(2) PN 5(3.2),(3.3) GR 18.15(1),(2) GR 18.17 GR 18.17A	1007 to 1010	<div>REPORT OF THE DIRECTORS</div> <div>DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SHARES, SHARE OPTIONS AND WARRANTS</div> <div>At 31 December 2003, the interests of the directors and Mr. Bruno Gimelli, the chief executive of the Company, in the shares, share options and warrants of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Future Ordinance, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transaction by Directors of Listed Companies, were as follows:</div> <div>Long positions</div> <div>(a) Ordinary shares of HK\$1 each of the Company</div> <table><thead><tr><th>Name</th><th>Capacity</th><th>Number of issued ordinary shares held</th><th>Percentage of the issued share capital of the Company</th></tr></thead><tbody><tr><td colspan="4">Directors</td></tr><tr><td rowspan="4">Mr. Gary D.K. Wong</td><td>Beneficial owner</td><td>3,000,000</td><td>2.5%</td></tr><tr><td>Held by spouse (note 1)</td><td>250,000</td><td>0.2%</td></tr><tr><td>Held by controlled corporations (note 2)</td><td>72,100,000</td><td>60%</td></tr><tr><td></td><td>75,350,000</td><td>62.7%</td></tr><tr><td rowspan="4">Mr. Daniel D.D. Lee</td><td>Beneficial owner</td><td>800,000</td><td>0.7%</td></tr><tr><td>Held by spouse (note 3)</td><td>30,000</td><td>0.02%</td></tr><tr><td>Held by controlled corporations (note 4)</td><td>1,700,000</td><td>1.4%</td></tr><tr><td></td><td>2,530,000</td><td>2.12%</td></tr><tr><td colspan="4">Chief executive</td></tr><tr><td>Mr. Bruno Gimelli</td><td>Beneficial owner</td><td>1,000,000</td><td>0.8%</td></tr></tbody></table> <div>(b) Share options</div> <table><thead><tr><th>Name</th><th>Capacity</th><th>Number of options held</th><th>Number of underlying shares</th></tr></thead><tbody><tr><td colspan="4">Directors</td></tr><tr><td>Mr. Gary D.K. Wong</td><td>Beneficial owner</td><td>120,000</td><td>120,000</td></tr><tr><td rowspan="2">Mr. Daniel D.D. Lee</td><td>Held by spouse (note 3)</td><td>50,000</td><td>50,000</td></tr><tr><td>Held by controlled corporations (note 4)</td><td>50,000</td><td>50,000</td></tr><tr><td>Mr. Derek S.Y. Wong</td><td>Beneficial owner</td><td>200,000</td><td>200,000</td></tr><tr><td>Mr. Gene S.M. Au</td><td>Beneficial owner</td><td>1,000</td><td>1,000</td></tr><tr><td></td><td></td><td>421,000</td><td>421,000</td></tr><tr><td colspan="4">Chief executive</td></tr><tr><td>Mr. Bruno Gimelli</td><td>Beneficial owner</td><td>95,000</td><td>95,000</td></tr></tbody></table>	Name	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company	Directors				Mr. Gary D.K. Wong	Beneficial owner	3,000,000	2.5%	Held by spouse (note 1)	250,000	0.2%	Held by controlled corporations (note 2)	72,100,000	60%		75,350,000	62.7%	Mr. Daniel D.D. Lee	Beneficial owner	800,000	0.7%	Held by spouse (note 3)	30,000	0.02%	Held by controlled corporations (note 4)	1,700,000	1.4%		2,530,000	2.12%	Chief executive				Mr. Bruno Gimelli	Beneficial owner	1,000,000	0.8%	Name	Capacity	Number of options held	Number of underlying shares	Directors				Mr. Gary D.K. Wong	Beneficial owner	120,000	120,000	Mr. Daniel D.D. Lee	Held by spouse (note 3)	50,000	50,000	Held by controlled corporations (note 4)	50,000	50,000	Mr. Derek S.Y. Wong	Beneficial owner	200,000	200,000	Mr. Gene S.M. Au	Beneficial owner	1,000	1,000			421,000	421,000	Chief executive				Mr. Bruno Gimelli	Beneficial owner	95,000	95,000
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App 16.13(2) GR 18.15(2)	1015	Other than the holdings disclosed above and nominee shares in certain subsidiaries held in trust for the Group, none of the directors, chief executive and their associates, had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporations at 31 December 2003.																																																				
		SHARE OPTIONS																																																				
LR 17.09 GR 23.09	1024	Particulars of the Company's share option scheme are set out in note 46 to the financial statements.																																																				
LR 17.07 GR 23.07	1025	<p>The following table discloses details of share options outstanding under the Company's share option scheme and movements during the year.</p> <table><tr><th></th><th>Option type</th><th>Outstanding at beginning of year</th><th>Granted during year</th><th>Outstanding at end of year</th></tr><tr><td colspan="5"><u>Directors and chief executive</u></td></tr><tr><td rowspan="3">Mr. Gary D.K. Wong</td><td>2001</td><td>30,000</td><td>-</td><td>30,000</td></tr><tr><td>2002</td><td>30,000</td><td>-</td><td>30,000</td></tr><tr><td>2003</td><td>-</td><td>60,000</td><td>60,000</td></tr><tr><td rowspan="2">Mr. Daniel D.D. Lee</td><td>2001</td><td>50,000</td><td>-</td><td>50,000</td></tr><tr><td>2003</td><td>-</td><td>50,000</td><td>50,000</td></tr><tr><td>Mr. Derek S.Y. Wong</td><td>2001</td><td>200,000</td><td>-</td><td>200,000</td></tr><tr><td>Mr. Gene S.M. Au</td><td>2001</td><td>1,000</td><td>-</td><td>1,000</td></tr><tr><td>Mr. Bruno Gimelli</td><td>2002</td><td>95,000</td><td>-</td><td>95,000</td></tr><tr><td></td><td></td><td><u>406,000</u></td><td><u>110,000</u></td><td><u>516,000</u></td></tr></table>		Option type	Outstanding at beginning of year	Granted during year	Outstanding at end of year	<u>Directors and chief executive</u>					Mr. Gary D.K. Wong	2001	30,000	-	30,000	2002	30,000	-	30,000	2003	-	60,000	60,000	Mr. Daniel D.D. Lee	2001	50,000	-	50,000	2003	-	50,000	50,000	Mr. Derek S.Y. Wong	2001	200,000	-	200,000	Mr. Gene S.M. Au	2001	1,000	-	1,000	Mr. Bruno Gimelli	2002	95,000	-	95,000			<u>406,000</u>	<u>110,000</u>	<u>516,000</u>
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PN 5(3.4)(1)Note 4 GR 18.17B(1) Note 3	1022	<p><u>Substantial shareholder</u></p> <table><tr><td>Mr. Francis F.G. Chan</td><td>2001</td><td>40,000</td><td>-</td><td>40,000</td></tr></table> <p><u>Employees</u></p> <table><tr><td></td><td>2001</td><td>245,000</td><td>-</td><td>245,000</td></tr><tr><td></td><td>2002</td><td>152,000</td><td>-</td><td>152,000</td></tr><tr><td></td><td>2003</td><td>-</td><td>103,000</td><td>103,000</td></tr><tr><td></td><td></td><td><u>397,000</u></td><td><u>103,000</u></td><td><u>500,000</u></td></tr></table> <p>Total</p> <table><tr><td></td><td><u>843,000</u></td><td><u>213,000</u></td><td><u>1,056,000</u></td></tr></table>	Mr. Francis F.G. Chan	2001	40,000	-	40,000		2001	245,000	-	245,000		2002	152,000	-	152,000		2003	-	103,000	103,000			<u>397,000</u>	<u>103,000</u>	<u>500,000</u>		<u>843,000</u>	<u>213,000</u>	<u>1,056,000</u>																							
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		The terms applicable to specific categories of options are set out in note 46 to the financial statements.																																																				
LR 17.07(2) GR 23.07(2)	1025(b)	The closing price of the Company's shares on 17 July 2003, the day before the date of grant of the 2003 options, was HK\$2.42.																																																				

Source	Checklist	
		REPORT OF THE DIRECTORS
LR 17.08 GR 23.08	1026 1027 1031 1032	<p>The fair value of the options granted in the current year, measured at the date of grant (18 July 2003), totalled approximately HK\$239,700. The following significant assumptions were used to derive the fair value, using the Black-Scholes option pricing model:</p> <ol style="list-style-type: none"> 1) an expected volatility of 125%; 2) annual dividends of 12% of earnings; and 3) the estimated expected life of the options granted during 2003 is two years. The corresponding two-year Hong Kong Exchange Fund Notes interest rate at the date the options were granted was 2.95%.
LR 17.08 Note 3 GR 23.08 Note 3	1029	For the purposes of the calculation of fair value, no adjustment has been made in respect of options expected to be forfeited, due to the absence of historical data.
LR 17.08 Note 4 GR 23.08 Note 4	1030	The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.
LR 17.08 GR 23.08	1033	<p>The financial impact of share options granted 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 recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the 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 lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.</p>
		ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES
s129D(3)(k)	2011	Other than the warrants and option holdings disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Source	Checklist																									
s129D(3)(j) App 16.15 GR 18.25	2010 1039	<div>REPORT OF THE DIRECTORS</div> <div>DIRECTORS' INTERESTS IN CONTRACTS</div> <div>Details of the Group's transactions with Group Holdings Limited and with other subsidiaries of Group Holdings Limited, in which Mr. Gary D.K. Wong is interested by virtue of his shareholding in Group Holdings Limited, are set out in note 49 to the financial statements.</div> <div>The above transactions were approved by the independent non-executive directors and were conducted on normal commercial terms and in the ordinary course of business of the Group.</div> <div>Save as disclosed above, no contracts of significance to which the Company, its holding company, fellow subsidiaries or subsidiaries was party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.</div>																								
App 16.13(3) PN 5(3.2), (3.4) GR 18.16 GR 18.17 GR 18.17B	1017 to 1021	<div>SUBSTANTIAL SHAREHOLDERS</div> <div>As at 31 December 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that other than the interests disclosed above in respect of certain directors and chief executives, the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.</div> <div>Long positions</div> <div>(a) Ordinary shares of HK\$1 each of the Company</div> <table><thead><tr><th><u>Name of shareholder</u></th><th><u>Capacity</u></th><th><u>Number of issued ordinary shares held</u></th><th><u>Percentage of the issued share capital of the Company</u></th></tr></thead><tbody><tr><td>Mr. Francis F.G. Chan</td><td>Held by controlled corporation (note)</td><td>15,500,000</td><td>13%</td></tr><tr><td>Group Holdings Limited</td><td>Beneficial owner</td><td>55,500,000</td><td>46%</td></tr><tr><td></td><td></td><td>71,000,000</td><td>59%</td></tr></tbody></table> <div>(b) Share options</div> <table><thead><tr><th></th><th><u>Capacity</u></th><th><u>Number of share options</u></th><th><u>Number of underlying shares</u></th></tr></thead><tbody><tr><td>Mr. Francis F.G. Chan</td><td>Held by controlled corporation (note)</td><td>40,000</td><td>40,000</td></tr></tbody></table> <div>Note: Mr. Francis F.G. Chan beneficially owns 100 shares of HK\$1 each in YZ Limited, representing approximately 60% of the issued share capital of that company. YZ Limited beneficially owns 15,500,000 ordinary shares of the Company and 40,000 options to acquire shares of the Company.</div> <div>Other than as disclosed above, the Company has not been notified of any other interests or short position in the issued share capital of the Company as at 31 December 2003.</div>	<u>Name of shareholder</u>	<u>Capacity</u>	<u>Number of issued ordinary shares held</u>	<u>Percentage of the issued share capital of the Company</u>	Mr. Francis F.G. Chan	Held by controlled corporation (note)	15,500,000	13%	Group Holdings Limited	Beneficial owner	55,500,000	46%			71,000,000	59%		<u>Capacity</u>	<u>Number of share options</u>	<u>Number of underlying shares</u>	Mr. Francis F.G. Chan	Held by controlled corporation (note)	40,000	40,000
<u>Name of shareholder</u>	<u>Capacity</u>	<u>Number of issued ordinary shares held</u>	<u>Percentage of the issued share capital of the Company</u>																							
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Mr. Francis F.G. Chan	Held by controlled corporation (note)	40,000	40,000																							

Source	Checklist	
		REPORT OF THE DIRECTORS
s129D(3)(e)	2005	DONATIONS <p>During the year the Group made charitable and other donations amounting to HK\$100,000.</p>
App 16.34 GR 18.44(5)	1052	CODE OF BEST PRACTICE <p>The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.</p>
App 16.31 GR 18.40	1051	MAJOR CUSTOMERS AND SUPPLIERS <p>The aggregate sales attributable to the Group's largest customer and five largest customers taken together accounted for 15 per cent and 43 per cent respectively of the Group's total turnover for the year.</p> <p>None of the directors, their associates, or any shareholder (which to the knowledge of the directors owns more than 5 per cent of the Company's share capital) has any interest in the Group's five largest customers.</p> <p>The aggregate purchases attributable to the Group's five largest suppliers taken together were less than 30 per cent of the Group's total purchases for the year.</p> AUDITORS <p>A resolution to reappoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting.</p>
s129D(2)	2015	<p>On behalf of the Board</p> <p><u>Gary D.K. Wong</u> CHAIRMAN</p> <p>15 March 2004</p>

Source	Checklist	
		REPORT OF THE AUDITORS 
SAS 600(9)(a) SAS 600(9)(b)	3003(a) 3003(b)	TO THE MEMBERS OF HONG KONG GAAP LIMITED (incorporated in Hong Kong with limited liability)
SAS 600(9)(c)	3003(c)	We have audited the financial statements on pages 17 to 83 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.
SAS 600(9)(d)	3003(d)	RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS
SAS 600(18)	3004	The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.
Professional Risk Management Bulletin No. 2	3005	It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.
SAS 600(9)(d)	3003(d)	BASIS OF OPINION
SAS 600(23)	3006	<p>We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.</p> <p>We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.</p>
SAS 600(9)(d)	3003(d)	OPINION
		In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2003 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.
SAS 600(9)(e)	3003(e)	<u>Deloitte Touche Tohmatsu</u> Certified Public Accountants Hong Kong
SAS 600(9)(f)	3003(f)	15 March 2004

Source	Checklist				
SSAP 1.7(b)	4001(b)	CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003			
SSAP 1.48	4022				
SSAP 1.48(b),(c)	4023(b),(c)				
SSAP 1.102	10003				
SSAP 1.48(d),(e)	4023(d),(e)				
			<u>NOTES</u>	Year ended <u>31/12/03</u> HK\$'000	Year ended <u>31/12/02</u> HK\$'000 (Restated)
SSAP 1.79(a)	5002(a)	Turnover	4	1,224,098	869,453
SSAP 1.83	5006	Cost of sales		(797,027)	(661,851)
SSAP 1.79	5003	Gross profit		427,071	207,602
SSAP 1.79(b)	5002(b)	Other operating income	6	12,497	7,467
SSAP 1.83	5006	Distribution costs		(108,298)	(52,688)
SSAP 1.83	5006	Administrative expenses		(148,834)	(84,053)
SSAP 1.83	5006	Other operating expenses		(23,400)	(17,724)
SSAP 2.15	10040	Restructuring costs	7	(18,300)	-
SSAP 1.79(c)	5002(c)	Profit from operations	8	140,736	60,604
SSAP 1.79(d)	5002(d)	Finance costs	9	(36,680)	(32,995)
SSAP 10.36	5002(e)	Share of results of associates		9,635	983
SSAP 21.48	5002(f)	Share of results of jointly controlled entity		3,128	-
SSAP 33.39	5005	Profit on disposal of discontinuing operations	10	8,493	-
SSAP 1.79(g)	5002(g)	Profit before tax		125,312	28,592
		Income tax expense	12	(19,837)	(4,690)
SSAP 32.40	5002(j)	Profit after tax		105,475	23,902
		Minority interest		(609)	(97)
SSAP 1.79(k)	5002(k)	Net profit for the year		104,866	23,805
SSAP 5.46	5007	Earnings per share	14		
		Basic		69.83 cents	16.55 cents
		Diluted		38.65 cents	14.43 cents
<i>Note: The format outlined above aggregates expenses according to their function.</i>					

Source	Checklist				
SSAP 1.7(b)	4001(b)	CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003			
SSAP 1.48	4022				
SSAP 1.48(b),(c)	4023(b),(c)				
SSAP 1.102	10003				
SSAP 1.48(d),(e)	4023(d),(e)				
			<u>NOTES</u>	Year ended <u>31/12/03</u> HK\$'000	Year ended <u>31/12/02</u> HK\$'000 (Restated)
SSAP 1.79(a)	5002(a)	Turnover	4	1,224,098	869,453
SSAP 1.79(b)	5002(b)	Other operating income	6	12,497	7,467
SSAP 1.83	5006	Changes in inventories of finished goods and work in progress		5,446	7,329
SSAP 1.83	5006	Raw materials and consumables used		(769,541)	(557,328)
SSAP 1.83	5006	Staff costs		(247,901)	(223,537)
SSAP 1.83	5006	Depreciation and amortisation expense		(32,594)	(20,135)
SSAP 1.83	5006	Other operating expenses		(32,969)	(22,645)
SSAP 2.15	10040	Restructuring costs	7	(18,300)	-
SSAP 1.79(c)	5002(c)	Profit from operations	8	140,736	60,604
SSAP 1.79(d)	5002(d)	Finance costs	9	(36,680)	(32,995)
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SSAP 5.46	5007	Earnings per share	14		
		Basic		69.83 cents	16.55 cents
		Diluted		38.65 cents	14.43 cents
<i>Note: The format outlined above aggregates expenses according to their nature.</i>					

Source	Checklist			
SSAP 1.7(b)	4001(b)	CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2003		
SSAP 1.48	4022			
SSAP 1.48(b),(c)	4023(b),(c)			
SSAP 1.102	10003			
SSAP 1.48(d),(e)	4023(d),(e)			
			<u>NOTES</u>	<u>31/12/03</u> HK\$'000
				<u>31/12/02</u> HK\$'000 (Restated)
		ASSETS		
		Non-current assets		
SSAP 1.55	6002/3			
SSAP 1.69(a)	6012(a)	Property, plant and equipment	15	659,603
SSAP 1.70	6013	Investment property	16	12,000
SSAP 1.69(b)	6012(b)	Intangible assets	17	26,985
SSAP 1.70	6013	Goodwill	18	1,205
SSAP 1.70	6013	Negative goodwill	19	(773)
SSAP 10.36	6015	Interests in associates	21	10,132
SSAP 21.48	6016	Interest in jointly controlled entity	22	34,928
SSAP 1.70	6013	Investments in securities	23	23,543
SSAP 1.70	6013	Finance lease receivables	25	114,937
SSAP 12.69,70	10191	Deferred tax assets	36	2,661
				885,221
				744,793
		Current assets		
SSAP 1.55	6002/3			
SSAP 1.69(e)	6012(e)	Inventories	24	117,895
SSAP 1.70	6013	Finance lease receivables	25	54,713
SSAP 1.69(f)	6012(f)	Trade and other receivables	26	134,194
SSAP 1.70	6013	Investments in securities	23	37,243
INT 8.5	6017	Pledged bank deposits		875
SSAP 1.69(g)	6012(g)	Bank balances and cash		4,734
				349,654
				318,337
		Current liabilities		
SSAP 1.55	6002/3			
SSAP 1.69(h)	6012(h)	Trade and other payables	38	141,949
SSAP 1.69(i)	6012(i)	Tax liabilities		8,229
SSAP 1.70	6013	Obligations under finance leases		
		– due within one year	37	1,470
SSAP 1.70	6013	Bank overdrafts and loans		
		– due within one year	33	144,307
SSAP 1.69(j)	6012(j)	Provisions	39	8,550
				304,505
				219,791
		Net current assets		
				45,149
				930,370
				843,339

