



Arts Optical International
Holdings Limited



雅視
Arts *Optical*



Annual Report 2002

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Corporate Information

BOARD OF DIRECTORS

Executive directors

NG Hoi Ying, Michael – *Chairman*
NG Kim Ying
LEE Wai Chung

Independent non-executive directors

Francis George MARTIN
KWONG Kam Kwan Alex

COMPANY SECRETARY

LEE Wai Chung

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Allen & Overy
Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 308, 3rd Floor, Sunbeam Centre
27 Shing Yip Street, Kwun Tong
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR

The Bank of Bermuda Limited
6 Front Street, Hamilton HM 11
Bermuda

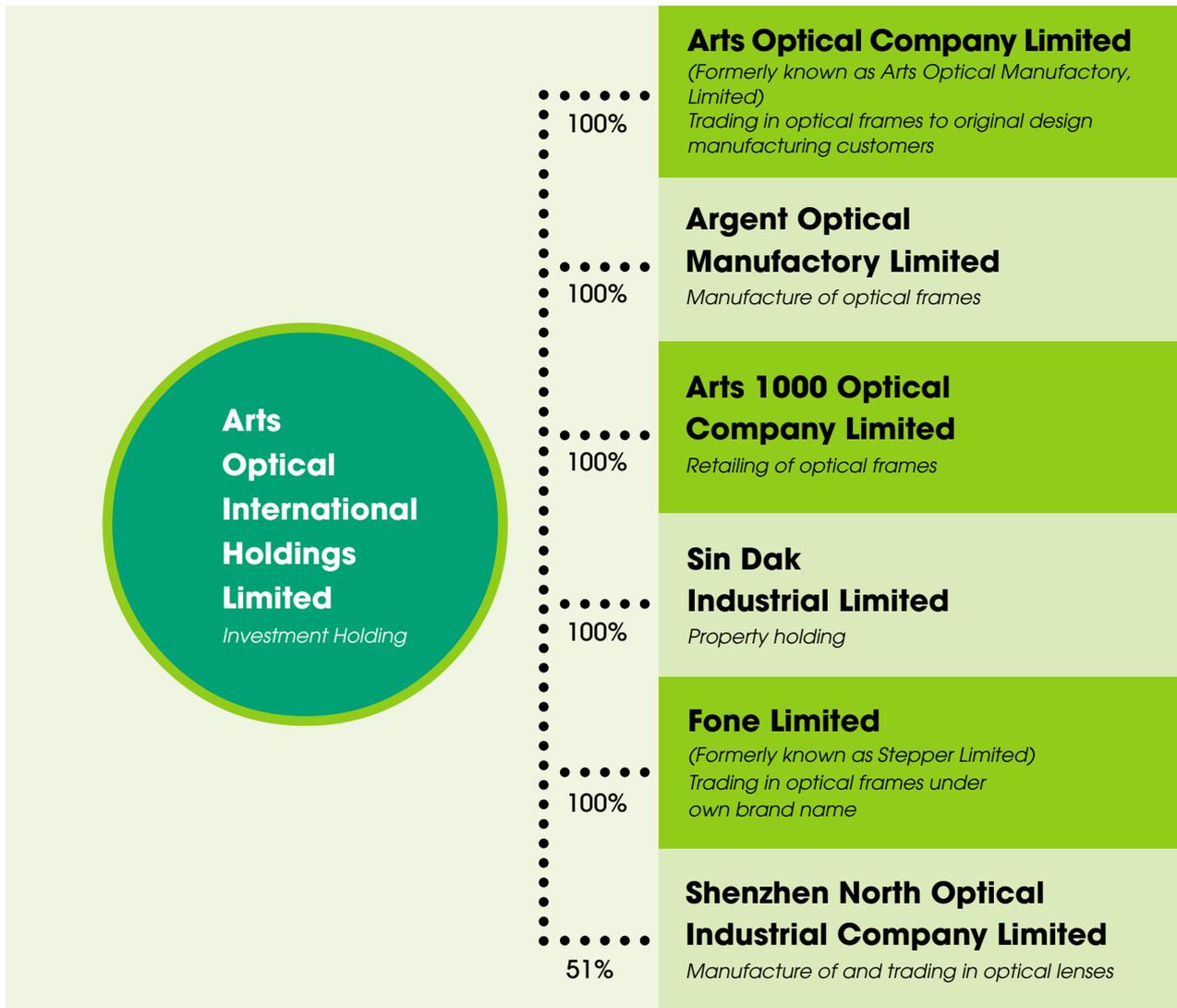
HONG KONG BRANCH SHARE REGISTRAR

Secretaries Limited
Ground Floor
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of America (Asia) Limited
Bank of China (Hong Kong) Limited
China Construction Bank Hong Kong Branch
Dah Sing Bank, Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited

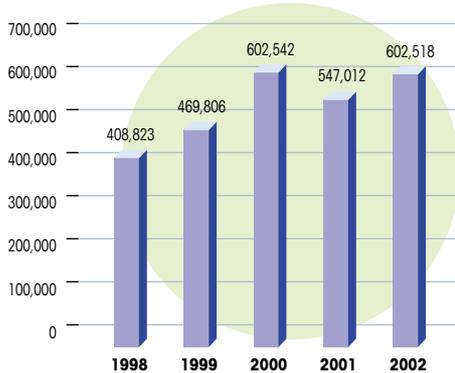
Group Structure



Financial Highlights

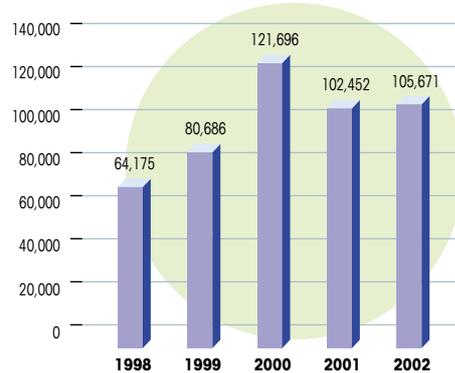
Consolidated turnover

(HK\$ '000)

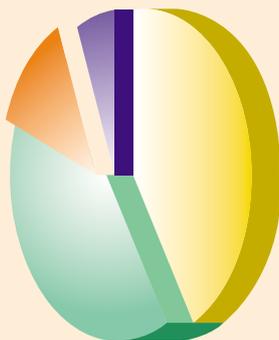


Net profit for the year

(HK\$ '000)

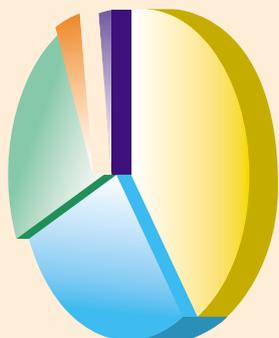


Consolidated turnover by geographical locations in 2002



- **41%** Europe
- **40%** United States
- **13%** Asia
- **6%** Others

Turnover of ODM division by product range in 2002



- **40%** Metal based optical frames
- **28%** Titanium based optical frames
- **26%** Plastic based hand-made optical frames
- **4%** Plastic based injection moulded optical frames
- **2%** Spare parts



Chairman's Statement

SUMMARY OF RESULTS



The Group's consolidated turnover and net profit increased by 10% and 3% to HK\$602.5 million (2001: HK\$547.0 million) and HK\$105.7 million (2001: HK\$102.5 million) respectively in 2002. Basic earnings per share decreased by 3% to 28.4 cents (2001: 29.2 cents) in 2002.

DIVIDENDS

The Board of Directors have resolved to recommend a final dividend of 8 cents per share for the year ended 31st December, 2002. Subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 28th May, 2003, the final dividend will be payable on 3rd June, 2003 to shareholders whose names appear on the Register of Members of the Company on 28th May, 2003.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22nd May, 2003 to 28th May, 2003, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrars in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 21st May, 2003 in order to qualify for the final dividend mentioned above.

BUSINESS REVIEW

Original design manufacturing (ODM) division

As reported in the 2002 Interim Report, market sentiment of the Group's ODM division had been gradually improving since March 2002. Sales to ODM customers increased by 11% to HK\$534.7 million (2001: HK\$483.6 million) in 2002. US and Europe remained the major markets of this division and accounted for 45% and 44% respectively (2001: 44% and 44%) of the turnover of the Group's ODM division. This division experienced some downward pressure on the selling prices of its products, especially on sales to the medium-sized customers during the year. This was partially offset by the Group continued efforts of further diversifying into higher margin titanium frames. Metal frames, titanium frames, handmade plastic frames, injection moulded plastic frames and spare parts accounted for 40%, 28%, 26%, 4% and 2% respectively of the turnover of the Group's ODM business in 2002 (2001: 47%, 18%, 31%, 2% and 2%).