Source	Checklist				
SSAP 1.7(b) SSAP 1.48 SSAP 1.48(b),(c)	4001(b) 4022 4023(b),(c)	CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2003			
		<u>NOTES</u>	<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000 (Restated)	
		EQUITY AND LIABILITIES			
		Capital and reserves			
SSAP 1.69(m)	6012(m)				
SSAP 1.70	6013	Share capital	28	120,111	120,000
SSAP 1.70	6013	Capital reserves	29	33,823	32,098
SSAP 1.70	6013	Revaluation reserves	30	95,995	41,438
SSAP 1.70	6013	Hedging and translation reserves	31	(11,093)	1,344
SSAP 1.70	6013	Accumulated profits	32	245,561	146,514
				484,397	341,394
SSAP 32.40	6019	Minority interest		3,185	2,576
SSAP 1.55	6002/3	Non-current liabilities			
SSAP 1.69(k)	6012(k)	Bank loans – due after one year	33	356,353	448,753
SSAP 1.70	6013	Convertible loan notes	34	24,327	-
SSAP 1.70	6013	Retirement benefit obligation	47	33,928	38,474
SSAP 12.69,70	10191	Deferred tax liabilities	36	27,257	10,898
SSAP 1.70	6013	Obligations under finance leases			
		- due after one year	37	923	1,244
				442,788	499,369
				930,370	843,339
SSAP 9.16	6020	The financial statements on pages 17 to 81 were approved and authorised for issue by the board of directors on 15 March 2004 and are signed on its behalf by:			
s129B(1)	6022	<u>Gary D.K. Wong</u> Chairman and Managing Director	<u>Daniel D.D. Lee</u> Finance Director		

Source	Checklist				
SSAP 1.7(b)	4001(b)	BALANCE SHEET AT 31 DECEMBER 2003			
SSAP 1.48	4022				
SSAP 1.48(b),(c)	4023(b),(c)				
SSAP 1.102	10003				
SSAP 1.48(d),(e)	4023(d),(e)				
			<u>NOTES</u>	<u>31/12/03</u>	<u>31/12/02</u>
				HK\$'000	HK\$'000
SSAP 1.55	6002/3	Non-current assets			
SSAP 1.69(a)	6012(a)	Property, plant and equipment	15	87,328	81,466
SSAP 1.70	6013	Investment property	16	12,000	11,409
SSAP 1.70	6013	Investments in subsidiaries	20	153,680	132,518
SSAP 1.70	6013	Investments in securities	23	23,543	25,602
				276,551	250,995
SSAP 1.55	6002/3	Current assets			
SSAP 1.70	6013	Amounts receivable from subsidiaries		27,380	69,918
SSAP 1.69(f)	6012(f)	Trade and other receivables		27,326	3,582
SSAP 1.70	6013	Investments in securities	23	37,243	29,730
SSAP 1.69(g)	6012(g)	Bank balances and cash		1,207	453
				93,156	103,683
SSAP 1.55	6002/3	Current liabilities			
SSAP 1.70	6013	Amount due to holding company		8,816	4,713
SSAP 1.69(h)	6012(h)	Trade and other payables		4,571	2,237
SSAP 1.69(i)	6012(i)	Tax liabilities		5,936	1,221
				19,323	8,171
		Net current assets		73,833	95,512
				350,384	346,507
SSAP 1.69(m)	6012(m)	Capital and reserves			
SSAP 1.70	6013	Share capital	28	120,111	120,000
SSAP 1.70	6013	Capital reserves	29	33,823	32,098
SSAP 1.70	6013	Revaluation reserve	30	754	193
SSAP 1.70	6013	Accumulated profits	32	123,390	121,940
				278,078	274,231
SSAP 1.55	6002/3	Non-current liabilities			
SSAP 1.69(k)	6012(k)	Bank loans – due after one year	33	72,265	72,265
SSAP 12.69,70	10191	Deferred tax liability	36	41	11
				72,306	72,276
				350,384	346,507
		GARY D.K. WONG Chairman and Managing Director			
		DANIEL D.D. LEE Finance Director			

Source	Checklist							
SSAP 1.7(b) SSAP 1.48 SSAP 1.48(b),(c)	4001(b) 4022 4023(b),(c)	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2003 [Alt 1]						
SSAP 1.77(b) SSAP 1.94(e),(f) SSAP 1.48(d),(e)	10173(b) 7002(b),(c) 4023(d),(e)		Share capital HK\$'000	Capital reserves HK\$'000	Revaluation reserves HK\$'000	Hedging and translation reserves HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
		Balance at 1 January 2002						
		- as originally stated	110,134	22,232	46,920	(1,017)	131,849	310,118
SSAP 1.94(c)	7001(c)	- adjustment on adoption of SSAP 12 (Revised) (note 2)	-	-	(7,464)	-	(1,100)	(8,564)
		- as restated	110,134	22,232	39,456	(1,017)	130,749	301,554
SSAP 13.21(c) SSAP 17.75(g) SSAP 12.81(a)	7003(b) 7003(a) 10064	Revaluation decrease on investment property	-	-	(49)	-	-	(49)
		Revaluation decrease on land and buildings	-	-	(4,049)	-	-	(4,049)
		Reversal of deferred tax liability arising on revaluation of land and buildings	-	-	648	-	-	648
SSAP 1.94(b) SSAP 24.48(e)	7001(b) 7003(d)	Increase in fair value of hedging derivatives	-	-	-	550	-	550
		Increase in fair value of available-for-sale securities	-	-	5,432	-	-	5,432
SSAP 11.36(c)	7003(e)	Exchange differences arising on translation of overseas operations	-	-	-	2,706	-	2,706
SSAP 1.94(b)	7001(b)	Net gains not recognised in the income statement	-	-	1,982	3,256	-	5,238
SSAP 1.94(f)	7002(c)	Net gain on hedging derivatives transferred to income	-	-	-	(895)	-	(895)
SSAP 1.94(a) SSAP 1.94(d) SSAP 1.94(d)	7001(a) 7002(a) 7002(a)	Net profit for the year	-	-	-	-	23,805	23,805
		Dividends	-	-	-	-	(8,040)	(8,040)
		Shares issued for cash	9,866	9,866	-	-	-	19,732
		Balance at 1 January 2003	120,000	32,098	41,438	1,344	146,514	341,394
SSAP 13.21(c) SSAP 17.75(g) SSAP 12.81(a)	7003(b) 7003(a) 10064	Revaluation increase on investment property	-	-	591	-	-	591
		Revaluation increase on land and buildings	-	-	64,709	-	-	64,709
		Deferred tax liability arising on revaluation of land and buildings	-	-	(9,743)	-	-	(9,743)
		Effect of change in tax rate	-	-	(640)	-	-	(640)
SSAP 1.94(b) SSAP 24.48(e)	7001(b) 7003(d)	Increase in fair value of hedging derivatives	-	-	-	1,723	-	1,723
		Increase in fair value of available-for-sale securities	-	-	251	-	-	251
SSAP 11.36(c)	7003(e)	Exchange differences arising on translation of overseas operations	-	-	-	(12,947)	-	(12,947)
SSAP 1.94(b)	7001(b)	Net gain(losses) not recognised in the income statement	-	-	55,168	(11,224)	-	43,944
SSAP 1.94(f)	7002(c)	Recognition of equity component of convertible loan notes	-	995	-	-	-	995
SSAP 12.81(a)	10064	Deferred tax liability arising on recognition of equity component of convertible loan notes	-	(174)	-	-	-	(174)
SSAP 1.94(f)	7002(c)	Released on disposal of available-for-sale securities	-	-	(611)	-	-	(611)
SSAP 1.94(f)	7002(c)	Net gain on hedging derivatives transferred to income	-	-	-	(995)	-	(995)
SSAP 1.94(f)	7002(c)	Net gain on hedging derivatives transferred to inventories	-	-	-	(218)	-	(218)
SSAP 1.94(a) SSAP 1.94(d) SSAP 1.94(d) SSAP 1.94(d)	7001(a) 7002(a) 7002(a) 7002(a)	Net profit for the year	-	-	-	-	104,866	104,866
		Dividends	-	-	-	-	(5,040)	(5,040)
		Shares issued on exercise of warrants	461	554	-	-	-	1,015
		Repurchase of shares	(350)	350	-	-	(779)	(779)
		Balance at 31 December 2003	120,111	33,823	95,995	(11,093)	245,561	484,397
<i>Note: The above layout combines reserves of a similar nature for ease of presentation. However, SSAP 1 requires a reconciliation of the opening and closing position on each reserve separately. Therefore, if such a combined presentation is adopted for the purpose of the statement of changes in equity, further details should be presented in the notes to the financial statements (see notes 28 to 32).</i>								

Source	Checklist		
SSAP 1.7(b)	4001(b)	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2003	[Alt 2]
SSAP 1.48	4022		
SSAP 1.48(b),(c)	4023(b),(c)		
SSAP 1.48(d),(e)	4023(d),(e)		<u>Total equity</u> HK\$'000
		Balance at 1 January 2002	
		- as originally stated	310,118
SSAP 1.94(c)	7001(c)	- adjustment on adoption of SSAP 12 (Revised)	(8,564)
			<hr/>
		- as restated	301,554
			<hr/>
SSAP 13.21(c)	7003(b)	Revaluation decrease on investment property	(49)
SSAP 17.75(g)	7003(a)	Revaluation decrease on land and buildings	(4,049)
SSAP 12.81(a)	10064	Reversal of deferred tax liability arising on revaluation of land and buildings	648
SSAP 1.94(b)	7001(b)	Increase in fair value of hedging derivatives	550
SSAP 24.28(e)	7003(d)	Increase in fair value of available-for-sale securities	5,432
SSAP 11.36(c)	7003(e)	Exchange differences arising on translation of overseas operations	2,706
			<hr/>
SSAP 1.94(b)	7001(b)	Net gains not recognised in the income statement	5,238
			<hr/>
SSAP 1.94(f)	7002(c)	Net gain on hedging derivatives transferred to income	(895)
SSAP 1.94(a)	7001(a)	Net profit for the year	23,805
SSAP 1.94(d)	7002(a)	Dividends	(8,040)
SSAP 1.94(d)	7002(a)	Shares issued for cash	19,732
			<hr/>
		Balance at 1 January 2003	341,394
			<hr/>
SSAP 13.21(c)	7003(b)	Revaluation increase on investment property	591
SSAP 17.75(g)	7003(a)	Revaluation increase on land and buildings	64,709
SSAP 12.81(a)	10064	Deferred tax liability arising on revaluation of land and buildings	(9,743)
		Effect of change in tax rate	(640)
SSAP 1.94(b)	7001(b)	Increase in fair value of hedging derivatives	1,723
SSAP 24.48(e)	7003(d)	Increase in fair value of available-for-sale securities	251
SSAP 11.36(c)	7003(e)	Exchange differences arising on translation of overseas operations	(12,947)
			<hr/>
SSAP 1.94(b)	7001(b)	Net gains not recognised in the income statement	43,944
			<hr/>
SSAP 1.94(f)	7002(c)	Recognition of equity component of convertible loan notes	995
SSAP 12.81(a)	10064	Deferred tax liability arising on recognition of equity component of convertible loan notes	(174)
SSAP 1.94(f)	7002(c)	Revaluation surplus released to income on disposal of available-for-sale securities	(611)
SSAP 1.94(f)	7002(c)	Net gain on hedging derivatives transferred to income	(995)
SSAP 1.94(f)	7002(c)	Net gain on hedging derivatives transferred to inventories	(218)
SSAP 1.94(a)	7001(a)	Net profit for the year	104,866
SSAP 1.94(d)	7002(a)	Dividends	(5,040)
SSAP 1.94(d)	7002(a)	Shares issued on exercise of warrants	1,015
SSAP 1.94(d)	7002(a)	Repurchase of shares	(779)
			<hr/>
		Balance at 31 December 2003	484,397
			<hr/> <hr/>
		<p><i>Note: The above layout presents movements in total equity in a summary format. However, SSAP 1 requires a reconciliation of the opening and closing position on each reserve separately. Therefore, if such a summary format is adopted for the purposes of the statement of changes in equity, further details should be presented in the notes to the financial statements (see notes 28 to 32).</i></p>	

Source	Checklist		
SSAP 1.7(b)	4001(b)	CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2003	
SSAP 1.48	4022		
SSAP 1.48(b),(c)	4023(b),(c)		
SSAP 1.48(d),(e)	4023(d),(e)		<div> <div>31/12/03</div> <div>31/12/02</div> <div>HK\$'000</div> <div>HK\$'000</div> <div>(Restated)</div> </div>
SSAP 13.21(c)	7003(b)	Revaluation increase (decrease) on investment property	<div>591</div> <div>(49)</div>
SSAP 17.75(g)	7003(a)	Revaluation increase (decrease) on land and buildings	<div>64,709</div> <div>(4,049)</div>
SSAP 12.81(a)	10064	(Deferred tax liability arising)/reversal of deferred tax liability arising on revaluation of land and buildings	<div>(9,743)</div> <div>648</div>
		Effect of change in tax rate	<div>(640)</div> <div>-</div>
SSAP 1.94(b)	7001(b)	Increase in fair value of hedging derivatives	<div>1,723</div> <div>550</div>
SSAP 24.48(e)	7003(d)	Increase in fair value of available-for-sale securities	<div>251</div> <div>5,432</div>
SSAP 11.36(c)	7003(e)	Exchange differences arising on translation of overseas operations	<div>(12,947)</div> <div>2,706</div>
SSAP 1.94(b)	7001(b)	Net gains not recognised in the income statement	<div>43,944</div> <div>5,238</div>
SSAP 1.94(a)	7001(a)	Net profit for the year	<div>104,866</div> <div>23,805</div>
		Total recognised gains and losses	<div>148,810</div> <div>29,043</div>
SSAP 1.94(c)	7001(c)	Effect of adoption of new accounting policies (see note 2)	
		- decrease in accumulated profits	<div>(1,100)</div>
		- decrease in revaluation reserves	<div>(7,464)</div>
			<div>(8,564)</div>
<p><i>Note: The above illustrates an approach which presents those changes in equity that represents gains and losses in a separate component of the financial statements. If this method of presentation is adopted, a reconciliation of the opening and closing balances of share capital, reserves and accumulated profits is required to be presented in the notes to the financial statements (see notes 28 to 32).</i></p>			

Source	Checklist			
SSAP 1.7(b) SSAP 1.48 SSAP 1.48(b),(c) SSAP 1.102	4001(b) 4022 4023(b),(c) 10003	CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003		
		NOTES	Year ended 31/12/03 HK\$'000	Year ended 31/12/02 HK\$'000
SSAP 1.48(d),(e) SSAP 15.9	4023(d),(e) 8002	OPERATING ACTIVITIES		
SSAP 15.17(b)	8003(b)	Profit from operations	140,736	60,604
		Adjustments for:		
		Net income from bank deposits and investments in securities (note 6)	(2,938)	(673)
		Depreciation of property, plant and equipment	29,517	19,042
		Impairment loss on fixtures and equipment	4,130	-
		Amortisation of intangible assets	2,614	846
		Amortisation of goodwill	463	247
		Negative goodwill released to income	(1,682)	(2,210)
		Gain on disposal of property, plant and equipment	(4,184)	(500)
		Gain on hedging derivatives	(995)	-
		Increase/(decrease) in provisions	6,485	(2,000)
		Operating cash flows before movements in working capital	174,146	75,356
		Increase in inventories	(21,233)	(28,960)
		Decrease (increase) in receivables	1,324	(31,993)
		Increase in payables	31,071	23,553
SSAP 15.34 SSAP 15.30	8008 8006	Cash generated by operations Income taxes paid Interest paid	185,308 (5,283) (42,309)	37,956 (2,129) (32,995)
		NET CASH FROM OPERATING ACTIVITIES	137,716	2,832
SSAP 15.9	8002	INVESTING ACTIVITIES		
SSAP 15.30 SSAP 15.30 SSAP 15.30	8006 8006 8006	Interest received Dividends received from associates Dividends received from trading securities	1,202 11,507 2,299	368 2,725 349
		Proceeds on disposal of trading securities	25,230	-
		Proceeds on disposal of available-for-sale securities	2,416	-
SSAP 15.37	8010	Disposal of subsidiary	40 12,915	-
		Proceeds on disposal of property, plant and equipment	4,983	4,500
		Purchases of property, plant and equipment	(58,675)	(28,198)
		Acquisition of investment in a jointly controlled entity	(31,800)	-
		Purchases of trading securities	(34,023)	(15,328)
		Purchases of patents and trademarks	(3,835)	(18,617)
		Expenditure on product development	(3,600)	-
		Acquisition of subsidiary	41 (3,670)	-
SSAP 15.37	8010	Increase in pledged bank deposits	(669)	(206)
		NET CASH USED IN INVESTING ACTIVITIES	(75,720)	(54,407)

Source	Checklist			
SSAP 1.7(b) SSAP 1.48 SSAP 1.48(b),(c)	4001(b) 4022 4023(b),(c)	CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003 - continued		
		<u>NOTES</u>	Year ended <u>31/12/03</u> HK\$'000	Year ended <u>31/12/02</u> HK\$'000
SSAP 15.9	8002	FINANCING ACTIVITIES		
SSAP 15.30	8006	Dividends paid	(5,040)	(8,040)
		Repayments of borrowings	(86,777)	-
		Repayments of obligations under finance leases	(1,897)	(1,932)
		Proceeds on issue of convertible loan notes	25,000	-
		New bank loans raised	-	72,265
		Proceeds from issue of shares	1,015	19,732
		Payment on repurchase of shares	(779)	-
		NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(68,478)	82,025
		NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,482)	30,450
		CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(40,940)	(72,052)
		Effect of foreign exchange rate changes	249	662
		CASH AND CASH EQUIVALENTS AT END OF YEAR		
SSAP 15.43	8014	Bank balances and cash	4,734	969
		Bank overdrafts	(51,907)	(41,909)
			(47,173)	(40,940)
		<i>Note: The above illustrates the indirect method of reporting cash flows from operating activities.</i>		

Source	Checklist					
SSAP 1.7(e) SSAP 1.48 SSAP 1.48(b),(c) SSAP 1.101	4001(e) 4022 4023(b),(c) 10002	<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003</p> <p>1. GENERAL</p> <p>The Company is a public listed company incorporated in Hong Kong and its shares are listed on the Stock Exchange of Hong Kong Limited. Its ultimate holding company is Group Holdings Limited, a company incorporated in the Cayman Islands. The principal activities of the Company and its subsidiaries (the Group) are described in note 5.</p> <p>2. CHANGES IN ACCOUNTING POLICIES</p> <p>In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Society of Accountants (HKSA), the term of HKFRS is inclusive of Statements of Standard Accounting Practice (SSAPs) and Interpretations approved by the HKSA:</p> <table><tr><td>SSAP 12 (Revised)</td><td>Income Taxes</td></tr><tr><td>SSAP 35</td><td>Government Grant</td></tr></table> <p>Income Taxes</p> <p>In the current period, the Group has adopted SSAP 12 (Revised) <i>Income Taxes</i>. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly. Opening accumulated profits at 1 January 2002 have been reduced by HK\$1.1 million, which is the cumulative effect of the change in policy on the results for periods prior to 2002. The balance on the Group's properties revaluation reserve at 1 January 2002 has been reduced by HK\$7.46 million, representing the deferred tax liability recognised in respect of the revaluation surplus on the Group's properties at that date. The effect of the change is an increased charge to income taxes in the current year of HK\$2.64 million (2002: HK\$1.05 million).</p> <p>Government Grants</p> <p>In the current period, the Group has adopted SSAP 35 <i>Government Grants</i>. In accordance with SSAP 35, government grants are recognised as income over the periods necessary to match them with the related costs. The Group has elected to apply the requirements of SSAP 35 retrospectively, but the adoption of the Standard has not had any material effect on the results for the current or prior accounting periods since government grants towards re-training costs received in prior years have already been recognised as income.</p>	SSAP 12 (Revised)	Income Taxes	SSAP 35	Government Grant
SSAP 12 (Revised)	Income Taxes					
SSAP 35	Government Grant					
s129A SSAP 1.113(b)	10001(b)					

Source	Checklist	
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued
		3. SIGNIFICANT ACCOUNTING POLICIES
SSAP 1.11	4002	The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong.
SSAP 1.101(a) SSAP 1.107	9001 9002	<p>The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.</p> <p>Basis of Consolidation</p> <p>The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.</p> <p>The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.</p>
SSAP 32.45(c)	9003(a)	<p>Investments in Subsidiaries</p> <p>Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.</p>
SSAP 10.35	9003(b)	<p>Interests in Associates</p> <p>The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying amount of such interests is reduced to recognise any identified impairment in the value of individual investments.</p>
SSAP 21.54	9003(c)	<p>Interests in Joint Ventures</p> <p>Where a group enterprise undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant group enterprise and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.</p> <p>Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method of accounting. The carrying amount of such interests is reduced to recognise any identified impairment in the value of individual investments.</p>

Source	Checklist	
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued
SSAP 30.77	9003(d)	<p>Goodwill</p> <p>Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line basis over its useful economic life.</p> <p>Goodwill arising on the acquisition of an associate or a jointly controlled entity is included within the carrying amount of the associate or jointly controlled entity. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.</p>
SSAP 30.80	9003(e)	<p>Negative Goodwill</p> <p>Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition.</p> <p>Negative goodwill is presented as a deduction from assets. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.</p> <p>Negative goodwill arising on the acquisition of an associate or a jointly controlled entity is deducted from the carrying amount of that associate and jointly controlled entity. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.</p>
SSAP 18.35(a)	9003(f)	<p>Revenue Recognition</p> <p>Sales of goods are recognised when goods are delivered and title has passed.</p> <p>Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.</p> <p>Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.</p>
SSAP 23.38(b),(c)	9003(g)	<p>Construction Contracts</p> <p>Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.</p>

Source	Checklist	
		<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.</p> <p>When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.</p> <p>Leasing</p> <p>Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.</p> <p><i>The group as lessor</i></p> <p>Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.</p> <p>Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.</p> <p><i>The group as lessee</i></p> <p>Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy for borrowing costs (see below).</p> <p>Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.</p> <p>Foreign Currencies</p> <p>Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.</p> <p>In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see below for details of the Group's accounting policies in respect of such derivative financial instruments).</p>
Sch 10:12(14)	9003(I)	

Source	Checklist	
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued
SSAP 11.35	9003(l)	<p>On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.</p>
SSAP 19.25(a)	9003(h)	<p>Borrowing Costs</p> <p>Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as 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 borrowing costs eligible for capitalisation.</p> <p>All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.</p>
SSAP 35.40(a)	9003(i)	<p>Government Grants</p> <p>Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.</p> <p>Retirement Benefit Costs</p> <p>Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense as they fall due.</p>
SSAP 34.120(a)	9003(j)	<p>For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.</p> <p>The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.</p>

Source	Checklist	
		<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>Taxation</p> <p>Income tax expense represents the sum of the tax currently payable and deferred tax.</p> <p>The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.</p> <p>Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.</p> <p>Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.</p> <p>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 profits will be available to allow all or part of the asset to be recovered.</p> <p>Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.</p> <p>Property, Plant and Equipment</p> <p>Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.</p>
SSAP 17.71 (a),(b),(c)	9003(n)	

Source	Checklist							
		<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>Any revaluation increase arising on the revaluation of such land and buildings is credited to the other properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the other properties revaluation reserve relating to a previous revaluation of that asset.</p> <p>Depreciation on revalued properties is charged to income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the other properties revaluation reserve is transferred directly to accumulated profits.</p> <p>Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.</p> <p>Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.</p> <p>Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:</p> <table><tr><td>Leasehold land</td><td>Term of lease</td></tr><tr><td>Buildings</td><td>Term of lease</td></tr><tr><td>Fixtures and equipment</td><td>10% - 30%</td></tr></table> <p>Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.</p>	Leasehold land	Term of lease	Buildings	Term of lease	Fixtures and equipment	10% - 30%
Leasehold land	Term of lease							
Buildings	Term of lease							
Fixtures and equipment	10% - 30%							
SSAP 13.21(a),(h)	9003(o)	<p>Investment Properties</p> <p>Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.</p> <p>Investment properties are stated at their open market value based on independent professional valuations at each balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement.</p>						

Source	Checklist
	<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>On disposal of investment properties, the balance on the investment property revaluation reserve attributable to the property disposed of is credited in the income statement.</p> <p>No depreciation is provided on investment properties which are held on leases with an unexpired term of more than 20 years.</p> <p>Internally-generated Intangible Assets - Research and Development Expenditure</p> <p>Expenditure on research activities is recognised as an expense in the period in which it is incurred.</p> <p>An internally-generated asset arising from the Group's e-business development is recognised only if all of the following conditions are met:</p> <ul style="list-style-type: none"> ■ an asset is created that can be identified (such as software and new processes); ■ it is probable that the asset created will generate future economic benefits; and ■ the development cost of the asset can be measured reliably. <p>Internally-generated intangible assets are amortised on a straight-line basis over their useful lives.</p> <p>Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.</p> <p>Patents and Trademarks</p> <p>Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.</p> <p>Impairment</p> <p>At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.</p> <p>Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.</p>

Source	Checklist	
		<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.</p> <p>Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.</p>
SSAP 22.30(a)	9003(r)	<p>Inventories</p> <p>Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.</p>
SSAP 24.48(a)	9003(q)	<p>Investments in Securities</p> <p>Investments in securities are recognised on a trade-date basis and are initially measured at cost.</p> <p>At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.</p> <p>Investments other than held-to-maturity debt securities are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale securities, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.</p> <p>Bank Borrowings</p> <p>Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.</p>

Source	Checklist
	<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>Convertible loan notes</p> <p>Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the net proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity (capital reserves).</p> <p>Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.</p> <p>The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.</p> <p>Equity Instruments</p> <p>Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.</p> <p>Derivative Financial Instruments</p> <p>The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Such derivatives are initially recorded at cost, if any, and are remeasured to fair value at subsequent reporting dates.</p> <p>Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows relating to firm commitments and forecasted transactions are recognised directly in equity. If the hedged firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.</p> <p>Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.</p> <p>Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.</p>

Source	Checklist																			
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																		
		Provisions <p>Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's liability.</p> <p>Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.</p>																		
		4. TURNOVER																		
Sch 10:16(4)	9003(f)	<p>Turnover represents the amount received and receivable for goods sold to outside customers, less returns and allowances, revenue arising on construction contracts, and rental and leasing income for the year, and is analysed as follows:</p> <table> <tr> <th></th><th>Year ended 31/12/03 HK\$'000</th><th>Year ended 31/12/02 HK\$'000</th></tr> <tr> <td>Sales of goods</td><td>902,565</td><td>645,836</td></tr> <tr> <td>Revenue from construction contracts</td><td>304,073</td><td>209,562</td></tr> <tr> <td>Equipment leasing income</td><td>16,858</td><td>13,492</td></tr> <tr> <td>Property rental income</td><td>602</td><td>563</td></tr> <tr> <td></td><td><u>1,224,098</u></td><td><u>869,453</u></td></tr> </table>		Year ended 31/12/03 HK\$'000	Year ended 31/12/02 HK\$'000	Sales of goods	902,565	645,836	Revenue from construction contracts	304,073	209,562	Equipment leasing income	16,858	13,492	Property rental income	602	563		<u>1,224,098</u>	<u>869,453</u>
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		5. BUSINESS AND GEOGRAPHICAL SEGMENTS																		
		Business Segments																		
SSAP 26.81 SSAP 1.113(a)	10020(a) 10001(a)	<p>For management purposes, the Group is currently organised into three operating divisions – electronic goods, construction and leasing. These divisions are the basis on which the Group reports its primary segment information.</p> <p>Principal activities are as follows:</p> <p>Electronic goods – manufacture and distribution of electronic consumer goods;</p> <p>Construction – construction of properties on a contract basis; and</p> <p>Leasing – leasing of electronic equipment and property rental.</p> <p>In prior years, the Group was also involved in the manufacture and sale of toys. That operation was discontinued with effect from 30 November 2003 (see note 10).</p>																		

Source	Checklist																																																																																																																																																																																																																																																																																																																																																								
		<div>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</div> <div>Segment information about these businesses is presented below.</div> <div>2003</div> <table><thead><tr><th></th><th></th><th></th><th colspan="3">Continuing operations</th><th colspan="2">Discontinuing operation</th><th></th></tr><tr><th></th><th></th><th></th><th>Electronic goods</th><th>Construction</th><th>Leasing</th><th>Toys</th><th>Eliminations</th><th>Consolidated</th></tr><tr><th></th><th></th><th></th><th>Year ended 31/12/03 HK\$'000</th><th>Year ended 31/12/03 HK\$'000</th><th>Year ended 31/12/03 HK\$'000</th><th>Year ended 31/12/03 HK\$'000</th><th>Year ended 31/12/03 HK\$'000</th><th>Year ended 31/12/03 HK\$'000</th></tr></thead><tbody><tr><td>SSAP 26.51</td><td>10009(a)</td><td>TURNOVER</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>External sales</td><td>743,127</td><td>304,073</td><td>17,460</td><td>159,438</td><td>-</td><td>1,224,098</td></tr><tr><td></td><td></td><td>Inter-segment sales</td><td>10,020</td><td>-</td><td>-</td><td>-</td><td>(10,020)</td><td>-</td></tr><tr><td>SSAP 26.67</td><td>10011(a)</td><td>Total</td><td>753,147</td><td>304,073</td><td>17,460</td><td>159,438</td><td>(10,020)</td><td>1,224,098</td></tr><tr><td>SSAP 26.75</td><td>10017(b)</td><td colspan="7">Inter-segment sales are charged at prevailing market prices.</td><td></td></tr><tr><td></td><td></td><td>RESULT</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>SSAP 26.52</td><td>10009(b)</td><td>Segment result</td><td>95,292</td><td>34,879</td><td>16,108</td><td>4,493</td><td>(3,005)</td><td>147,767</td></tr><tr><td></td><td></td><td>Income from investments</td><td></td><td></td><td></td><td></td><td></td><td>2,938</td></tr><tr><td></td><td></td><td>Unallocated corporate expenses</td><td></td><td></td><td></td><td></td><td></td><td>(9,969)</td></tr><tr><td>SSAP 26.67</td><td>10011(b)</td><td>Profit from operations</td><td></td><td></td><td></td><td></td><td></td><td>140,736</td></tr><tr><td></td><td></td><td>Finance costs</td><td></td><td></td><td></td><td></td><td></td><td>(36,680)</td></tr><tr><td>SSAP 26.64</td><td>10009(h)</td><td>Share of results of associates</td><td>7,264</td><td>2,371</td><td>-</td><td>-</td><td>-</td><td>9,635</td></tr><tr><td>SSAP 26.64</td><td>10009(h)</td><td>Share of results of jointly controlled entity</td><td>3,128</td><td>-</td><td>-</td><td>-</td><td>-</td><td>3,128</td></tr><tr><td></td><td></td><td>Profit on disposal of discontinuing operations</td><td>-</td><td>-</td><td>-</td><td>8,493</td><td>-</td><td>8,493</td></tr><tr><td></td><td></td><td>Profit before tax</td><td></td><td></td><td></td><td></td><td></td><td>125,312</td></tr><tr><td></td><td></td><td>Income tax expense</td><td></td><td></td><td></td><td></td><td></td><td>(19,837)</td></tr><tr><td>SSAP 26.67</td><td>10011(b)</td><td>Profit after tax</td><td></td><td></td><td></td><td></td><td></td><td>105,475</td></tr><tr><td></td><td></td><td>OTHER INFORMATION</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><th colspan="3">Continuing operations</th><th colspan="2">Discontinuing operation</th><th></th></tr><tr><td></td><td></td><td></td><th>Electronic goods</th><th>Construction</th><th>Leasing</th><th>Toys</th><th>Others</th><th>Consolidated</th></tr><tr><td></td><td></td><td></td><th>HK\$'000</th><th>HK\$'000</th><th>HK\$'000</th><th>HK\$'000</th><th>HK\$'000</th><th>HK\$'000</th></tr><tr><td>SSAP 26.57</td><td>10009(e)</td><td>Capital additions</td><td>64,748</td><td>11,820</td><td>1,525</td><td>-</td><td>2,781</td><td>80,874</td></tr><tr><td>SSAP 26.58</td><td>10009(f)</td><td>Depreciation and amortisation</td><td>21,603</td><td>6,120</td><td>192</td><td>1,420</td><td>3,259</td><td>32,594</td></tr><tr><td>SSAP 31.116</td><td>10010</td><td>Impairment losses recognised in income</td><td>-</td><td>-</td><td>-</td><td>4,130</td><td>-</td><td>4,130</td></tr><tr><td></td><td></td><td>BALANCE SHEET</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><th>31/12/03 HK\$'000</th><th>31/12/03 HK\$'000</th><th>31/12/03 HK\$'000</th><th>31/12/03 HK\$'000</th><th>31/12/03 HK\$'000</th><th>31/12/03 HK\$'000</th></tr><tr><td>SSAP 26.55</td><td>10009(c)</td><td>Segment assets</td><td>673,160</td><td>149,890</td><td>208,798</td><td>-</td><td>-</td><td>1,031,848</td></tr><tr><td>SSAP 26.66</td><td>10009(i)</td><td>Interests in associates</td><td>3,071</td><td>7,061</td><td>-</td><td>-</td><td>-</td><td>10,132</td></tr><tr><td>SSAP 26.66</td><td>10009(i)</td><td>Interest in jointly controlled entity</td><td>34,928</td><td>-</td><td>-</td><td>-</td><td>-</td><td>34,928</td></tr><tr><td></td><td></td><td>Unallocated corporate assets</td><td></td><td></td><td></td><td></td><td></td><td>157,967</td></tr><tr><td>SSAP 26.67</td><td>10011(c)</td><td>Consolidated total assets</td><td></td><td></td><td></td><td></td><td></td><td>1,234,875</td></tr><tr><td></td><td></td><td>LIABILITIES</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>SSAP 26.56</td><td>10009(d)</td><td>Segment liabilities</td><td>108,657</td><td>44,457</td><td>20,156</td><td>6,058</td><td>-</td><td>179,328</td></tr><tr><td></td><td></td><td>Unallocated corporate liabilities</td><td></td><td></td><td></td><td></td><td></td><td>567,965</td></tr><tr><td>SSAP 26.67</td><td>10011(d)</td><td>Consolidated total liabilities</td><td></td><td></td><td></td><td></td><td></td><td>747,293</td></tr></tbody></table>				Continuing operations			Discontinuing operation						Electronic goods	Construction	Leasing	Toys	Eliminations	Consolidated				Year ended 31/12/03 HK\$'000	Year ended 31/12/03 HK\$'000	Year ended 31/12/03 HK\$'000	Year ended 31/12/03 HK\$'000	Year ended 31/12/03 HK\$'000	Year ended 31/12/03 HK\$'000	SSAP 26.51	10009(a)	TURNOVER									External sales	743,127	304,073	17,460	159,438	-	1,224,098			Inter-segment sales	10,020	-	-	-	(10,020)	-	SSAP 26.67	10011(a)	Total	753,147	304,073	17,460	159,438	(10,020)	1,224,098	SSAP 26.75	10017(b)	Inter-segment sales are charged at prevailing market prices.										RESULT							SSAP 26.52	10009(b)	Segment result	95,292	34,879	16,108	4,493	(3,005)	147,767			Income from investments						2,938			Unallocated corporate expenses						(9,969)	SSAP 26.67	10011(b)	Profit from operations						140,736			Finance costs						(36,680)	SSAP 26.64	10009(h)	Share of results of associates	7,264	2,371	-	-	-	9,635	SSAP 26.64	10009(h)	Share of results of jointly controlled entity	3,128	-	-	-	-	3,128			Profit on disposal of discontinuing operations	-	-	-	8,493	-	8,493			Profit before tax						125,312			Income tax expense						(19,837)	SSAP 26.67	10011(b)	Profit after tax						105,475			OTHER INFORMATION										Continuing operations			Discontinuing operation						Electronic goods	Construction	Leasing	Toys	Others	Consolidated				HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	SSAP 26.57	10009(e)	Capital additions	64,748	11,820	1,525	-	2,781	80,874	SSAP 26.58	10009(f)	Depreciation and amortisation	21,603	6,120	192	1,420	3,259	32,594	SSAP 31.116	10010	Impairment losses recognised in income	-	-	-	4,130	-	4,130			BALANCE SHEET										31/12/03 HK\$'000	31/12/03 HK\$'000	31/12/03 HK\$'000	31/12/03 HK\$'000	31/12/03 HK\$'000	31/12/03 HK\$'000	SSAP 26.55	10009(c)	Segment assets	673,160	149,890	208,798	-	-	1,031,848	SSAP 26.66	10009(i)	Interests in associates	3,071	7,061	-	-	-	10,132	SSAP 26.66	10009(i)	Interest in jointly controlled entity	34,928	-	-	-	-	34,928			Unallocated corporate assets						157,967	SSAP 26.67	10011(c)	Consolidated total assets						1,234,875			LIABILITIES							SSAP 26.56	10009(d)	Segment liabilities	108,657	44,457	20,156	6,058	-	179,328			Unallocated corporate liabilities						567,965	SSAP 26.67	10011(d)	Consolidated total liabilities						747,293
			Continuing operations			Discontinuing operation																																																																																																																																																																																																																																																																																																																																																			
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SSAP 26.75	10017(b)	Inter-segment sales are charged at prevailing market prices.																																																																																																																																																																																																																																																																																																																																																							
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SSAP 26.67	10011(b)	Profit from operations						140,736																																																																																																																																																																																																																																																																																																																																																	
		Finance costs						(36,680)																																																																																																																																																																																																																																																																																																																																																	
SSAP 26.64	10009(h)	Share of results of associates	7,264	2,371	-	-	-	9,635																																																																																																																																																																																																																																																																																																																																																	
SSAP 26.64	10009(h)	Share of results of jointly controlled entity	3,128	-	-	-	-	3,128																																																																																																																																																																																																																																																																																																																																																	
		Profit on disposal of discontinuing operations	-	-	-	8,493	-	8,493																																																																																																																																																																																																																																																																																																																																																	
		Profit before tax						125,312																																																																																																																																																																																																																																																																																																																																																	
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SSAP 26.57	10009(e)	Capital additions	64,748	11,820	1,525	-	2,781	80,874																																																																																																																																																																																																																																																																																																																																																	
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SSAP 31.116	10010	Impairment losses recognised in income	-	-	-	4,130	-	4,130																																																																																																																																																																																																																																																																																																																																																	
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SSAP 26.55	10009(c)	Segment assets	673,160	149,890	208,798	-	-	1,031,848																																																																																																																																																																																																																																																																																																																																																	
SSAP 26.66	10009(i)	Interests in associates	3,071	7,061	-	-	-	10,132																																																																																																																																																																																																																																																																																																																																																	
SSAP 26.66	10009(i)	Interest in jointly controlled entity	34,928	-	-	-	-	34,928																																																																																																																																																																																																																																																																																																																																																	
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SSAP 26.56	10009(d)	Segment liabilities	108,657	44,457	20,156	6,058	-	179,328																																																																																																																																																																																																																																																																																																																																																	
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Source	Checklist							
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued						
		2002				Discontinuing operation		
			<u>Continuing operations</u>					
			Electronic goods	Construction	Leasing	Toys	Eliminations	Consolidated
			Year ended <u>31/12/02</u> HK\$'000	Year ended <u>31/12/02</u> HK\$'000	Year ended <u>31/12/02</u> HK\$'000	Year ended <u>31/12/02</u> HK\$'000	Year ended <u>31/12/02</u> HK\$'000	Year ended <u>31/12/02</u> HK\$'000
SSAP 26.51	10009(a)	TURNOVER						
		External sales	504,633	209,562	14,055	141,203	-	869,453
		Inter-segment sales	9,370	-	-	-	(9,370)	-
SSAP 26.67	10011(a)	Total	514,003	209,562	14,055	141,203	(9,370)	869,453
SSAP 26.75	10017(b)	Inter-segment sales are charged at prevailing market prices.						
		RESULT						
SSAP 26.52	10009(b)	Segment result	33,993	15,930	9,978	5,390	(1,902)	63,389
		Income from investments						673
		Unallocated corporate expenses						(3,458)
SSAP 26.67	10011(b)	Profit from operations						60,604
		Finance costs						(32,995)
SSAP 26.64	10009(h)	Share of results of associates	-	983	-	-	-	983
		Profit before tax						28,592
		Income tax expense						(4,690)
SSAP 26.67	10011(b)	Profit after tax						23,902
		OTHER INFORMATION						
			<u>Continuing operations</u>			Discontinuing operation		
			Electronic goods	Construction	Leasing	Toys	Others	Consolidated
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SSAP 26.57	10009(e)	Capital additions	44,046	-	2,277	-	4,682	51,005
SSAP 26.58	10009(f)	Depreciation and amortisation	10,122	4,944	158	2,897	2,014	20,135
		BALANCE SHEET						
			<u>31/12/02</u> HK\$'000	<u>31/12/02</u> HK\$'000	<u>31/12/02</u> HK\$'000	<u>31/12/02</u> HK\$'000	<u>31/12/02</u> HK\$'000	<u>31/12/02</u> HK\$'000
		ASSETS						
SSAP 26.55	10009(c)	Segment assets	572,546	105,002	189,021	36,062		902,631
SSAP 26.66	10009(i)	Interests in associates	-	12,274	-	-		12,274
		Unallocated corporate assets						148,225
SSAP 26.67	10011(c)	Consolidated total assets						1,063,130
		LIABILITIES						
SSAP 26.56	10009(d)	Segment liabilities	75,905	31,217	14,190	4,798		126,110
		Unallocated corporate liabilities						593,050
SSAP 26.67	10011(d)	Consolidated total liabilities						719,160