Chairman's Statement

Distribution division

The global economic slowdown continued to affect the Group's distribution business. Sales of the Group's own-branded and licensed branded products (including both eyewear and lenses) decreased by 2% to HK\$33.9 million in 2002 (2001: HK\$34.5 million). Sales to Asia and Europe (mainly United Kingdom) accounted for 50% and 35% respectively of the turnover of the Group's distribution division in 2002 (2001: 58% and 30%). During the year, the Group acquired the remaining 49% interest in a subsidiary from the Group's British business partner, Rayner and Keeler Group, as part of the Group's integration plan of its distribution business.

Retailing division

The Group continued to expand its retail chains of "ARTS 1000" and "SUNNY ARTS" in mainland China. It operated a total of 73 retail outlets in various major cities in mainland China including Beijing, Shanghai, Nanjing, Guangzhou and Shenzhen as at 31st December, 2002 (2001: 42 outlets). Turnover of the Group's retailing division increased by 17% to HK\$33.9 million in 2002 (2001: HK\$28.9 million). Amid deflationary economic development and keen competition in mainland China, business performances were mixed in different cities and no significant returns had been generated.

Financial position and liquidity

During the year, the Group's operating activities generated a net cash inflow of HK\$135.3 million (2001: HK\$130.9 million). The placing of new shares to Templeton Strategic Emerging Markets Fund LDC in January 2002 raised HK\$31.2 million. As at 31st December, 2002, the Group had a net cash position (bank and cash balances plus pledged bank deposits net of any bank borrowings) of HK\$214.1 million (2001: HK\$156.9 million). The current ratio of the Group as at 31st December, 2002 was 4.3 to 1 (2001: 3.9 to 1) with HK\$441.0 million of current assets (2001: HK\$358.1 million) and HK\$102.7 million of current liabilities (2001: HK\$92.0 million). Because of the higher level of export sales recorded in the fourth quarter of the year as compared with the corresponding period of 2001, debtors turnover period (ratio of the total debtor and discounted bills balances to sales) increased from 66 days in 2001 to 80 days in 2002 whereas inventory turnover period (ratio of inventory balance to cost of sales) decreased from 90 days in 2001 to 68 days in 2002.



Chairman's Statement

As at 31st December, 2002, the Group had 374,410,000 shares (2001: 353,450,000 shares) in issue with a total shareholders' equity amounting to HK\$586.6 million (2001: HK\$507.4 million). Net asset value per share was HK\$1.57 (2001: HK\$1.44). Total long term liabilities and debt to equity ratio (expressed as a percentage of total long term liabilities over shareholders' equity) were HK\$0.8 million (2001: HK\$7.3 million) and 0.1% (2001: 1.4%) respectively.

The Group had limited exposure to foreign exchange rate fluctuations as most of its transactions, including borrowings, were conducted in either United States dollars, Hong Kong dollars and Renminbi and the exchange rates movements between these currencies were relatively stable.

Pledge of assets

At 31st December, 2002, leasehold properties with an aggregate net book value amounting to approximately HK\$14,236,000 (2001: HK\$14,821,000) and bank deposits of approximately HK\$10,895,000 (2001: HK\$8,981,000) were pledged to banks to secure short term banking facilities granted to the Group.

Contingent liabilities

	The Group	
	2002 HK\$'000	2001 HK\$'000
Bills discounted with recourse	–	4,781

At 31st December, 2002, the Company had given corporate guarantees in favour of banks to secure general banking facilities to the extent of HK\$119,130,000 (2001: HK\$94,130,000) granted to its subsidiaries. The extent of facilities utilised by the subsidiaries at 31st December, 2002 amounted to approximately HK\$1,540,000 (2001: HK\$4,781,000).

In addition to the above, at 31st December, 2002, the Group had given a corporate guarantee in favour of a minority shareholder of a subsidiary to the extent of RMB1,020,000 (2001: RMB1,020,000) (approximately HK\$962,000 (2001: HK\$962,000)) in consideration of the guarantee given by this minority shareholder in favour of banks to secure general banking facilities to the extent of RMB2,000,000 (2001: RMB2,000,000) (approximately HK\$1,887,000 (2001: HK\$1,887,000)) granted to this subsidiary. No such facilities were utilised by the aforesaid subsidiary as at 31st December, 2001 as the respective bank borrowing was fully repaid during 2001.