Source	Checklist																															
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																														
		Geographical Segments																														
SSAP 26.81	10020(b)	The Group's operations are located in Hong Kong, the People's Republic of China (other than Hong Kong) (the PRC), Taiwan and Malaysia. The Group's construction and leasing divisions are located in Hong Kong. Manufacturing of electronic goods is carried out in the PRC, Taiwan and Malaysia. As discussed in note 20, the financial statements of the Group's subsidiary in Taiwan have not been consolidated due to restrictions on the subsidiary's ability to transfer funds to the group.																														
SSAP 26.69(a)	10012(a)	<p>The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:</p> <table><tr><td></td><td colspan="2">Sales revenue by geographical market</td></tr><tr><td></td><td>Year ended 31/12/03 HK\$'000</td><td>Year ended 31/12/02 HK\$'000</td></tr><tr><td>United States</td><td>822,699</td><td>584,347</td></tr><tr><td>Hong Kong</td><td>171,486</td><td>121,803</td></tr><tr><td>Germany</td><td>52,701</td><td>37,432</td></tr><tr><td>Other European countries</td><td>137,892</td><td>97,942</td></tr><tr><td>Other</td><td>39,320</td><td>27,929</td></tr><tr><td></td><td><u>1,224,098</u></td><td><u>869,453</u></td></tr></table>		Sales revenue by geographical market			Year ended 31/12/03 HK\$'000	Year ended 31/12/02 HK\$'000	United States	822,699	584,347	Hong Kong	171,486	121,803	Germany	52,701	37,432	Other European countries	137,892	97,942	Other	39,320	27,929		<u>1,224,098</u>	<u>869,453</u>						
	Sales revenue by geographical market																															
	Year ended 31/12/03 HK\$'000	Year ended 31/12/02 HK\$'000																														
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Germany	52,701	37,432																														
Other European countries	137,892	97,942																														
Other	39,320	27,929																														
	<u>1,224,098</u>	<u>869,453</u>																														
SSAP 33.27(b)	10027(b)	Revenue from the Group's discontinuing operations was derived principally from the United States (2003: HK\$81.4 million, 2002: HK\$103.3 million) and Hong Kong (2003: HK\$78.0 million, 2002: HK\$37.9 million).																														
SSAP 26.69(b),(c)	10012(b),(c)	<p>The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:</p> <table><tr><td></td><td colspan="2">Carrying amount of segment assets</td><td colspan="2">Additions to property, plant and equipment and intangible assets</td></tr><tr><td></td><td>31/12/03 HK\$'000</td><td>31/12/02 HK\$'000</td><td>Year ended 31/12/03 HK\$'000</td><td>Year ended 31/12/02 HK\$'000</td></tr><tr><td>Hong Kong</td><td>474,462</td><td>408,070</td><td>38,261</td><td>22,787</td></tr><tr><td>PRC</td><td>332,101</td><td>389,152</td><td>18,551</td><td>18,446</td></tr><tr><td>Malaysia</td><td>319,805</td><td>195,502</td><td>24,062</td><td>9,772</td></tr><tr><td></td><td><u>1,126,368</u></td><td><u>992,724</u></td><td><u>80,874</u></td><td><u>51,005</u></td></tr></table>		Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets			31/12/03 HK\$'000	31/12/02 HK\$'000	Year ended 31/12/03 HK\$'000	Year ended 31/12/02 HK\$'000	Hong Kong	474,462	408,070	38,261	22,787	PRC	332,101	389,152	18,551	18,446	Malaysia	319,805	195,502	24,062	9,772		<u>1,126,368</u>	<u>992,724</u>	<u>80,874</u>	<u>51,005</u>
	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets																													
	31/12/03 HK\$'000	31/12/02 HK\$'000	Year ended 31/12/03 HK\$'000	Year ended 31/12/02 HK\$'000																												
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Source	Checklist		
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued	
		6. OTHER OPERATING INCOME	
		Included in other operating income is net income from bank deposits, investments in securities and government grants as follows:	
			<div> <div>Year ended</div> <div>31/12/03</div> <div>HK\$'000</div> </div> <div> <div>Year ended</div> <div>31/12/02</div> <div>HK\$'000</div> </div>
SSAP 18.35(b)	10022(c)	Interest on bank deposits	1,202 368
SSAP 24.48(b)(i)	10039	Dividends from trading securities	2,299 349
SSAP 24.48(b)(iii)	10039	Decrease in fair value of trading securities disposed of	(892) -
SSAP 24.48(b)(iii)	10039	Decrease in fair value of trading securities held at year end	(388) (44)
SSAP 24.48(b)(iii)	10039	Profit on disposal of available-for-sale securities	717 -
SSAP 35.30	10226(c)	Government grants towards trading costs	398 473
SSAP 35.40(b)	10226(a)		
			<div> <div>3,336</div> <div>1,146</div> </div>
Sch 10:13(1)(g)	10038	All of the dividends from equity investments arose from listed investments.	
SSAP 2.15	10040	7. RESTRUCTURING COSTS	
Sch 10:17(6)(a)		In November 2003, the Group disposed of Subsix Limited (see note 10). Certain of the non-core assets of the toy division were retained by the Group. In addition, the shipping and distribution operations of the toy division were segregated from the manufacturing operations and retained by the Group. The assets retained were scrapped, and an impairment loss was recognised in respect of their previous carrying amount. To the extent that workers in the shipping and distribution operations could not be redeployed, termination terms were agreed.	
			<div> <div>Year ended</div> <div>31/12/03</div> <div>HK\$'000</div> </div>
SSAP 31.113(a)	10154(a)	Impairment loss recognised in respect of assets	4,130
		Redundancy costs	14,170
			<div> <div>18,300</div> </div>
		In addition, redundancy costs of HK\$1.42 million (2002: HK\$1.95 million) were incurred following the acquisition of Sub A Limited. This charge was offset by the release of negative goodwill of the same amount (see note 19).	

Source	Checklist		
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued	
		8. PROFIT FROM OPERATIONS	
		Profit from operations has been arrived at after charging (crediting):	
			<div> <div>Year ended</div> <div>31/12/03</div> <div>HK\$'000</div> </div> <div> <div>Year ended</div> <div>31/12/02</div> <div>HK\$'000</div> </div>
SSAP 29.115	10051	Research and development costs	<div>4,800</div> <div>6,560</div>
		Amortisation	
SSAP 30.77(d)	9003(d)	- goodwill (included in [depreciation and amortisation expense/other operating expenses])	<div>463</div> <div>247</div>
SSAP 29.107(d)	9003(p)	- intangible assets (included in [depreciation and amortisation expense/other operating expenses])	<div>2,614</div> <div>846</div>
			<div>3,077</div> <div>1,093</div>
SSAP 30.80(c)	9003(e)	Release of negative goodwill to income	
		- included in other operating income	<div>(258)</div> <div>(257)</div>
		- offset against restructuring costs	<div>(1,424)</div> <div>(1,953)</div>
			<div>(1,682)</div> <div>(2,210)</div>
SSAP 17.72(e)	10050(a)	Gain on disposal of property, plant and equipment	<div>(4,184)</div> <div>(500)</div>
Sch 10:13(1)(h)	10025	Rents from land and buildings (after deduction of ground rents, rates and other outgoings)	<div>(36,549)</div> <div>(33,505)</div>
Sch 10:15	10048	Auditors' remuneration	<div>1,933</div> <div>1,856</div>
SSAP 22.32(a)	10042(a)	Cost of inventories recognised as expense	<div>780,197</div> <div>600,627</div>
SSAP 1.89	10041	Total staff costs incurred during the period amounted to HK\$247.9 million (2002: HK\$223.5 million) and total depreciation amounted to HK\$29.5 million (2002: HK\$19 million).	
		<i>Note: Separate disclosure of staff costs, depreciation and cost of inventories is required where the expenses presented in the income statement are analysed by function (see Income Statement - Alt 1)</i>	

Source	Checklist		
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued	
		9. FINANCE COSTS	
			<div> <div>Year ended 31/12/03 HK\$'000</div> <div>Year ended 31/12/02 HK\$'000</div> </div>
Sch 10:13(1)(b)	10043	Interest on:	
		Bank loans and overdrafts wholly repayable within five years	40,923 32,762
		Interest on convertible loan notes (note 34)	1,260 -
		Interest on obligations under finance leases	348 233
SSAP 19.25(b)	10044(a)	Total borrowing costs	42,531 32,995
SSAP 19.25(c)	10044(b)	Less: amounts included in the cost of qualifying assets	(5,571) -
App 16.22(2)			
GR 18.22			
			36,960 32,995
		Loss arising on derivatives trading	100 -
		Fair value gains on interest rate swaps transferred from equity	(380) -
			36,680 32,995
SSAP 19.25(d)	10044(c)	Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7 per cent to expenditure on such assets.	
		10. DISCONTINUING OPERATIONS	
SSAP 33.27(c)	10027(c)	On 14 May 2003, the Group entered into a sale agreement to dispose of Subsix Limited, which carried out all of the Group's toy manufacturing operations. The disposal was effected in order to generate cash flow for the expansion of the Group's other businesses. The disposal was completed on 30 November 2003, on which date control of Subsix Limited passed to the acquirer.	
SSAP 33.27(a),(b)	10027(a),(b)		
SSAP 33.27(d)	10027(d)		

Source	Checklist																															
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																														
SSAP 33.27(f) SSAP 33.45	10027(f) 10037	<p>The results of the toy manufacturing operations for the period from 1 January 2002 to 30 November 2003, which have been included in the consolidated financial statements, were as follows:</p> <table> <tr> <th></th><th>Period ended 30/11/03 HK\$'000</th><th>Year ended 31/12/02 HK\$'000</th></tr> <tr> <td>Turnover</td><td>159,438</td><td>141,203</td></tr> <tr> <td>Operating costs</td><td>(136,645)</td><td>(135,813)</td></tr> <tr> <td>Restructuring costs</td><td>(18,300)</td><td>-</td></tr> <tr> <td>Finance costs</td><td>(493)</td><td>(830)</td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td>Profit before tax</td><td>4,000</td><td>4,560</td></tr> <tr> <td>Income tax expense</td><td>(1,817)</td><td>(389)</td></tr> <tr> <td></td><td></td><td></td></tr> <tr> <td>Profit from ordinary activities after tax</td><td>2,183</td><td>4,171</td></tr> </table> <p>Details of the restructuring costs arising following the disposal of Subsix Limited are set out in note 7.</p>		Period ended 30/11/03 HK\$'000	Year ended 31/12/02 HK\$'000	Turnover	159,438	141,203	Operating costs	(136,645)	(135,813)	Restructuring costs	(18,300)	-	Finance costs	(493)	(830)				Profit before tax	4,000	4,560	Income tax expense	(1,817)	(389)				Profit from ordinary activities after tax	2,183	4,171
	Period ended 30/11/03 HK\$'000	Year ended 31/12/02 HK\$'000																														
Turnover	159,438	141,203																														
Operating costs	(136,645)	(135,813)																														
Restructuring costs	(18,300)	-																														
Finance costs	(493)	(830)																														
Profit before tax	4,000	4,560																														
Income tax expense	(1,817)	(389)																														
Profit from ordinary activities after tax	2,183	4,171																														
SSAP 33.27(g)	10027(g)	<p>During the year, Subsix Limited contributed HK\$4.8 million (2002: HK\$4.25 million) to the Group's net operating cash flows, paid HK\$1.37 million (2002: HK\$2.89 million) in respect of investing activities, and paid HK\$0.9 million (2002: HK\$3.71 million) in respect of financing activities.</p>																														
SSAP 33.31(b)	10029(b)	<p>The carrying amounts of the assets and liabilities of Subsix Limited at the date of disposal are disclosed in note 40.</p>																														
SSAP 33.31(a)	10029(a)	<p>A profit of HK\$8.5 million arose on the disposal of Subsix Limited, being the proceeds of disposal less the carrying amount of the subsidiary's net assets and attributable goodwill (see note 40). No tax charge or credit arose from the transaction.</p>																														

Source	Checklist				
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued			
		11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS			
App 16.24 GR 18.28	10053	Directors' emoluments	Year ended 31/12/03 HK\$'000	Year ended 31/12/02 HK\$'000	
		Fees:			
		Executive directors	-	-	
CBP 6	10056	Independent non-executive directors	152	60	
			152	60	
		Other emoluments (executive directors):			
		Salaries and other benefits	2,804	2,800	
		Performance-related incentive payments	2,899	850	
		Retirement benefits scheme contributions	286	233	
			5,989	3,883	
s161(1)(a)	10052(a)		6,141	3,943	
App 16.24(7)	10053(g)	The emoluments were paid to the directors as follows:			
			2003 Number of directors	2002 Number of directors	
		Nil to HK\$1,000,000	4	5	
		HK\$1,000,001 – HK\$1,500,000	2	-	
		HK\$1,500,001 – HK\$2,000,000	1	1	
App 16.25 GR 18.30	10057	Employees' emoluments			
		During the year, the five highest paid individuals included four directors (2002: four directors), details of whose emoluments are set out above. The emoluments of the remaining highest paid individual were as follows:			
			Year ended 31/12/03 HK\$'000	Year ended 31/12/02 HK\$'000	
		Salaries and other benefits	1,138	953	
		Performance-related incentive payments	599	182	
		Retirement benefits scheme contributions	124	59	
			1,861	1,194	

Source	Checklist	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued			
		12. INCOME TAX EXPENSE			
			Year ended 31/12/03 HK\$'000	Year ended 31/12/02 HK\$'000	
SSAP 12.79	10062	Current tax:			
Sch 10:13(1)(c)	10059(a)	Hong Kong	5,408	1,994	
Sch 10:13(1)(c)	10059(d)	Other jurisdictions	7,972	1,426	
			13,380	3,420	
		Deferred tax (note 36):			
		Current year	6,046	1,158	
		Attributable to a change in tax rate in Hong Kong	141	-	
			6,187	1,158	
		Taxation attributable to the Company and its subsidiaries	19,567	4,578	
SSAP 10.36	10060	Share of taxation attributable to associates	270	112	
			19,837	4,690	
Sch 10:17(3)	10059(b)	Hong Kong Profits Tax is calculated at 17.5 per cent (2002: 16 per cent) of the estimated assessable profit for the year. The Profits Tax rate has been increased with effect from the 2003 year of assessment.			
SSAP 12.81(d)	10066(a)				
		Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.			
Sch 10:17(4)	10058	Of the charge to income tax, approximately HK\$1.8 million (2002: HK\$0.4 million) related to profits arising in the toy division, which was disposed of during the year. No tax charge or credit arose on the disposal of the relevant subsidiary.			
SSAP 12.81(h)	10066(b)				

Source	Checklist																																																											
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																																																										
SSAP 12.81(c)	10065	The charge for the year can be reconciled to the profit per the income statement as follows:																																																										
		<table><tr><td></td><td colspan="2">Year ended 31/12/03</td><td colspan="2">Year ended 31/12/02</td></tr><tr><td></td><td>HK\$'000</td><td>%</td><td>HK\$'000</td><td>%</td></tr><tr><td>Profit before tax</td><td>125,312</td><td></td><td>28,592</td><td></td></tr><tr><td>Tax at the domestic income tax rate of 17.5% (2002: 16%)</td><td>21,930</td><td>17.5</td><td>4,575</td><td>16</td></tr><tr><td>Tax effect of share of results of associates</td><td>(1,416)</td><td>(1.2)</td><td>(45)</td><td>(0.1)</td></tr><tr><td>Tax effect of share of results of jointly controlled entity</td><td>(547)</td><td>(0.4)</td><td>-</td><td>-</td></tr><tr><td>Tax effect of expenses that are not deductible in determining taxable profit</td><td>218</td><td>0.2</td><td>425</td><td>1.5</td></tr><tr><td>Tax effect of utilisation of tax losses not previously recognised</td><td>(561)</td><td>(0.5)</td><td>(347)</td><td>(1.2)</td></tr><tr><td>Increase in opening deferred tax liability resulting from an increase in Hong Kong Profits Tax rate</td><td>141</td><td>0.1</td><td>-</td><td>-</td></tr><tr><td>Effect of different tax rates of subsidiaries operating in other jurisdictions</td><td>72</td><td>0.1</td><td>82</td><td>0.3</td></tr><tr><td>Tax expense and effective tax rate for the year</td><td>19,837</td><td>15.8</td><td>4,690</td><td>16.4</td></tr></table>					Year ended 31/12/03		Year ended 31/12/02			HK\$'000	%	HK\$'000	%	Profit before tax	125,312		28,592		Tax at the domestic income tax rate of 17.5% (2002: 16%)	21,930	17.5	4,575	16	Tax effect of share of results of associates	(1,416)	(1.2)	(45)	(0.1)	Tax effect of share of results of jointly controlled entity	(547)	(0.4)	-	-	Tax effect of expenses that are not deductible in determining taxable profit	218	0.2	425	1.5	Tax effect of utilisation of tax losses not previously recognised	(561)	(0.5)	(347)	(1.2)	Increase in opening deferred tax liability resulting from an increase in Hong Kong Profits Tax rate	141	0.1	-	-	Effect of different tax rates of subsidiaries operating in other jurisdictions	72	0.1	82	0.3	Tax expense and effective tax rate for the year	19,837	15.8	4,690	16.4
	Year ended 31/12/03		Year ended 31/12/02																																																									
	HK\$'000	%	HK\$'000	%																																																								
Profit before tax	125,312		28,592																																																									
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Tax expense and effective tax rate for the year	19,837	15.8	4,690	16.4																																																								
SSAP 12.81(a)	10064	In addition to the amount charged to the income statement, deferred tax relating to the revaluation of the Group's properties and to the equity component of convertible bonds issued has been charged directly to equity (see note 36).																																																										

Source	Checklist				
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued			
Sch 10:13(l)(j) SSAP 1.92	10071 10072	13. DIVIDENDS			
			Year ended 31/12/03 HK\$'000	Year ended 31/12/02 HK\$'000	
		Interim paid: 4.2 cents (2002: 6.7 cents) per share	5,040	8,040	
		Final proposed: 9.8 cents (2002: Nil) per share	11,771	-	
			16,811	8,040	
SSAP 1.77(c) SSAP 9.12	10073	In respect of the current year, the directors propose that a dividend of 9.8 cents per share will be paid to shareholders on 25 May 2004. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.			
		The proposed dividend for 2003 is payable to all shareholders on the Register of Members on 15 May 2004.			

Source	Checklist			
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued		
		14. EARNINGS PER SHARE		
		The calculation of the basic and diluted earnings per share is based on the following data:		
SSAP 5.48(a)	5008(a)	Earnings	Year ended <u>31/12/03</u> HK\$'000	Year ended <u>31/12/02</u> HK\$'000
		Earnings for the purposes of basic earnings per share (net profit for the year)	104,866	23,805
SSAP 5.48(b)	5008(b)	Effect of dilutive potential ordinary shares:		
		Interest on convertible loan notes (net of tax)	1,040	-
			<u>105,906</u>	<u>23,805</u>
		Number of shares		
			'000	'000
		Weighted average number of ordinary shares for the purposes of basic earnings per share	150,174	143,834
		Effect of dilutive potential ordinary shares:		
		Share options	56,671	21,152
		Share warrants	24,985	-
		Convertible loan notes	42,188	-
		Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>274,018</u>	<u>164,986</u>
		Earnings for 2002 have been adjusted to reflect the retrospective application of the changes in the Group's accounting policies for deferred tax.		
SSAP 5.42	5011	The denominators for the purposes of calculating both basic and diluted earnings per share have been adjusted to reflect the capitalisation issue in February 2004 (see note 28).		

Source	Checklist					
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued				
		15. PROPERTY, PLANT AND EQUIPMENT				
			<u>Land and buildings</u>	<u>Properties under construction</u>	<u>Fixtures and equipment</u>	<u>Total</u>
			HK\$'000	HK\$'000	HK\$'000	HK\$'000
		THE GROUP				
SSAP 17.71(d),(e)	10077(b),(c)	COST OR VALUATION				
		At 1 January 2003	442,099	77,700	103,870	623,669
Sch 10:12(8)	10077(c)	Additions	-	17,260	44,359	61,619
		Acquired on acquisition of a subsidiary	-	-	8,907	8,907
		Exchange differences	2,103	-	972	3,075
		Disposal of a subsidiary	-	-	(22,402)	(22,402)
Sch 10:12(8)	10077(c)	Disposals	-	-	(6,413)	(6,413)
		Revaluation increase	41,586	-	-	41,586
		At 31 December 2003	485,788	94,960	129,293	710,041
SSAP 17.71(a)	10077(a)	Comprising:				
		At cost	-	94,960	129,293	224,253
		At valuation 2003	485,788	-	-	485,788
			485,788	94,960	129,293	710,041
		ACCUMULATED DEPRECIATION				
		At 1 January 2003	9,900	-	46,927	56,827
SSAP 31.113(a)	10154(a)	Charge for the year	13,172	-	16,345	29,517
		Impairment loss	-	-	4,130	4,130
		Exchange differences	51	-	927	978
Sch 10:12(8)	10077(c)	Eliminated on disposal of a subsidiary	-	-	(12,277)	(12,277)
		Eliminated on disposals	-	-	(5,614)	(5,614)
		Eliminated on revaluation	(23,123)	-	-	(23,123)
		At 31 December 2003	-	-	50,438	50,438
		CARRYING AMOUNT				
		At 31 December 2003	485,788	94,960	78,855	659,603
		At 31 December 2002	432,199	77,700	56,943	566,842

Source	Checklist																						
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																					
Sch 10:12(9)	10081	<p>The carrying amount of land and buildings comprises:</p> <table> <tr> <th></th><th><u>31/12/03</u> HK\$'000</th><th><u>31/12/02</u> HK\$'000</th></tr> <tr> <td>Land in Hong Kong:</td><td></td><td></td></tr> <tr> <td>Medium-term lease</td><td>204,735</td><td>182,223</td></tr> <tr> <td>Land outside Hong Kong:</td><td></td><td></td></tr> <tr> <td>Freehold</td><td>127,317</td><td>112,889</td></tr> <tr> <td>Medium-term lease</td><td>153,736</td><td>137,087</td></tr> <tr> <td></td><td><u>485,788</u></td><td><u>432,199</u></td></tr> </table> <p>The impairment loss on fixtures and equipment arose in connection with the restructuring following the disposal of Subsix Limited (see note 7).</p>		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	Land in Hong Kong:			Medium-term lease	204,735	182,223	Land outside Hong Kong:			Freehold	127,317	112,889	Medium-term lease	153,736	137,087		<u>485,788</u>	<u>432,199</u>
	<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000																					
Land in Hong Kong:																							
Medium-term lease	204,735	182,223																					
Land outside Hong Kong:																							
Freehold	127,317	112,889																					
Medium-term lease	153,736	137,087																					
	<u>485,788</u>	<u>432,199</u>																					
SSAP 14.23(a)	10187(a)	The carrying amount of the Group's fixtures and equipment includes an amount of HK\$2.55 million (2002: HK\$1.40 million) in respect of assets held under finance leases.																					
SSAP 17.72(a)	10082	The Group has pledged land and buildings having a carrying amount of approximately HK\$370 million (2002: HK\$320 million) to secure banking facilities granted to the Group.																					
SSAP 17.75(a),(b), (c) Sch 10:12(7)	10078(a), (b),(c) 10079	Land and buildings were revalued at 31 December 2003 by Messrs. Lo & Ko, Chartered Surveyors, on the basis of market value. Messrs. Lo & Ko are not connected with the Group.																					
SSAP 17.75(f)	10078(f)	At 31 December 2003, had all of the land and buildings of the Group been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately HK\$390 million (2002: HK\$410 million).																					
SSAP 17.72(c)	10083	Included in properties under construction is net interest capitalised of HK\$14.12 million (2002: HK\$8.55 million).																					

Source	Checklist		
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued	
SSAP 17.71(d),(e)	10077(b),(c)	<u>THE COMPANY</u> COST At 1 January 2003 Additions At 31 December 2003 DEPRECIATION At 1 January 2003 Charge for the year At 31 December 2003 CARRYING AMOUNT At 31 December 2003 At 31 December 2002	<u>Fixtures and equipment</u> HK\$'000 93,435 9,751 ----- 103,186 ----- 11,969 3,889 ----- 15,858 ----- 87,328 ===== 81,466 =====
		16. INVESTMENT PROPERTY <u>THE GROUP AND THE COMPANY</u> VALUATION At 1 January 2003 Revaluation increase At 31 December 2003	
SSAP 13.21(b)	10085(a)		HK\$'000 11,409 591 ----- 12,000 -----
SSAP 14.53(a)	10151	The Group's investment property is leased out under operating leases.	
SSAP 13.21(h) Sch 10:12(7)	10086 10079	The Group's investment property was revalued at 31 December 2003 by Messrs Lo & Ko, Chartered Surveyors, on an open market value basis. This valuation gave rise to a revaluation increase of HK\$591,000 which has been credited to the investment property revaluation reserve.	
SSAP 13.21(g)	10085(b)	The Group's has pledged all of its investment property to secure general banking facilities granted to the Group.	
Sch 10:12(9)	10081	The Group's investment property is situated in Hong Kong and is held on a medium-term lease.	

Source	Checklist				
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued			
		17. INTANGIBLE ASSETS			
			Development costs HK\$'000	Patents and trademarks HK\$'000	Total HK\$'000
		<u>THE GROUP</u>			
SSAP 29.107(c),(e)	10092	COST			
		At 1 January 2003	-	31,617	31,617
		Additions	3,600	3,835	7,435
		Acquired on acquisition of a subsidiary	-	870	870
		At 31 December 2003	3,600	36,322	39,922
		AMORTISATION			
		At 1 January 2003	-	10,323	10,323
		Charge for the year	360	2,254	2,614
		At 31 December 2003	360	12,577	12,937
		CARRYING AMOUNT			
Sch 10:9(1)(b)	10091	At 31 December 2003	3,240	23,745	26,985
		At 31 December 2002	-	21,294	21,294
SSAP 29.111(b)	10093	The amortisation period for development costs is three years.			
		Patents and trademarks are amortised over their estimated useful lives, which is on average ten years.			

Source	Checklist		
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued	
		18. GOODWILL	
		<u>THE GROUP</u>	
			HK\$'000
SSAP 30.77(e) Sch 10:13(1)(a)	10087	COST	
		At 1 January 2003	8,624
		Exchange differences	194
		Arising on acquisition of a subsidiary	2,043
		Eliminated on disposal of a subsidiary	(6,503)
		At 31 December 2003	4,358
		AMORTISATION	
		At 1 January 2003	6,086
		Exchange differences	149
Sch 10:9(1)(b)	10091	Eliminated on disposal of a subsidiary	(3,545)
		Charge for the year	463
		At 31 December 2003	3,153
		CARRYING AMOUNT	
		At 31 December 2003	1,205
		At 31 December 2002	2,538
SSAP 30.77(a)	9003(d)	Goodwill is amortised over its estimated useful life. The foreseeable life of the goodwill arising on past acquisitions ranges from 12 to 20 years.	

Source	Checklist	
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued
		19. NEGATIVE GOODWILL
		<u>THE GROUP</u>
		HK\$'000
SSAP 30.80(d)	10090	GROSS AMOUNT
		At 1 January and 31 December 2003
		4,665
		RELEASED TO INCOME
		At 1 January 2003
		2,210
		Released in the year
		1,682
		At 31 December 2003
		3,892
		CARRYING AMOUNT
		At 31 December 2003
		773
		At 31 December 2002
		2,455
SSAP 30.80(b) SSAP 30.80(a)	9003(e) 10089	<p>The negative goodwill of HK\$4.67 million arose on the Group's acquisition of Sub A Limited in February 2002. At the date of acquisition, HK\$3.38 million of the negative goodwill was identified as relating to anticipated redundancy costs, expected to be incurred during 2002 and 2003. In 2002, redundancy costs of HK\$1.95 million were incurred and an equivalent amount of the negative goodwill was released to income. In 2003, final settlements in respect of redundancies amounted to HK\$1.42 million, and the remaining balance of negative goodwill attributable to such expenses was released to income.</p> <p>The remaining negative goodwill of HK\$1.3 million is released to income on a straight-line basis over a period of five years, the remaining weighted average useful life of the depreciable assets acquired.</p>

Source	Checklist					
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued				
		20. INVESTMENTS IN SUBSIDIARIES				
		<u>THE COMPANY</u>				
				<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	
Sch 10:18(2)	10097	Unlisted shares at cost		153,680	132,518	
s128(1)&(2) SSAP 32.45(a) App 16.9(1) GR 18.10(1)	10098	Details of the Company's subsidiaries at 31 December 2003 are as follows:				
		<u>Name of subsidiary</u>	<u>Place of incorporation (or registration) and operation</u>	<u>Proportion of ownership interest</u> %	<u>Proportion of voting power held</u> %	<u>Principal activity</u>
		Subone Limited	Hong Kong	100	100	Property investment and construction
		Subtwo Limited	Hong Kong	70	55	Equipment leasing
		Subthree Limited	PRC	100	100	Manufacture of electronic equipment
		Subfour Limited	Taiwan	70	70	Manufacture of electronic equipment
		Subfive Limited	Malaysia	100	100	Manufacture of electronic equipment
App 16.9(1)		Subthree Limited is a co-operative joint venture established in the PRC.				
SSAP 32.45(b) Sch 10:18(4)(a)	10101 10100	<p>The financial statements of Subfour Limited are not consolidated in the Group financial statements. As previously reported, the assets and liabilities of Subfour Limited were placed under court administration during 2001 pending investigation of allegations of misconduct by the minority shareholder and general manager. Consequently, the subsidiary operates under severe long-term restrictions that significantly impair its ability to transfer funds to the Group. As the directors considered that the Group was unlikely to recover any of its investment, the resulting impairment loss was recognised in previous years.</p> <p>Subsequent to the balance sheet date, the administration proceedings were completed and an application was made to wind-up Subfour Limited (see note 48).</p>				

Source	Checklist																																					
		<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>21. INTERESTS IN ASSOCIATES</p> <p><u>THE GROUP</u></p> <table><tr><td></td><td><u>31/12/03</u> HK\$'000</td><td><u>31/12/02</u> HK\$'000</td></tr><tr><td>Share of net assets</td><td>10,132</td><td>12,274</td></tr></table> <p>Details of the Group's associates at 31 December 2003 are as follows:</p> <table><tr><td><u>Name of associate</u></td><td><u>Place of incorporation and operation</u></td><td><u>Proportion of ownership interest</u></td><td><u>Proportion of voting power held</u></td><td><u>Principal activity</u></td></tr><tr><td>Aplus Limited</td><td>Hong Kong</td><td>30%</td><td>30%</td><td>Manufacture of electronic equipment</td></tr><tr><td>Bplus Limited</td><td>Malaysia</td><td>45%</td><td>40%</td><td>Construction</td></tr></table> <p>22. INTERESTS IN JOINT VENTURES</p> <p><u>THE GROUP</u></p> <table><tr><td></td><td><u>31/12/03</u> HK\$'000</td><td><u>31/12/02</u> HK\$'000</td></tr><tr><td>Share of net assets</td><td>34,928</td><td>-</td></tr></table> <p>The Group has the following significant interests in joint ventures:</p> <p>a) a 33.5 per cent equity shareholding with equivalent voting power, in JV Electronics Limited, an incorporated co-operative joint venture established in Shanghai, the People's Republic of China; and</p> <p>b) a 25 per cent share in the ownership of a retail property located in Sheung Wan. The Group is entitled to a proportionate share of the retail income received and bears a proportionate share of the outgoings.</p> <p>The assets and liabilities recognised in the financial statements in relation to the Group's interest in this jointly controlled property are as follows:</p> <table><tr><td></td><td><u>31/12/03</u> HK\$'000</td><td><u>31/12/02</u> HK\$'000</td></tr><tr><td>Land and buildings</td><td>45,400</td><td>39,630</td></tr><tr><td>Trade and other payables</td><td>(938)</td><td>(513)</td></tr></table>		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	Share of net assets	10,132	12,274	<u>Name of associate</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting power held</u>	<u>Principal activity</u>	Aplus Limited	Hong Kong	30%	30%	Manufacture of electronic equipment	Bplus Limited	Malaysia	45%	40%	Construction		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	Share of net assets	34,928	-		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	Land and buildings	45,400	39,630	Trade and other payables	(938)	(513)
	<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000																																				
Share of net assets	10,132	12,274																																				
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SSAP 10.34	10123 10124																																					
SSAP 21.45	10130 10131																																					

Source	Checklist		
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued	
SSAP 24.49	10138	23. INVESTMENTS IN SECURITIES	
Sch 10:9(1)(a)			
Sch 10:9(3)	10140	<u>THE GROUP AND THE COMPANY</u>	
		Non-current investments	
			<div> <div>31/12/03</div> <div>31/12/02</div> <div>HK\$'000</div> <div>HK\$'000</div> </div>
		Available-for-sale securities (equity)	<div> <div>23,543</div> <div>25,602</div> </div>
		Current investments	
		Trading securities (equity)	<div> <div>37,243</div> <div>29,730</div> </div>
		All of the Group's investments in securities are investments listed on the Stock Exchange of Hong Kong Limited and are carried at market value.	
SSAP 22.30(b)	10162(a)	24. INVENTORIES	
		<u>THE GROUP</u>	
			<div> <div>31/12/03</div> <div>31/12/02</div> <div>HK\$'000</div> <div>HK\$'000</div> </div>
		Raw materials	<div> <div>84,255</div> <div>80,504</div> </div>
		Work-in-progress	<div> <div>2,578</div> <div>1,893</div> </div>
		Finished goods	<div> <div>31,062</div> <div>26,301</div> </div>
			<div> <div>117,895</div> <div>108,698</div> </div>
SSAP 22.30(c)	10162(b)	Included above are raw materials of HK\$1.2 million (2002: HK\$0.8 million) and work in progress of HK\$0.3 million (2002: Nil) carried at net realisable value.	
SSAP 22.30(f)	10162(e)	Inventories with a carrying amount of HK\$26 million (2002: HK\$19.3 million) have been pledged as security for certain of the Group's bank borrowings.	