Employee and remuneration policies

As at 31st December, 2002, the Group employed approximately 5,800 (2001: 5,100) full time staff in mainland China, Hong Kong and Europe. The Group remunerates its employees based on their performances, experiences and prevailing market salaries while performance bonuses are granted on a discretionary basis. Other employee benefits include insurance and medical cover, subsidised educational and training programmes, mandatory provident fund scheme as well as a share option scheme.

Chairman's Statement

PROSPECTS

ODM division

The improvement of market sentiment since 2002 did not continue in the first quarter of 2003 and business visibility remains low. Concerns about the slow down of consumption market in the United States and the geopolitical tension and military confrontation in the Middle East overshadow the general export market and intensify the competition among the manufacturers. The management will continue its efforts to satisfy customers' rising demand for smaller order size, shorter delivery time and quality products with innovative designs at affordable prices. More cost containment measures will be implemented and further diversification of higher margin products will continue as the management anticipates that selling prices may be under pressure again if the consumption market remains subdued.

Distribution division

The Group has obtained the exclusive right to manufacture and distribute the Italian fashion brand "Fiorucci" for the entire Asia excluding Japan. The licence is for a term of 5 years commencing in April, 2003. Sales of Fiorucci eyewear will commence in the second half of 2003. In addition, the management continues to explore other opportunities in strengthening its brand portfolio, either by way of acquisition or licensing more fashion brands.

Retailing division

The Group has adjusted its pace of expanding the retailing network in mainland China in the first quarter of 2003. More business and operational consolidation work will be undertaken this year with the aim of strengthening the competitiveness of and building a solid earnings platform for this division. Shops that do not meet the Group's pre-determined financial targets will be relocated or closed and the two lines of chains, namely ARTS 1000 and SUNNY ARTS will be combined in some of the cities to enhance economies of scale. Capital expenditure in further expansion of the retailing division will continue to be closely monitored and no significant write-off is expected as a result of this consolidation review exercise.

Summary

Looking ahead, 2003 is expected to be another challenging and difficult year for the global economy as well as the Group. Business environment is highly unpredictable and downside risks on the Group's financial performance is possible. Despite the economic uncertainties, the management believes that the Group's solid financial strength and earning power will remain its competitive advantages and the Group remains well-positioned to seek growth opportunities which will lay foundations for its further development.

Chairman's Statement

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation and thanks to our shareholders, customers, suppliers, bankers and staff for their effort and commitment.

Ng Hoi Ying, Michael

Chairman

Hong Kong, 9th April, 2003

Biographical Details of Directors and Management

Executive directors

NG Hoi Ying, Michael ("Mr. Ng"), aged 48, is the founder and the Chairman of the Group. Mr. Ng is responsible for the corporate policy making and strategic planning of the Group. He has 35 years of experience in the optical products industry. Mr. Ng won the Young Industrialist Award of Hong Kong organised by the Federation of Hong Kong Industries in 1995. Mr. Ng is currently the President of the Hong Kong Optical Manufacturers Association Ltd., a Director of Hong Kong Commerce and Industry Associations Limited and a Life President of the Hong Kong Wong Tai Sin Industry And Commerce Association Limited. He is also a member of The People's Political Consultative Committee of Haizhu District, Guangzhou City.

NG Kim Ying, aged 47, is an executive director of the Group. Mr. Ng Kim Ying joined the Group in 1985 and is responsible for the implementation and application of information technology to the business of the Group. He has 18 years of experience in the optical products industry and is the brother of Mr. Ng.

LEE Wai Chung, aged 36, is the financial controller of the Group and company secretary of the Company. Mr. Lee joined the Group in 1995 and is responsible for the Group's finance, accounting and company secretarial matters. He holds a Bachelor degree in Social Sciences from the University of Hong Kong and is a certified public accountant in both Hong Kong and the United States and a non-practising member of the Chinese Institute of Certified Public Accountants. He has 15 years of experience in accounting and auditing.

Independent non-executive directors

Francis George MARTIN, aged 62, has been the President of the American Chamber of Commerce in Hong Kong since 1990. He was formerly the President and Chief Executive of Security Pacific Asian Bank for 14 years and has over 35 years of experience in the financial services industry. Mr. Martin was awarded the "Silver Bauhinia Star" by the Government of Hong Kong Special Administrative Region in 2002. He joined the Group in 1996.