Source	Checklist				
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued			
		25. FINANCE LEASE RECEIVABLES			
			Minimum lease payments <u>31/12/03</u> <u>31/12/02</u> HK\$'000 HK\$'000	Present value of minimum lease payments <u>31/12/03</u> <u>31/12/02</u> HK\$'000 HK\$'000	
		<u>THE GROUP</u>			
SSAP 14.42(a)	10149(a),(b)	Amounts receivable under finance leases:			
		Within one year	72,526	65,948	54,713
		In the second to fifth years inclusive	120,875	109,913	114,937
					49,674
					104,489
SSAP 14.42(b)	10149(c)	Less: unearned finance income	193,401 (23,751)	175,861 (21,698)	169,650 N/A
					N/A
		Present value of minimum lease payments receivable	169,650	154,163	169,650
					154,163
		Analysed as:			
SSAP 1.56	6010	Non-current finance lease receivables (recoverable after 12 months)			114,937
		Current finance lease receivables (recoverable within 12 months)			104,489
					54,713
					49,674
					169,650
					154,163
SSAP 14.42(f)	10149(g)	The Group enters into finance leasing arrangements for certain of its electronic equipment. The average term of finance leases entered into is 4 years. The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The weighted average interest rate on finance lease receivables at 31 December 2003 was 11.9 per cent (2002: 12.5 per cent).			
SSAP 14.42(c)	10149(d)	Unguaranteed residual values of assets leased under finance leases are estimated at HK\$0.37 million (2002: HK\$0.25 million).			

Source	Checklist																																					
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																																				
		26. TRADE AND OTHER RECEIVABLES																																				
App 16.4(2)(b)(ii) GR 18.50A(2)(b)(ii)	10165	The Group's policy is to allow an average credit period of 60 days to its trade customers.																																				
App 16.4(2)(b)(ii) GR 18.50A(2)(b)(ii)	10165	<p>The following is an aged analysis of trade receivables at the balance sheet date:</p> <p><u>THE GROUP</u></p> <table> <tr> <th></th><th><u>31/12/03</u> HK\$'000</th><th><u>31/12/02</u> HK\$'000</th></tr> <tr> <td>0-60 days</td><td>80,241</td><td>106,165</td></tr> <tr> <td>61-90 days</td><td>2,759</td><td>5,007</td></tr> <tr> <td>>90 days</td><td>264</td><td>586</td></tr> <tr> <td></td><td><hr/></td><td><hr/></td></tr> <tr> <td></td><td>83,264</td><td>111,758</td></tr> <tr> <td>Amount due from contract customers (note 27)</td><td>24,930</td><td>17,302</td></tr> <tr> <td>Deferred consideration on disposal of subsidiary (note 40)</td><td>23,539</td><td>-</td></tr> <tr> <td>Other receivables</td><td>2,461</td><td>-</td></tr> <tr> <td></td><td><hr/></td><td><hr/></td></tr> <tr> <td></td><td>134,194</td><td>129,060</td></tr> <tr> <td></td><td><hr/></td><td><hr/></td></tr> </table> <p>Included in other receivables are currency and interest rate derivative assets with a fair value of HK\$1.4 million (see note 35).</p>		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	0-60 days	80,241	106,165	61-90 days	2,759	5,007	>90 days	264	586		<hr/>	<hr/>		83,264	111,758	Amount due from contract customers (note 27)	24,930	17,302	Deferred consideration on disposal of subsidiary (note 40)	23,539	-	Other receivables	2,461	-		<hr/>	<hr/>		134,194	129,060		<hr/>	<hr/>
	<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000																																				
0-60 days	80,241	106,165																																				
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	134,194	129,060																																				
	<hr/>	<hr/>																																				

Source	Checklist			
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued		
		27. CONSTRUCTION CONTRACTS		
		<u>THE GROUP</u>		
			<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000
		Contracts in progress at balance sheet date:		
SSAP 23.41(a)	10164(a)	Amounts due from contract customers included in trade and other receivables	24,930	17,302
SSAP 23.41(b)	10164(b)	Amounts due to contract customers included in trade and other payables	(3,587)	(3,904)
			<hr/>	<hr/>
			21,343	13,398
			<hr/>	<hr/>
SSAP 23.39(a)	10163(a)	Contract costs incurred plus recognised profits less recognised losses to date	59,039	33,829
		Less: progress billings	(37,696)	(20,431)
			<hr/>	<hr/>
			21,343	13,398
			<hr/>	<hr/>
SSAP 23.39(b),(c)	10163(b),(c)	At 31 December 2003, retentions held by customers for contract work amounted to HK\$2.3 million (2002: HK\$1.8 million). Advances received from customers for contract work amounted to HK\$0.85 million (2002: Nil).		
SSAP 1.56	6010	At 31 December 2003, amounts of HK\$4.3 million (2002: HK\$2.1 million) included in trade and other receivables and arising from construction contracts are due for settlement after more than 12 months.		

Source	Checklist				
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued			
SSAP 1.77(a) Sch 10:2 SSAP 1.94(f)	10167 10167 7002(c)	28. SHARE CAPITAL <u>THE GROUP AND THE COMPANY</u>			
			<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	
		Authorised:			
		200 million ordinary shares of par value HK\$1 each	200,000	200,000	
		Issued and fully paid:			
		At 1 January	120,000	110,134	
SSAP 1.94(d)	7002(a)	Shares issued for cash	-	9,866	
SSAP 1.94(d)	7002(a)	Shares issued on exercise of warrants	461	-	
s49H(1)	10169	Transfer to capital redemption reserve	(350)	-	
		At 31 December	120,111	120,000	
		The Company has one class of ordinary shares which carry no right to fixed income.			
LR10.06(4)(b) GR 13.13(2) SSAP 1.94(f)	1006 7002(c)	During the year, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited as follows:			
		<u>Month of repurchase</u>	<u>No. of shares of HK\$1 each</u>	<u>Price per share</u> <u>Highest</u> HK\$	<u>Aggregate consideration paid</u> HK\$'000
		September 2003	50,000	2.50	122
		October 2003	300,000	2.25	657
					779
		On 14 February 2004, a capitalisation issue of 1 bonus share for every four shares in issue resulted in an increase in issued share capital of HK\$30 million, and an equivalent reduction in the share premium account.			
		Warrants			
		A bonus issue of warrants was made on the basis of one warrant for every two ordinary shares held on 15 March 2003. Each warrant carries an entitlement to subscribe in cash at a price of HK\$2.20 for one ordinary share of the Company, at any time from the date of issue to 30 June 2004.			
		During the year, the registered holders of 461,500 warrants exercised their rights to subscribe for ordinary shares. At the balance sheet date, the Company had outstanding 59,363,500 warrants. Exercise in full of such warrants would result in the issue of 59,363,500 additional shares of HK\$1 each.			

Source	Checklist					
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued				
		<i>Note: The analysis of reserves in the following notes need only be presented for the Group where the Group has not opted to present a comprehensive statement of changes in equity.</i>				
		<i>A detailed analysis of reserves movements for the Company will generally be required because no statement of changes in equity is presented for the Company.</i>				
SSAP 1.77(b) SSAP 1.94(f)	10173(b) 7002(c)	29. CAPITAL RESERVES				
		<u>THE GROUP AND THE COMPANY</u>				
			Share premium HK\$'000	Equity reserve HK\$'000	Capital redemption reserve HK\$'000	Total HK\$'000
		Balance at 1 January 2002	22,232	-	-	22,232
SSAP 1.94(d)	7002(a)	Premium arising on shares issued for cash	9,866	-	-	9,866
		Balance at 1 January 2003	32,098	-	-	32,098
SSAP 1.94(f)	7002(c)	Equity component of convertible loan notes issued (see note 34)	-	995	-	995
SSAP 12.81(a)	10064	Deferred tax liability arising on recognition of equity component of convertible loan notes	-	(174)	-	(174)
SSAP 1.94(d)	7002(a)	Premium arising on shares issued on exercise of warrants	554	-	-	554
s49H(1)	10169	Repurchase of shares	-	-	350	350
		Balance at 31 December 2003	32,652	821	350	33,823

Source	Checklist					
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued				
		30. REVALUATION RESERVES				
		<u>THE GROUP</u>				
SSAP 1.77(b) SSAP 1.94(f) SSAP 17.75(g) SSAP 13.21(c) SSAP 24.48(e)	10173(b) 7002(c) 7003(a) 7003(b) 7003(d)		Investment property revaluation reserve HK\$'000	Other properties revaluation reserve HK\$'000	Investments revaluation reserve HK\$'000	Total HK\$'000
SSAP 1.94(c)	7001(c)	Balance at 1 January 2002 - as originally stated - adjustment on adoption of SSAP 12 (Revised)	242 -	46,678 (7,464)	- -	46,920 (7,464)
SSAP 12.81(a)	10064	- as restated Revaluation decrease Reversal of deferred tax liability arising on revaluation of properties Increase in fair value of available-for-sale securities	242 (49) - -	39,214 (4,049) 648 -	- - - 5,432	39,456 (4,098) 648 5,432
SSAP 12.81(a)	10064	Balance at 1 January 2003 Revaluation increase Deferred tax liability arising on revaluation Effect of change in tax rate on opening deferred tax liabilities Released on disposal of available-for-sale securities Increase in fair value of available-for-sale securities Balance at 31 December 2003	193 591 - - - - 784	35,813 64,709 (9,743) (640) - - 90,139	5,432 - - - (611) 251 5,072	41,438 65,300 (9,743) (640) (611) 251 95,995
		<u>THE COMPANY</u>				
				Investment property revaluation reserve 2003 HK\$'000	2002 HK\$'000	
SSAP 1.94(c)	7001(c)	At 1 January		193	240	
SSAP 13.21(c) SSAP 12.81(a)	7003(b) 10064	Revaluation increase (decrease) (Deferred tax liability arising)/reversal of deferred tax liability arising on revaluation of investment property	591 (30)		(49) 2	
		At 31 December		754	193	

Source	Checklist	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued		
SSAP 1.77(b) SSAP 1.94(f) SSAP 11.36(c)	10173(b) 7002(c) 7003(e)	31. HEDGING AND TRANSLATION RESERVES <u>THE GROUP</u>	<u>Hedging reserve</u> HK\$'000	<u>Translation reserve</u> HK\$'000
			<u>Total</u> HK\$'000	
		Balance at 1 January 2002	1,235	(2,252)
SSAP 1.94(b)	7001(b)	Exchange differences arising on translation of overseas operations	-	2,706
SSAP 1.94(f)	7002(c)	Increase in fair value of hedging derivatives	550	-
SSAP 1.94(f)	7002(c)	Net gain on hedging derivatives transferred to inventories	(895)	-
		Balance at 1 January 2003	890	454
SSAP 1.94(b)	7001(b)	Exchange differences arising on translation of overseas operations	-	(12,947)
SSAP 1.94(f)	7002(c)	Increase in fair value of hedging derivatives	1,723	-
SSAP 1.94(f)	7002(c)	Net gain on hedging derivatives transferred to income	(995)	-
		Net gain on hedging derivatives transferred to inventories	(218)	-
		Balance at 31 December 2003	1,400	(12,493)
SSAP 1.77(b) SSAP 1.94(e)	10173(b) 7002(b)	32. ACCUMULATED PROFITS	<u>THE GROUP</u> HK\$'000	<u>THE COMPANY</u> HK\$'000
		Balance at 1 January 2002		
		- as originally stated	131,849	121,586
SSAP 1.94(c)	7001(c)	- adjustment on adoption of SSAP 12 (Revised)	(1,100)	-
		- as restated	130,749	121,586
		Dividends paid	(8,040)	(8,040)
		Net profit for the year	23,805	8,394
SSAP 1.94(d)	7002(a)	Balance at 1 January 2003	146,514	121,940
SSAP 1.94(a)	7001(a)	Dividends paid	(5,040)	(5,040)
SSAP 1.94(d)	7002(a)	Net profit for the year	104,866	7,269
		Repurchase of shares	(779)	(779)
		Balance at 31 December 2003	245,561	123,390

Source	Checklist																																																																																																																																																			
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																																																																																																																																																		
SSAP 10.38(a) SSAP 21.53(a)	10174 10175	The accumulated profits of the Group include HK\$9 million (2002: HK\$11.1 million) retained by associates of the Group and HK\$3.1 million (2002: HK\$ nil) retained by its jointly controlled entity.																																																																																																																																																		
App 16.29 GR 18.37 GR 24.21 GR 25.33	1049	The Company's reserves available for distribution to shareholders at 31 December 2003, amounted to HK\$123.4 million (2002: HK\$121.9 million)																																																																																																																																																		
		33. BANK OVERDRAFTS AND LOANS																																																																																																																																																		
		<table><tr><td></td><td colspan="2"><u>THE GROUP</u></td><td colspan="2"><u>THE COMPANY</u></td></tr><tr><td></td><td><u>31/12/03</u></td><td><u>31/12/02</u></td><td><u>31/12/03</u></td><td><u>31/12/02</u></td></tr><tr><td></td><td>HK\$'000</td><td>HK\$'000</td><td>HK\$'000</td><td>HK\$'000</td></tr><tr><td>Bank overdrafts</td><td>51,907</td><td>41,909</td><td>-</td><td>-</td></tr><tr><td>Bank loans</td><td>448,753</td><td>535,530</td><td>72,265</td><td>72,265</td></tr><tr><td></td><td><hr/></td><td><hr/></td><td><hr/></td><td><hr/></td></tr><tr><td>Sch 10:9(1)(d)</td><td>10180</td><td>500,660</td><td>577,439</td><td>72,265</td><td>72,265</td></tr><tr><td></td><td></td><td><hr/></td><td><hr/></td><td><hr/></td><td><hr/></td></tr><tr><td>App 16.22(l) GR 18.21</td><td>10188</td><td colspan="4">The borrowings are repayable as follows:</td></tr><tr><td></td><td></td><td>On demand or within one year</td><td>144,307</td><td>128,686</td><td>-</td><td>-</td></tr><tr><td></td><td></td><td>In the second year</td><td>92,400</td><td>164,665</td><td>-</td><td>72,265</td></tr><tr><td></td><td></td><td>In the third to fifth years inclusive</td><td>263,953</td><td>277,200</td><td>72,265</td><td>-</td></tr><tr><td></td><td></td><td>After five years</td><td>-</td><td>6,888</td><td>-</td><td>-</td></tr><tr><td></td><td></td><td></td><td><hr/></td><td><hr/></td><td><hr/></td><td><hr/></td></tr><tr><td></td><td></td><td></td><td>500,660</td><td>577,439</td><td>72,265</td><td>72,265</td></tr><tr><td></td><td></td><td>Less: Amount due for settlement within 12 months (shown under current liabilities)</td><td>(144,307)</td><td>(128,686)</td><td>-</td><td>-</td></tr><tr><td></td><td></td><td></td><td><hr/></td><td><hr/></td><td><hr/></td><td><hr/></td></tr><tr><td>SSAP 1.56</td><td>6010</td><td>Amount due for settlement after 12 months</td><td>356,353</td><td>448,753</td><td>72,265</td><td>72,265</td></tr><tr><td></td><td></td><td></td><td><hr/></td><td><hr/></td><td><hr/></td><td><hr/></td></tr><tr><td>Sch 10:9(4)</td><td>10182</td><td colspan="5">The principal features of the Group's borrowings are as follows:</td></tr><tr><td></td><td></td><td colspan="5">i) Bank overdrafts are repayable on demand. Overdrafts of HK\$20.9 million (2002: HK\$15.4 million) have been secured by a charge over the Group's inventories. The average interest rate paid on bank overdrafts during the period was 8.7 per cent (2002: 9.2 per cent).</td></tr><tr><td></td><td></td><td colspan="5">ii) The Group has two principal bank loans:</td></tr><tr><td></td><td></td><td colspan="5">a) a loan of HK\$376.5 million (2002: HK\$463.3 million). The loan was raised on 1 February 2001. Repayments commenced on 1 February 2003 and will continue until 2 January 2008. The loan is secured by a charge over certain of the Group's properties dated 1 February 2001; and</td></tr></table>		<u>THE GROUP</u>		<u>THE COMPANY</u>			<u>31/12/03</u>	<u>31/12/02</u>	<u>31/12/03</u>	<u>31/12/02</u>		HK\$'000	HK\$'000	HK\$'000	HK\$'000	Bank overdrafts	51,907	41,909	-	-	Bank loans	448,753	535,530	72,265	72,265		<hr/>	<hr/>	<hr/>	<hr/>	Sch 10:9(1)(d)	10180	500,660	577,439	72,265	72,265			<hr/>	<hr/>	<hr/>	<hr/>	App 16.22(l) GR 18.21	10188	The borrowings are repayable as follows:						On demand or within one year	144,307	128,686	-	-			In the second year	92,400	164,665	-	72,265			In the third to fifth years inclusive	263,953	277,200	72,265	-			After five years	-	6,888	-	-				<hr/>	<hr/>	<hr/>	<hr/>				500,660	577,439	72,265	72,265			Less: Amount due for settlement within 12 months (shown under current liabilities)	(144,307)	(128,686)	-	-				<hr/>	<hr/>	<hr/>	<hr/>	SSAP 1.56	6010	Amount due for settlement after 12 months	356,353	448,753	72,265	72,265				<hr/>	<hr/>	<hr/>	<hr/>	Sch 10:9(4)	10182	The principal features of the Group's borrowings are as follows:							i) Bank overdrafts are repayable on demand. Overdrafts of HK\$20.9 million (2002: HK\$15.4 million) have been secured by a charge over the Group's inventories. The average interest rate paid on bank overdrafts during the period was 8.7 per cent (2002: 9.2 per cent).							ii) The Group has two principal bank loans:							a) a loan of HK\$376.5 million (2002: HK\$463.3 million). The loan was raised on 1 February 2001. Repayments commenced on 1 February 2003 and will continue until 2 January 2008. The loan is secured by a charge over certain of the Group's properties dated 1 February 2001; and				
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SSAP 1.66	6008	<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>b) a loan of HK\$72.3 million (2002: HK\$72.3 million) secured on certain current and non-current assets of the Group. This loan was advanced on 1 July 2002 and was originally due for repayment in full on 30 June 2004. Subsequent to the balance sheet date, the bank has agreed to reschedule the loan repayment date to 3 January 2006. On the basis of the post-year end agreement to reschedule the repayment, the loan continues to be treated as long-term.</p> <p>Both of the Group's bank loans are arranged at floating rates. The average interest rate paid during the period was 7.8 per cent (2002: 8.1 per cent).</p> <p>34. CONVERTIBLE LOAN NOTES</p> <p>The convertible loan notes were issued on 1 April 2003, and are secured by a personal guarantee of a director. The notes are convertible into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date. On issue, the loan notes were convertible at 18 shares per HK\$10 loan note. The conversion rate has been adjusted to 22.5 shares per HK\$10 loan note following the capitalisation issue of shares on 14 February 2004.</p> <p>If the notes have not been converted, they will be redeemed on 1 April 2005 at par. Interest of 5 per cent will be paid annually up until that settlement date.</p> <p>The net proceeds received from the issue of the convertible loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group, as follows:</p> <table><tr><td></td><td>HK\$'000</td></tr><tr><td>Nominal value of convertible loan notes issued</td><td>25,000</td></tr><tr><td>Equity component recognised in equity (capital reserves)</td><td>(995)</td></tr><tr><td></td><td>-----</td></tr><tr><td>Liability component at date of issue</td><td>24,005</td></tr><tr><td>Interest charged</td><td>1,260</td></tr><tr><td>Interest paid</td><td>(938)</td></tr><tr><td></td><td>-----</td></tr><tr><td>Liability component at 31 December 2003</td><td>24,327</td></tr><tr><td></td><td>=====</td></tr></table> <p>35. DERIVATIVE FINANCIAL INSTRUMENTS</p> <p>Currency Derivatives</p> <p>The Group utilises currency derivatives to hedge future transactions and cash flows. The Group is party to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.</p>		HK\$'000	Nominal value of convertible loan notes issued	25,000	Equity component recognised in equity (capital reserves)	(995)		-----	Liability component at date of issue	24,005	Interest charged	1,260	Interest paid	(938)		-----	Liability component at 31 December 2003	24,327		=====
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	=====																					

Source	Checklist													
		<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>At the balance sheet date, the Group had contracted to sell the following amounts under forward contracts.</p> <table> <tr> <th></th><th><u>31/12/03</u> HK\$'000</th><th><u>31/12/02</u> HK\$'000</th></tr> <tr> <td>United States dollars</td><td>497,233</td><td>354,782</td></tr> <tr> <td>Others</td><td>49,807</td><td>48,791</td></tr> <tr> <td></td><td><u>547,040</u></td><td><u>403,573</u></td></tr> </table> <p>In addition, the Group had options to purchase Malaysian ringgits equivalent to an amount of approximately HK\$50 million as a hedge against future exchange losses on purchases of goods.</p> <p>These arrangements are designed to address significant exchange exposures for the first half of 2004, and are renewed on a revolving basis as required.</p> <p>At 31 December 2003, the fair value of the Group's currency derivatives is estimated to be approximately HK\$0.74 million (1 January 2003: HK\$0.46 million). These amounts are based on market values of equivalent instruments at the balance sheet date, comprising HK\$1.01 million assets included in trade and other receivables and HK\$0.27 million liabilities included in trade and other payables. The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to HK\$1.01 million (1 January 2003 HK\$0.63 million) has been deferred in equity.</p> <p>Amounts of HK\$0.62 million and HK\$0.22 million respectively have been transferred to the income statement and inventories in respect of contracts matured during the period.</p> <p>Changes in the fair value of non-hedging currency derivatives amounting to HK\$0.1 million have been charged to income in the year (1 January 2003: HK\$0.17 million charged against accumulated profits).</p> <p>Interest Rate Swaps</p> <p>The Group uses interest rates swaps to manage its exposure to interest rate movements on its bank borrowings. Contracts with nominal values of HK\$20 million have fixed interest payments at an average rate of 7 per cent for periods up until 2007.</p> <p>The fair value of swaps entered into at 31 December 2003 is estimated at HK\$0.39 million (1 January 2003: HK\$0.26 million). These amounts are based on market values of equivalent instruments at the balance sheet date. All of these interest rate swaps are designated and effective as cash flow hedges and the fair value thereof has been deferred in equity. An amount of HK\$0.38 million has been offset against hedged interest payments made in the period.</p>		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	United States dollars	497,233	354,782	Others	49,807	48,791		<u>547,040</u>	<u>403,573</u>
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SSAP 12.81(e)	10194(a)	<p>At 31 December 2003, the Group has unused tax losses of HK\$11.23 million (2002: HK\$16.53 million) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$3.53 million (2002: HK\$5.08 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$7.7 million (2002: HK\$11.45 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$2.38 million (2002: HK\$3.29 million) that will expire in 2006. Other losses may be carried forward indefinitely.</p>																																																																																																																																																																																																																								

Source	Checklist																																														
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																																													
SSAP 12.81(f)	10194(b)	At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was HK\$7.9 million (2002: HK\$6.3 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.																																													
SSAP 12.81(f)	10194(b)	Temporary differences arising in connection with interests in associates and jointly controlled entities are insignificant.																																													
		37. OBLIGATIONS UNDER FINANCE LEASES																																													
		<u>THE GROUP</u>																																													
		<table><tr><td></td><td colspan="2"><u>Minimum lease payments</u></td><td colspan="2"><u>Present value of minimum lease payments</u></td></tr><tr><td></td><td><u>31/12/03</u></td><td><u>31/12/02</u></td><td><u>31/12/03</u></td><td><u>31/12/02</u></td></tr><tr><td></td><td>HK\$'000</td><td>HK\$'000</td><td>HK\$'000</td><td>HK\$'000</td></tr></table>		<u>Minimum lease payments</u>		<u>Present value of minimum lease payments</u>			<u>31/12/03</u>	<u>31/12/02</u>	<u>31/12/03</u>	<u>31/12/02</u>		HK\$'000	HK\$'000	HK\$'000	HK\$'000																														
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	HK\$'000	HK\$'000	HK\$'000	HK\$'000																																											
SSAP 14.23(b)	10186(b),(c)	<p>Amounts payable under finance leases:</p> <table><tr><td>Within one year</td><td>1,655</td><td>2,245</td><td>1,470</td><td>1,483</td></tr><tr><td>In the second to fifth years inclusive</td><td>1,014</td><td>1,365</td><td>923</td><td>1,244</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Less: future finance charges</td><td>2,669 (276)</td><td>3,610 (883)</td><td>2,393 N/A</td><td>2,727 N/A</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Present value of lease obligations</td><td>2,393</td><td>2,727</td><td>2,393</td><td>2,727</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Less: Amount due for settlement within 12 months (shown under current liabilities)</td><td></td><td></td><td>(1,470)</td><td>(1,483)</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Within one year	1,655	2,245	1,470	1,483	In the second to fifth years inclusive	1,014	1,365	923	1,244						Less: future finance charges	2,669 (276)	3,610 (883)	2,393 N/A	2,727 N/A						Present value of lease obligations	2,393	2,727	2,393	2,727						Less: Amount due for settlement within 12 months (shown under current liabilities)			(1,470)	(1,483)					
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SSAP 1.56	6010	<table><tr><td>Amount due for settlement after 12 months</td><td></td><td></td><td>923</td><td>1,244</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Amount due for settlement after 12 months			923	1,244																																								
Amount due for settlement after 12 months			923	1,244																																											
SSAP 14.30(d)	10187(d)	<p>It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 3-4 years. For the year ended 31 December 2003, the average effective borrowing rate was 8.5 per cent (2002: 8.8 per cent). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.</p> <p>The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.</p> <p>The Company had no finance lease obligations at the balance sheet date (2002: Nil).</p>																																													

Source	Checklist																																		
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																																	
App 16.4(2)(c) GR 18.50A(2)(c)	10197	38. TRADE AND OTHER PAYABLES The following is an aged analysis of the Group's trade payables at the balance sheet: <table><tr><td></td><td><u>31/12/03</u> HK\$'000</td><td><u>31/12/02</u> HK\$'000</td></tr><tr><td>0-60 days</td><td>96,238</td><td>48,660</td></tr><tr><td>61-90 days</td><td>32,803</td><td>23,548</td></tr><tr><td>>90 days</td><td>8,442</td><td>5,879</td></tr><tr><td></td><td><hr/></td><td><hr/></td></tr><tr><td></td><td>137,483</td><td>78,087</td></tr><tr><td>Amounts due to contract customers (note 27)</td><td>3,587</td><td>3,904</td></tr><tr><td>Other payables</td><td>879</td><td>3,580</td></tr><tr><td></td><td><hr/></td><td><hr/></td></tr><tr><td></td><td>141,949</td><td>85,571</td></tr><tr><td></td><td><hr/></td><td><hr/></td></tr></table> Included in other payables are currency derivative liabilities with a fair value of HK\$0.27 million (see note 35).		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	0-60 days	96,238	48,660	61-90 days	32,803	23,548	>90 days	8,442	5,879		<hr/>	<hr/>		137,483	78,087	Amounts due to contract customers (note 27)	3,587	3,904	Other payables	879	3,580		<hr/>	<hr/>		141,949	85,571		<hr/>	<hr/>
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		39. PROVISIONS																																	
SSAP 28.84 Sch 10:7	10211	<u>THE GROUP</u> <table><tr><td></td><td><u>Warranty provision</u> HK\$'000</td><td><u>Restructuring provision</u> HK\$'000</td><td><u>Other</u> HK\$'000</td><td><u>Total</u> HK\$'000</td></tr><tr><td>At 1 January 2003</td><td>1,572</td><td>-</td><td>493</td><td>2,065</td></tr><tr><td>Additional provision in the year</td><td>946</td><td>14,170</td><td>58</td><td>15,174</td></tr><tr><td>Utilisation of provision</td><td>(298)</td><td>(8,112)</td><td>(279)</td><td>(8,689)</td></tr><tr><td></td><td><hr/></td><td><hr/></td><td><hr/></td><td><hr/></td></tr></table>		<u>Warranty provision</u> HK\$'000	<u>Restructuring provision</u> HK\$'000	<u>Other</u> HK\$'000	<u>Total</u> HK\$'000	At 1 January 2003	1,572	-	493	2,065	Additional provision in the year	946	14,170	58	15,174	Utilisation of provision	(298)	(8,112)	(279)	(8,689)		<hr/>	<hr/>	<hr/>	<hr/>								
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Sch 10:6	10209	At 31 December 2003 <table><tr><td><hr/></td><td><hr/></td><td><hr/></td><td><hr/></td></tr><tr><td>2,220</td><td>6,058</td><td>272</td><td>8,550</td></tr><tr><td><hr/></td><td><hr/></td><td><hr/></td><td><hr/></td></tr></table>	<hr/>	<hr/>	<hr/>	<hr/>	2,220	6,058	272	8,550	<hr/>	<hr/>	<hr/>	<hr/>																					
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2,220	6,058	272	8,550																																
<hr/>	<hr/>	<hr/>	<hr/>																																
SSAP 28.85	10210	The warranty provision represents management's best estimate of the Group's liability under 12 month warranties granted on electrical products, based on past experience and industry averages for defective products.																																	
SSAP 28.85	10210	The restructuring provision relates to redundancy costs incurred on the disposal of Subsix Limited (see note 7). As at 31 December 2003, approximately 50 per cent of the affected employees had left the Group's employment, with the remainder departing in January 2004. The Company had no provisions at the balance sheet date (2002: Nil).																																	

Source	Checklist		
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued	
		40. DISPOSAL OF SUBSIDIARY	
		As referred to in note 10, on 30 November 2003 the Group discontinued its toy operations at the time of the disposal of its subsidiary Subsix Limited.	
SSAP 15.38(d) SSAP 33.31(b) SSAP 33.45	8011(d) 10029(b)(iii) 10037	The net assets of Subsix Limited at the date of disposal and at 31 December 2002 were as follows:	
			<div> <div>31/12/03</div> <div>31/12/02</div> <div>HK\$'000</div> <div>HK\$'000</div> </div>
		Property, plant and equipment	10,125 7,293
		Inventories	11,976 14,247
		Trade receivables	12,264 11,685
SSAP 15.38(c)	8011(c)	Bank balances and cash	4,382 1,946
		Retirement benefit obligation	(4,932) (5,107)
		Deferred tax liability	(189) -
		Income tax liability	(1,854) (37)
		Trade payables	(2,387) (2,104)
SSAP 15.38(c)	8011(c)	Bank overdraft	(6,398) (7,200)
		Attributable goodwill	2,958 3,039
			25,945 23,762
		Profit on disposal	8,493
SSAP 15.38(a) SSAP 33.31(b)	8011(a) 10029(b)(i)	Total consideration	34,438
		Satisfied by:	
SSAP 15.38(b)	8011(b)	Cash	10,899
		Deferred consideration	23,539
			34,438
		Net cash inflow arising on disposal:	
		Cash consideration	10,899
		Bank balances and cash disposed of	(4,382)
		Bank overdraft disposed of	6,398
			12,915
SSAP 33.31(b)	10029(b)(ii)	The deferred consideration will be settled in cash by the purchaser on or before 30 May 2004.	
SSAP 32.45(b)(vi)	10104(b)	The impact of Subsix Limited on the Group's results and cash flows in the current and prior periods is disclosed in note 10.	

Source	Checklist	
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued
		41. ACQUISITION OF SUBSIDIARY
SSAP 30.76	10110	On 1 August 2003, the Group acquired 100 per cent of the issued share capital of Subfive limited for cash consideration of HK\$7.9 million. This transaction has been accounted for by the purchase method of accounting. <div>01/08/03 HK\$'000</div>
SSAP 15.38(d)	8011(d)	Net assets acquired: Property, plant and equipment 8,907 Trademarks 870 Deferred tax asset 201 Inventories 2,854 Trade receivables 12,520 Bank and cash balances 4,272 Retirement benefit obligation (2,436) Trade payables (21,289) <div>5,899 2,043</div>
SSAP 15.38(c)	8011(c)	
SSAP 15.38(a)	8011(a)	Total consideration <div>7,942</div>
SSAP 15.38(b)	8011(b)	Satisfied by cash <div>7,942</div> Net cash outflow arising on acquisition: Cash consideration (7,942) Bank balances and cash acquired 4,272 <div>(3,670)</div>
SSAP 32.45(b)(v)	10104(a)	Subfive Limited contributed HK\$15.3 million of revenue and HK\$1.2 million of profit before tax for the period between the date of acquisition and the balance sheet date.
SSAP 15.41	8013	42. NON-CASH TRANSACTIONS Additions to fixtures and equipment during the year amounting to HK\$1.56 million were financed by new finance leases. Additions of HK\$4.19 million in 2002 were acquired on deferred payment terms, and were settled in the current year.

Source	Checklist																
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued															
Sch 10:12(4) Sch 10:12(5) SSAP 28.86	10212 10213	43. CONTINGENT LIABILITIES During the reporting period, a customer of the Group instigated proceedings against a subsidiary for alleged defects in an electronic product which, it is claimed, was the cause of a major fire in the customer's premises in February 2003. Total losses to the customer have been estimated at HK\$29.8 million and this amount is being claimed from the subsidiary. The Group's lawyers have advised that they do not consider that the suit has merit, and they have recommended that it be contested. No provision has been made in these financial statements as the Group's management do not consider that there is any probable loss.															
SSAP 21.50	10220	Contingent Liabilities Arising from Interest in Jointly Controlled Entity <table> <tr> <th></th><th><u>31/12/03</u> HK\$'000</th><th><u>31/12/02</u> HK\$'000</th></tr> <tr> <td>Guarantees given to banks in respect of bank facilities utilised by jointly controlled entity</td><td>22,981</td><td>23,023</td></tr> <tr> <td>Share of contingent liabilities of jointly controlled entity arising from bills of exchange discounted with recourse</td><td>7,720</td><td>5,029</td></tr> <tr> <td>Guarantees given to banks in respect of bank facilities utilised by joint venture partners</td><td>5,371</td><td>8,209</td></tr> <tr> <td></td><td><u>36,072</u></td><td><u>36,261</u></td></tr> </table> The Company had no contingent liabilities at the balance sheet date (2002: Nil).		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	Guarantees given to banks in respect of bank facilities utilised by jointly controlled entity	22,981	23,023	Share of contingent liabilities of jointly controlled entity arising from bills of exchange discounted with recourse	7,720	5,029	Guarantees given to banks in respect of bank facilities utilised by joint venture partners	5,371	8,209		<u>36,072</u>	<u>36,261</u>
	<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000															
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	<u>36,072</u>	<u>36,261</u>															
Sch 10:12(6) SSAP 17.72(d)	10221 10222	44. CAPITAL COMMITMENTS <table> <tr> <th></th><th><u>31/12/03</u> HK\$'000</th><th><u>31/12/02</u> HK\$'000</th></tr> <tr> <td>Commitments for the acquisition of property, plant and equipment</td><td></td><td></td></tr> <tr> <td>- contracted for but not provided in the financial statements</td><td>5,471</td><td>16,973</td></tr> <tr> <td>- authorised but not contracted for</td><td>4,494</td><td>3,093</td></tr> <tr> <td></td><td><u>9,965</u></td><td><u>20,066</u></td></tr> </table>		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	Commitments for the acquisition of property, plant and equipment			- contracted for but not provided in the financial statements	5,471	16,973	- authorised but not contracted for	4,494	3,093		<u>9,965</u>	<u>20,066</u>
	<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000															
Commitments for the acquisition of property, plant and equipment																	
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	<u>9,965</u>	<u>20,066</u>															

Source	Checklist			
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued		
SSAP 21.51	10225	In addition to the above, the Group's share of capital commitments of its jointly controlled entity is as follows:		
			<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000
		Contracted but not provided for	928	379
		Authorised but not contracted for	539	-
			<u>1,467</u>	<u>379</u>
		The Company had no capital commitments at the balance sheet date (2002: Nil).		
		45. OPERATING LEASE ARRANGEMENTS		
		The Group as lessee		
			<u>Year ended</u> <u>31/12/03</u> HK\$'000	<u>Year ended</u> <u>31/12/02</u> HK\$'000
SSAP 14.30(c)	10187(c)	Minimum lease payments under operating leases recognised in income for the year	<u>297</u>	<u>283</u>
SSAP 14.30(a)	10187(a)	At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
			<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000
		Within one year	309	297
		In the second to fifth years inclusive	1,420	1,439
		After five years	692	930
			<u>2,421</u>	<u>2,666</u>
SSAP 14.30(d)	10187(d)	Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years.		
		The Company had no operating lease commitments at the balance sheet (2002: Nil).		