KWONG Kam Kwan Alex, aged 37, is a certified public accountant in Hong Kong. He has 15 years of experience in accounting and auditing and holds a Bachelor degree in Social Sciences from the University of Hong Kong. Mr. Kwong joined the Group in 2001.

Biographical Details of Directors and Management

Senior management

HUI Pui Woon, previously known as XU Saying, aged 32, is the general manager (China business) of the Group. Ms. Hui joined the Group in 2001 and is responsible for the formation of business strategy and management of operations of the Group's distribution and retailing businesses in China. She has 14 years of experience in conducting business in China, including 5 years in the optical products industry and holds a Master degree in Business Administration from the University of Southern California in the United States. Ms. Hui is the wife of Mr. Ng.

LI Chi Hung, aged 42, is the general manager of the Group's production plants in Shenzhen and Zhongshan. Mr. Li joined the Group in 1976 and assisted Mr. Ng in the establishment and expansion of these two production plants. He is also responsible for the overall management and development of these plants and has 27 years of experience in the optical products industry.

HUNG Chao Chia, aged 50, is the deputy general manager of the Group's production plants in Shenzhen and Zhongshan. Mr. Hung joined the Group in 1988 and is responsible for the financial management and administration of the two production plants. Mr. Hung has 25 years of experience in the optical products industry.

WONG Kwok Leung, Alan, aged 45, is the deputy general manager of the Group's production plants in Shenzhen and Zhongshan. Mr. Wong joined the Group in 1989 and is responsible for product and technology development of the Group. Mr. Wong has 23 years of experience in production management, including 19 years in the optical products industry.

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st December, 2002.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, manufacture and sales of optical products.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31st December, 2002 are set out in the consolidated income statement on page 20.

An interim dividend of 8 cents per share amounting to HK\$29,953,000 was paid to the shareholders of the Company during the year. The directors now recommend the payment of a final dividend of 8 cents per share amounting to HK\$29,953,000 to the shareholders of the Company whose names appear on the register of members on 28th May, 2003 and the retention of the remaining profit for the year.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 21 to the financial statements.

SHARE OPTIONS

The Company's share option scheme was adopted at a special general meeting of the Company held on 24th October, 1996 (the "Share Option Scheme") for the primary purpose of providing incentives to the employees of the Group. Particulars of the Share Option Scheme are set out in note 22 to the financial statements.

Directors' Report

SHARE OPTIONS *(Continued)*

No share options were granted by the Company during the year. A summary of the movements in share options which were granted to certain eligible employees of the Group on 7th July, 2000 is as follows:

	Number of share options		
	Outstanding at 1st January, 2002	Exercised during the year	Outstanding at 31st December, 2002
Category: Directors			
Ng Hoi Ying, Michael	2,550,000	(510,000)	2,040,000
Ng Kim Ying	750,000	(150,000)	600,000
Lee Wai Chung	1,750,000	(350,000)	1,400,000
	<hr/>		
	5,050,000	(1,010,000)	4,040,000
	<hr/>		
Category: Employees	8,400,000	(1,450,000)	6,950,000
	<hr/>		
Total all categories	13,450,000	(2,460,000)	10,990,000

As at the date of the director's report, the number of shares available for issue in respect of 10,990,000 shares options outstanding is 10,990,000 shares, which represented 2.9% of issued share capital. Pursuant to the amendments to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), no further share options may be granted under the Share Option Scheme. A resolution will be proposed in the forthcoming annual general meeting that the existing Share Option Scheme be terminated and that a new share option scheme be adopted.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 23 to the financial statements.

INVESTMENT PROPERTY

The investment property of the Group was revalued as at 31st December, 2002 as set out in note 12 to the financial statements. There was no surplus or deficit arising on revaluation of the investment property as at 31st December, 2002.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of approximately HK\$49,012,000.

Details of this and other movements in property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

DIRECTORS AND SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Ng Hoi Ying, Michael – Chairman

Ng Kim Ying

Lee Wai Chung

Independent non-executive directors:

Kwong Kam Kwan Alex

Francis George Martin

In accordance with Clauses 87(1) and 87(2) of the Company's Bye-laws, Mr. Lee Wai Chung will retire at the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

A resolution will be proposed in the forthcoming annual general meeting to appoint Ms. Hui Pui Woon as an executive director of the Company.

The directors being proposed for re-election or appointment at the forthcoming annual general meeting do not have any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The term of office for each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a 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.

Directors' Report

DIRECTORS' INTERESTS IN SHARES

At 31st December, 2002, the interests of the directors and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong's Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Number of shares held		
	Personal interests	Family	Other interests
Ng Hoi Ying, Michael	816,000	36,682,000	151,000,000 (Note a)
Ng Kim Ying	150,000	–	18,500,000 (Note b)
Lee Wai Chung	1,000,000	–	–

Notes:

- (a) These shares are held by Ratagan International Company Limited ("Ratagan"). The entire issued share capital of Ratagan is held by Newcourt Trustees Limited as trustee for The Arts 1996 Trust, a discretionary trust, the beneficiaries of which include Mr. Ng Hoi Ying, Michael and his family members.
- (b) These shares are held by Universal Honour Developments Limited ("Universal Honour"). The entire issued share capital of Universal Honour is held by Newcourt Trustees Limited as trustee for The Optical 2000 Trust, a discretionary trust, the beneficiaries of which include Mr. Ng Kim Ying and his family members.

Save as disclosed above and other than certain nominee shares in subsidiaries held by Ratagan in trust for the Group, at 31st December, 2002, none of the directors and their associates had any interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme disclosed under the heading "Share Options" above, at no time during the year was the Company or any of its subsidiaries a 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. In addition, none of the directors, or their spouse or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed under the heading "Directors' Interests in Shares" above, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no other person as having an interest representing 10% or more of the issued share capital of the Company as at 31st December, 2002.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December, 2002, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 38% of the Group's total turnover and the amount of turnover attributable to the Group's largest customer was approximately 12% of the Group's total turnover. The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 35% of the Group's total purchases and the amount of purchases attributable to the Group's largest supplier was approximately 11% of the Group's total purchases.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest customers or suppliers.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the Share Option Scheme and the exercise of share options during the year disclosed under the heading "Share Options" above and in note 22 to the financial statements, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31st December, 2002 and there has been no exercise of any other convertible securities, options, warrants or similar rights during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st December, 2002 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

An Audit Committee (the "Committee") has been established by the Company since 1998 to act in an advisory capacity and make recommendations to the board. The Committee currently comprises Messrs. Kwong Kam Kwan Alex and Francis George Martin, both of whom are independent non-executive directors of the Company. During the year, three Committee meetings were held and the Committee members met with representatives from the management and/or external auditors of the Company to review the interim and annual reports of the Group as well as various auditing, financial reporting and internal control matters. All the Committee members attended these three meetings.

Directors' Report

CORPORATE GOVERNANCE *(Continued)*

A Remuneration Committee was established in 2003 and currently comprises Messrs. Francis George Martin and Kwong Kam Kwan Alex, both of whom are independent non-executive directors of the Company. The duties of the Remuneration Committee include the determination of remuneration of executive directors and review of remuneration policy of the Group.

DONATIONS

During the year, the Group made charitable donations totalling HK\$10,000.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Ng Hoi Ying, Michael

Chairman

Hong Kong, 9th April, 2003

德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
Hong Kong

香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

TO THE SHAREHOLDERS OF ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 20 to 55 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of 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.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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.

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.

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 31st December, 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 9th April, 2003

Consolidated Income Statement

For the year ended 31st December, 2002

	NOTES	2002 HK\$'000	2001 HK\$'000
Turnover	4	602,518	547,012
Cost of sales		(383,413)	(349,702)
Gross profit		219,105	197,310
Other operating income	5	10,065	6,970
Distribution costs		(40,088)	(34,428)
Administrative expenses		(64,079)	(51,726)
Other operating expenses		(7,099)	(7,789)
Profit from operations	6	117,904	110,337
Finance costs	7	(109)	(423)
Profit before taxation		117,795	109,914
Taxation	9	(13,428)	(9,766)
Profit before minority interests		104,367	100,148
Minority interests		(1,304)	(2,304)
Net profit for the year		105,671	102,452
Dividends	10	59,906	58,004
Earnings per share	11		
– Basic		28.4 cents	29.2 cents
– Diluted		27.9 cents	28.8 cents