Source	Checklist																
		<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>The Group/Company as Lessor</p> <p>Property rental income earned during the year on investment property held by the Company was HK\$0.6 million (2002: HK\$0.6 million). Certain of the Company's properties held for rental purposes, with a carrying amount of HK\$3.89 million, have been disposed of since the balance sheet date. The remaining units are expected to generate rental yields of 10 per cent on an ongoing basis. All of the remaining property units have committed tenants for the next seven years.</p> <p>At the balance sheet date, the Company had contracted with tenants for the following future minimum lease payments:</p> <table> <tr> <th></th><th><u>31/12/03</u> HK\$'000</th><th><u>31/12/02</u> HK\$'000</th></tr> <tr> <td>Within one year</td><td>810</td><td>602</td></tr> <tr> <td>In the second to fifth years inclusive</td><td>3,179</td><td>3,240</td></tr> <tr> <td>After five years</td><td>1,539</td><td>2,288</td></tr> <tr> <td></td><td><u>5,528</u></td><td><u>6,130</u></td></tr> </table>		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	Within one year	810	602	In the second to fifth years inclusive	3,179	3,240	After five years	1,539	2,288		<u>5,528</u>	<u>6,130</u>
	<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000															
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	<u>5,528</u>	<u>6,130</u>															
SSAP 14.53(d)	10150(c)																
SSAP 34.147(a) LR 17.09 GR 23.09	10205(a) 1024	<p>46. SHARE OPTION SCHEME</p> <p>The Company's share option scheme was adopted pursuant to a resolution passed on 28 November 2001 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 27 November 2008. Under the scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares of the Company.</p> <p>At 31 December 2003, the number of shares in respect of which options had been granted under the scheme was 1.06 million (2002: 0.83 million), representing 0.88 per cent (2002: 0.7 per cent) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the scheme is not permitted to exceed 10 per cent of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1 per cent of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors in excess of 0.1 per cent of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.</p>															

Source	Checklist																																																					
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																																																				
		No consideration is payable on the grant of an option. Options may generally be exercised at any time during the period commencing on the first anniversary of the date of grant of the share option and expiring at the close of business on the fifth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the closing price of the Company's shares on the date of grant, and the average closing price of the shares for the five business days immediately preceding the date of grant.																																																				
SSAP 34.147(c)	10205(b)	The financial impact of share options granted 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 recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the 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 lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.																																																				
SSAP 34.147(d) to (g)	10205(c) to (f)	<p>The following tables disclose details of the Company's share options held by employees (including directors) during the year:</p> <table><tr><th>Option type</th><th>Outstanding at 01/01/03</th><th>Granted during the year</th><th>Outstanding at 31/12/03</th></tr><tr><td>2001</td><td>566,000</td><td>-</td><td>566,000</td></tr><tr><td>2002</td><td>277,000</td><td>-</td><td>277,000</td></tr><tr><td>2003</td><td>-</td><td>213,000</td><td>213,000</td></tr><tr><td></td><td><hr/></td><td><hr/></td><td><hr/></td></tr><tr><td></td><td>843,000</td><td>213,000</td><td>1,056,000</td></tr><tr><td></td><td><hr/></td><td><hr/></td><td><hr/></td></tr></table> <table><tr><th>Option type</th><th>Outstanding at 01/01/02</th><th>Granted during the year</th><th>Outstanding at 31/12/02</th></tr><tr><td>2001</td><td>566,000</td><td>-</td><td>566,000</td></tr><tr><td>2002</td><td>-</td><td>277,000</td><td>277,000</td></tr><tr><td></td><td><hr/></td><td><hr/></td><td><hr/></td></tr><tr><td></td><td>566,000</td><td>277,000</td><td>843,000</td></tr><tr><td></td><td><hr/></td><td><hr/></td><td><hr/></td></tr></table>	Option type	Outstanding at 01/01/03	Granted during the year	Outstanding at 31/12/03	2001	566,000	-	566,000	2002	277,000	-	277,000	2003	-	213,000	213,000		<hr/>	<hr/>	<hr/>		843,000	213,000	1,056,000		<hr/>	<hr/>	<hr/>	Option type	Outstanding at 01/01/02	Granted during the year	Outstanding at 31/12/02	2001	566,000	-	566,000	2002	-	277,000	277,000		<hr/>	<hr/>	<hr/>		566,000	277,000	843,000		<hr/>	<hr/>	<hr/>
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		<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>Details of share options held by the Company's directors and the Group's Chief Executive during the year are as follows:</p> <table><tr><td></td><td><u>2003</u></td><td><u>2002</u></td></tr><tr><td>At 1 January</td><td>406,000</td><td>267,000</td></tr><tr><td>Granted during the year</td><td>110,000</td><td>139,000</td></tr><tr><td></td><td><hr/></td><td><hr/></td></tr><tr><td>At 31 December</td><td>516,000</td><td>406,000</td></tr><tr><td></td><td><hr/></td><td><hr/></td></tr></table> <p>Details of specific categories of options are as follows:</p> <table><tr><td><u>Category</u></td><td><u>Date of grant</u></td><td><u>Vesting period</u></td><td><u>Exercise period</u></td><td><u>Exercise Price</u> HK\$</td></tr><tr><td>2001</td><td>28/11/01</td><td>1 year</td><td>28/11/02-27/11/06</td><td>2.54</td></tr><tr><td>2002</td><td>15/04/02</td><td>1 year</td><td>15/04/03-14/04/07</td><td>2.36</td></tr><tr><td>2003</td><td>18/07/03</td><td>1 year</td><td>18/07/04-17/07/08</td><td>2.42</td></tr></table> <p>47. RETIREMENT BENEFIT PLANS</p> <p>Defined Contribution Plans</p> <p>The Group operates a Mandatory Provident Fund Scheme for all qualifying employees of its construction and leasing divisions in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.</p> <p>The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.</p> <tr><td>SSAP 34.46</td><td>10198</td><td><p>The total cost charged to income of HK\$9.8 million (2002: HK\$7.3 million) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2003, contributions of HK\$0.7 million (2002: HK\$0.8 million) due in respect of the current reporting period had not been paid over to the plans.</p><p>Defined Benefit Plans</p><p>The Group operates defined benefit plans for qualifying employees of its subsidiaries in Taiwan and Malaysia, and previously for the employees of Subsix Limited. Under the plans, the employees are entitled to retirement benefits varying between 45 and 65 per cent of final salary on attainment of a retirement age of 60. No other post-retirement benefits are provided.</p></td></tr> <tr><td>SSAP 34.120(b)</td><td>10201(a)</td><td></td></tr>		<u>2003</u>	<u>2002</u>	At 1 January	406,000	267,000	Granted during the year	110,000	139,000		<hr/>	<hr/>	At 31 December	516,000	406,000		<hr/>	<hr/>	<u>Category</u>	<u>Date of grant</u>	<u>Vesting period</u>	<u>Exercise period</u>	<u>Exercise Price</u> HK\$	2001	28/11/01	1 year	28/11/02-27/11/06	2.54	2002	15/04/02	1 year	15/04/03-14/04/07	2.36	2003	18/07/03	1 year	18/07/04-17/07/08	2.42	SSAP 34.46	10198	<p>The total cost charged to income of HK\$9.8 million (2002: HK\$7.3 million) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2003, contributions of HK\$0.7 million (2002: HK\$0.8 million) due in respect of the current reporting period had not been paid over to the plans.</p> <p>Defined Benefit Plans</p> <p>The Group operates defined benefit plans for qualifying employees of its subsidiaries in Taiwan and Malaysia, and previously for the employees of Subsix Limited. Under the plans, the employees are entitled to retirement benefits varying between 45 and 65 per cent of final salary on attainment of a retirement age of 60. No other post-retirement benefits are provided.</p>	SSAP 34.120(b)	10201(a)	
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Source	Checklist																						
		<p>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued</p> <p>The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31/12/2003 by Mr. F.G. Ho, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.</p>																					
		<p style="text-align: right;">Valuation at <u>31/12/03</u> <u>31/12/02</u></p>																					
SSAP 34.120(h)	10201(f)	<p>Key assumptions used:</p> <table> <tr> <td>Discount rate</td><td>7%</td><td>7%</td></tr> <tr> <td>Expected return on plan assets</td><td>8%</td><td>9%</td></tr> <tr> <td>Expected rate of salary increases</td><td>5%</td><td>5%</td></tr> <tr> <td>Future pension increases</td><td>4%</td><td>4%</td></tr> </table> <p>The actuarial valuation showed that the market value of plan assets was HK\$105 million (2002: HK\$134 million) and that the actuarial valuation of these assets represented 66 per cent (2002: 76 per cent) of the benefits that had accrued to members. The shortfall of HK\$55 million (2002: HK\$43 million) is to be cleared over the estimated remaining service period of the current membership of 15 years.</p>	Discount rate	7%	7%	Expected return on plan assets	8%	9%	Expected rate of salary increases	5%	5%	Future pension increases	4%	4%									
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SSAP 34.120(f)	10199	<p>Amounts recognised in income in respect of these defined benefits plans are as follows:</p> <table> <tr> <th></th><th style="text-align: right;">Year ended <u>31/12/03</u> HK\$'000</th><th style="text-align: right;">Year ended <u>31/12/02</u> HK\$'000</th></tr> <tr> <td>Current service cost</td><td style="text-align: right;">16,449</td><td style="text-align: right;">12,297</td></tr> <tr> <td>Interest cost</td><td style="text-align: right;">9,021</td><td style="text-align: right;">7,057</td></tr> <tr> <td>Expected return on plan assets</td><td style="text-align: right;">(10,675)</td><td style="text-align: right;">(9,503)</td></tr> <tr> <td>Net actuarial losses</td><td style="text-align: right;">232</td><td style="text-align: right;">1,309</td></tr> <tr> <td>Past service cost</td><td style="text-align: right;">1,652</td><td style="text-align: right;">1,888</td></tr> <tr> <td></td><td style="text-align: right; border-top: 1px solid black;">16,679</td><td style="text-align: right; border-top: 1px solid black;">13,048</td></tr> </table>		Year ended <u>31/12/03</u> HK\$'000	Year ended <u>31/12/02</u> HK\$'000	Current service cost	16,449	12,297	Interest cost	9,021	7,057	Expected return on plan assets	(10,675)	(9,503)	Net actuarial losses	232	1,309	Past service cost	1,652	1,888		16,679	13,048
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SSAP 34.120(f)	10199	<p>The charge for the year has been included in staff costs. [<i>Where analysis of expenditure in the income statement is by nature</i>]</p> <p>OR</p> <p>Of the charge for the year, HK\$12.83 million (2002: HK\$10.03 million) has been included in cost of sales and HK\$3.85 million (2002: HK\$3.02 million) has been included in administrative expenses. [<i>Where analysis of expenditure in the income statement is by function</i>]</p>																					

Source	Checklist																									
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																								
SSAP 34.120(g)	10201(e)	The actual return on plan assets was HK\$10.32 million (2002: HK\$9.7 million).																								
SSAP 34.120(c)	10201(b)	<p>The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit plans is as follows:</p> <table> <tr> <th></th><th><u>31/12/03</u> HK\$'000</th><th><u>31/12/02</u> HK\$'000</th></tr> <tr> <td>Present value of funded obligations</td><td>160,512</td><td>177,395</td></tr> <tr> <td>Unrecognised actuarial losses</td><td>(17,310)</td><td>(15,372)</td></tr> <tr> <td>Unrecognised past service cost</td><td>(4,181)</td><td>(4,721)</td></tr> <tr> <td>Fair value of plan assets</td><td>(105,093)</td><td>(118,828)</td></tr> <tr> <td></td><td><u>33,928</u></td><td><u>38,474</u></td></tr> </table>		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	Present value of funded obligations	160,512	177,395	Unrecognised actuarial losses	(17,310)	(15,372)	Unrecognised past service cost	(4,181)	(4,721)	Fair value of plan assets	(105,093)	(118,828)		<u>33,928</u>	<u>38,474</u>						
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	<u>33,928</u>	<u>38,474</u>																								
SSAP 34.120(e)	10201(d)	<p>Movements in the net liability in the current period were as follows:</p> <table> <tr> <th></th><th><u>31/12/03</u> HK\$'000</th><th><u>31/12/02</u> HK\$'000</th></tr> <tr> <td>At 1 January</td><td>38,474</td><td>39,438</td></tr> <tr> <td>Exchange differences</td><td>438</td><td>(721)</td></tr> <tr> <td>Net liability transferred on disposal of subsidiary</td><td>(4,932)</td><td>-</td></tr> <tr> <td>Net liability acquired on acquisition of a subsidiary</td><td>2,436</td><td>-</td></tr> <tr> <td>Amounts charged to income</td><td>16,679</td><td>13,048</td></tr> <tr> <td>Contributions</td><td>(19,167)</td><td>(13,291)</td></tr> <tr> <td></td><td><u>33,928</u></td><td><u>38,474</u></td></tr> </table> <p>At 31 December</p>		<u>31/12/03</u> HK\$'000	<u>31/12/02</u> HK\$'000	At 1 January	38,474	39,438	Exchange differences	438	(721)	Net liability transferred on disposal of subsidiary	(4,932)	-	Net liability acquired on acquisition of a subsidiary	2,436	-	Amounts charged to income	16,679	13,048	Contributions	(19,167)	(13,291)		<u>33,928</u>	<u>38,474</u>
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	<u>33,928</u>	<u>38,474</u>																								
		The Company does not have any direct involvement in the Group's retirement benefit arrangements.																								
SSAP 9.20	10228	<p>48. EVENTS AFTER THE BALANCE SHEET DATE</p> <p>Subsequent to 31 December 2003, the court administration proceedings relating to Subfour Limited (see note 20) were completed and an application was made to wind-up the company. No further distributions to the Group are anticipated. The Group has no obligation to meet the outstanding liabilities of Subfour Limited.</p> <p>On 14 February 2004, the Company made a bonus issue of shares (see note 28).</p>																								

Source	Checklist																																																																
		NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 - continued																																																															
SSAP 20.20	10229	49. RELATED PARTY TRANSACTIONS <p>During the year, group companies entered into the following transactions with related parties who are not members of the Group:</p> <table><tr><th></th><th colspan="2"><u>Sales of goods</u></th><th colspan="2"><u>Purchases of goods</u></th><th colspan="2"><u>Amounts owed by related parties</u></th><th colspan="2"><u>Amounts owed to related parties</u></th></tr><tr><th></th><th><u>Year ended</u></th><th><u>Year ended</u></th><th><u>Year ended</u></th><th><u>Year ended</u></th><th><u>31/12/03</u></th><th><u>31/12/02</u></th><th><u>31/12/03</u></th><th><u>31/12/02</u></th></tr><tr><th></th><th><u>31/12/03</u></th><th><u>31/12/02</u></th><th><u>31/12/03</u></th><th><u>31/12/02</u></th><th><u>HK\$'000</u></th><th><u>HK\$'000</u></th><th><u>HK\$'000</u></th><th><u>HK\$'000</u></th></tr><tr><th></th><th><u>HK\$'000</u></th><th><u>HK\$'000</u></th><th><u>HK\$'000</u></th><th><u>HK\$'000</u></th><th><u>HK\$'000</u></th><th><u>HK\$'000</u></th><th><u>HK\$'000</u></th><th><u>HK\$'000</u></th></tr><tr><td>Group Holdings Ltd.</td><td>693</td><td>582</td><td>439</td><td>427</td><td>209</td><td>197</td><td>231</td><td>139</td></tr><tr><td>Subsidiaries of Group Holdings Ltd.</td><td>1,289</td><td>981</td><td>897</td><td>883</td><td>398</td><td>293</td><td>149</td><td>78</td></tr><tr><td>Associates and jointly controlled entities</td><td>398</td><td>291</td><td>-</td><td>-</td><td>29</td><td>142</td><td>-</td><td>-</td></tr></table> <p>Sales of goods to related parties were made at the Group's usual list prices, less average discounts of 5 per cent. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.</p> <p>In addition to the above, Group Holdings Limited performed certain administrative services for the Company, for which a management fee of HK\$0.18 million (2002: HK\$0.16 million) was charged, being an appropriate allocation of costs incurred by relevant administrative departments.</p> <p>The convertible loan notes issued during the period are secured by a personal guarantee of one of the directors. No charge has been made for this guarantee.</p>		<u>Sales of goods</u>		<u>Purchases of goods</u>		<u>Amounts owed by related parties</u>		<u>Amounts owed to related parties</u>			<u>Year ended</u>	<u>Year ended</u>	<u>Year ended</u>	<u>Year ended</u>	<u>31/12/03</u>	<u>31/12/02</u>	<u>31/12/03</u>	<u>31/12/02</u>		<u>31/12/03</u>	<u>31/12/02</u>	<u>31/12/03</u>	<u>31/12/02</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>		<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	Group Holdings Ltd.	693	582	439	427	209	197	231	139	Subsidiaries of Group Holdings Ltd.	1,289	981	897	883	398	293	149	78	Associates and jointly controlled entities	398	291	-	-	29	142	-	-
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SSAP 1.75	10232																																																																

Source	Checklist						
App 16.19 GR 18.33	1043	FINANCIAL SUMMARY					
			For the year/period ended				
			<u>31/3/99</u>	<u>31/3/00</u>	<u>31/12/01</u>	<u>31/12/02</u>	<u>31/12/03</u>
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		RESULTS					
		Turnover	588,683	692,134	801,743	869,453	1,224,098
		Profit from operations	27,525	45,384	43,699	60,604	140,736
		Finance costs	(17,436)	(20,501)	(23,747)	(32,995)	(36,680)
		Share of results of associates	-	-	94	983	9,635
		Share of results of jointly controlled entity	-	-	-	-	3,128
		Profit on disposal of discontinuing operations	-	-	-	-	8,493
		Profit before tax	10,089	24,883	20,046	28,592	125,312
		Taxation	(1,544)	(2,986)	(3,311)	(4,690)	(19,837)
		Profit from ordinary activities before minority interests	8,545	21,897	16,735	23,902	105,475
		Minority interests	-	-	-	(97)	(609)
		Profit for the year	8,545	21,897	16,735	23,805	104,866
		Earnings per share					
		Basic (cents)	4.18	10.82	8.54	16.55	69.83
		Diluted (cents)	N/A	N/A	N/A	14.43	38.65
		Assets and Liabilities	As at				
			<u>31/3/99</u>	<u>31/3/00</u>	<u>31/12/01</u>	<u>31/12/02</u>	<u>31/12/03</u>
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Total Assets	642,357	877,001	876,884	1,063,130	1,234,875
		Total Liabilities	(291,976)	(501,592)	(487,066)	(719,880)	(747,293)
		Minority Interests	-	-	(2,439)	(2,576)	(3,185)
		Shareholders' Funds	350,381	375,409	387,379	340,674	484,397
		Amounts disclosed in the financial summary for prior years have been restated to reflect the changes in accounting policies in the current year as described in note 2 to the financial statements. As explained in note 2, the Group's accounting policy for derivative financial instruments has been adopted prospectively with effect from 1 January 2003 and, therefore, prior year amounts included above do not reflect the effects of that change in policy.					

Source	Checklist			
App 16.23 GR 18.23	1046	PARTICULARS OF INVESTMENT PROPERTY AT 31 DECEMBER 2003		
		<u>Name/location</u>	<u>Type</u>	<u>Lease Term</u>
		Dragon Garden 21 Flying Road, Hong Kong	Residential	Medium-Term

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International Financial Reporting Standards: A Practical Guide	3rd Edition. Details of IASB structure and agenda projects, summaries of current Standards and Interpretations, model financial statements, and presentation and disclosure checklist.
International Financial Reporting Standards: Model Financial Statements and Checklist	Model financial statements, and presentation and disclosure checklist, prepared under IFRS.
IFRS in your Pocket	3rd Edition. An 80-page pocket-sized guide with summaries of all IASB Standards and Interpretations, updates on agenda projects, and other useful IASB-related information. Not only in English, but also translations into French, Spanish, Polish, Danish, Finnish, Chinese and other languages.
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