Consolidated Balance Sheet

At 31st December, 2002

	NOTES	2002 HK\$'000	2001 HK\$'000
Non-current Assets			
Investment property	12	2,900	2,900
Property, plant and equipment	13	247,474	246,508
Goodwill	14	2,294	–
		252,668	249,408
Current Assets			
Inventories	17	71,592	86,330
Debtors, deposits and prepayments	18	149,979	110,184
Taxation recoverable		10	86
Other investment	19	3,760	4,580
Pledged bank deposits		10,895	8,981
Bank balances and cash		204,769	147,934
		441,005	358,095
Current Liabilities			
Creditors and accrued charges	20	91,610	81,989
Taxation payable		9,588	9,985
Bank borrowing, secured		1,540	–
		102,738	91,974
Net Current Assets		338,267	266,121
Total Assets less Current Liabilities		590,935	515,529
Capital and Reserves			
Share capital	21	37,441	35,345
Reserves	23	549,183	472,100
		586,624	507,445
Minority Interests		3,511	792
Non-current Liabilities			
Loan from a minority shareholder of a subsidiary	24	–	6,492
Deferred taxation	25	800	800
		800	7,292
		590,935	515,529

The financial statements on pages 20 to 55 were approved and authorised for issue by the Board of Directors on 9th April, 2003 and are signed on its behalf by:

Ng Hoi Ying, Michael
Director

Ng Kim Ying
Director

Balance Sheet

At 31st December, 2002

	NOTES	2002 HK\$'000	2001 HK\$'000
Non-current Assets			
Investments in subsidiaries	15	130,719	130,719
Amount due from a subsidiary	16	151,112	104,862
		281,831	235,581
Current Assets			
Prepayments		91	235
Dividend receivable		40,000	38,000
Taxation recoverable		–	76
Bank balances and cash		629	2,242
		40,720	40,553
Current Liabilities			
Creditors and accrued charges		1,182	1,147
Taxation payable		–	100
		1,182	1,247
Net Current Assets		39,538	39,306
Total Assets less Current Liabilities		321,369	274,887
Capital and Reserves			
Share capital	21	37,441	35,345
Reserves	23	283,928	239,542
		321,369	274,887

Ng Hoi Ying, Michael
Director

Ng Kim Ying
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2002

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Goodwill reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January, 2001	35,064	73,272	(3,269)	(2,082)	581	350,509	454,075
Exchange differences arising on translation of financial statements of operations outside Hong Kong and gain not recognised in the consolidated income statement	-	-	-	-	162	-	162
Issue of shares upon exercise of share options	281	2,192	-	-	-	-	2,473
Impairment loss recognised	-	-	-	1,076	-	-	1,076
Net profit for the year	-	-	-	-	-	102,452	102,452
Dividends paid	-	-	-	-	-	(52,793)	(52,793)
At 31st December, 2001	35,345	75,464	(3,269)	(1,006)	743	400,168	507,445
Exchange differences arising on translation of financial statements of operations outside Hong Kong and loss not recognised in the consolidated income statement	-	-	-	-	(43)	-	(43)
Realised upon disposal of subsidiaries	-	-	-	-	(115)	-	(115)
Issue of shares upon subscription of shares (note 21)	1,850	29,600	-	-	-	-	31,450
Share issue expenses	-	(240)	-	-	-	-	(240)
Issue of shares upon exercise of share options	246	1,919	-	-	-	-	2,165
Net profit for the year	-	-	-	-	-	105,671	105,671
Dividends paid	-	-	-	-	-	(59,709)	(59,709)
At 31st December, 2002	37,441	106,743	(3,269)	(1,006)	585	446,130	586,624

Consolidated Cash Flow Statement

For the year ended 31st December, 2002

NOTES	2002 HK\$'000	2001 HK\$'000
Operating activities		
Profit from operations	117,904	110,337
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	46,147	45,489
Amortisation of goodwill	255	–
Gain on disposal of other investment	(200)	–
Gain on disposal of subsidiaries	(1,647)	–
Loss on disposal of property, plant and equipment	1,121	809
Unrealised holding loss on other investment	380	–
Impairment loss on goodwill	–	2,665
Interest income	(2,017)	(4,729)
Dividend income from other investment	(66)	(70)
Operating cash flows before movements in working capital	161,877	154,501
Decrease in inventories	13,990	10,376
Increase in debtors, deposits and prepayments	(40,068)	(6,503)
Increase (decrease) in creditors and accrued charges	11,428	(24,574)
Effect on foreign exchange rate changes	(43)	88
Cash generated from operations	147,184	133,888
Hong Kong Profits Tax paid	(13,749)	(7,258)
Interest paid	(109)	(423)
Interest received	2,017	4,729
Net cash from operating activities	135,343	130,936
Investing activities		
Purchase of property, plant and equipment	(49,012)	(57,515)
Purchase of other investment	(4,140)	(4,580)
Acquisition of additional interests in subsidiaries	(4,680)	(296)
Acquisition of a subsidiary	–	(242)
(Increase) decrease in pledged bank deposits	(1,914)	2,312
Proceeds from disposal of other investment	4,780	–
Proceeds from disposal of property, plant and equipment	741	316
Disposal of subsidiaries	445	–
Dividend received from other investment	66	70
Net cash used in investing activities	(53,714)	(59,935)

Consolidated Cash Flow Statement

For the year ended 31st December, 2002

	2002	2001
	HK\$'000	HK\$'000
Financing activities		
Dividends paid	(59,709)	(52,793)
Shares issue expenses paid	(240)	–
Proceeds from issue of shares	33,615	2,473
New bank borrowing raised	1,540	–
Repayment of bank loans	–	(3,738)
Dividends paid to minority shareholders of a subsidiary	–	(1,390)
Net cash used in financing activities	(24,794)	(55,448)
Net increase in cash and cash equivalents	56,835	15,553
Cash and cash equivalents at the beginning of the year	147,934	132,381
Cash and cash equivalents at the end of the year	204,769	147,934
Being:		
Bank balances and cash	204,769	147,934

Notes to the Financial Statements

For the year ended 31st December, 2002

1. GENERAL

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

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, manufacture and sales of optical products.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, the adoption of these SSAPs has resulted in a change in the format of presentation of cash flow statement and the inclusion of the statement of changes in equity. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group's accounting policies, but has had no significant effect on the results for the current or prior accounting periods. Accordingly, no prior year adjustment has been required.

Foreign currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements denominated in currencies other than Hong Kong dollars at the closing rate for the period, the policy previously followed by the Group. They are now required to be translated at an average rate.

Cash flow statements

In the current year, the Group has adopted SSAP 15 (Revised) "Cash Flow Statements". Under SSAP 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as operating/investing/financing cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities.

Employee benefits

In the current year, the Group has adopted SSAP 34 "Employee Benefits", which introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any significant impact on the financial statements.

Notes to the Financial Statements

For the year ended 31st December, 2002

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of an investment property and other investment.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

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

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

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Turnover

Turnover represents the net amounts received and receivable for goods sold to outside customers during the year.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

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

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Rental income, including rental invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the terms of the relevant leases.

Notes to the Financial Statements

For the year ended 31st December, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is credited to the income statement.

No depreciation is provided in respect of investment properties which are held on leases with unexpired terms, including the renewable period, of more than twenty years.

Property, plant and equipment

Property, plant and equipment, other than buildings under construction, are stated at cost less depreciation, amortisation and accumulated impairment losses.

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

Depreciation and amortisation is provided to write off the cost of property, plant and equipment, other than buildings under construction, over their estimated useful lives, using the straight line method, as follows:

Leasehold land	Over the remaining terms of the leases
Buildings	Over the estimated useful lives of 25 years or the terms of the leases, if shorter
Leasehold improvements	Over the estimated useful lives of 3 years or the terms of the leases, if shorter
Furniture, fixtures and office equipment	Over 3 to 5 years
Others	Over 5 years

Notes to the Financial Statements

For the year ended 31st December, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Buildings under construction

Buildings under construction are stated at cost, which comprises all direct costs incurred in relation to the construction. Depreciation is not provided until the construction work is completed and the buildings are ready for their intended use.

Goodwill

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 at the date of acquisition.

Goodwill arising on acquisition of subsidiaries prior to 1st January, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisition of subsidiaries after 1st January, 2001 is capitalised and amortised on a straight line basis over its useful economic life. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, the attributable amount of unamortised goodwill/goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisition of subsidiaries prior to 1st January, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary.

Negative goodwill arising on acquisition of subsidiaries after 1st January, 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

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.

Notes to the Financial Statements

For the year ended 31st December, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in subsidiaries

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and the estimated costs necessary to make the sale.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Notes to the Financial Statements

For the year ended 31st December, 2002

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

Operating leases

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

Foreign currencies

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

On consolidation, the assets and liabilities of subsidiaries denominated in currencies other than Hong Kong dollars are translated into Hong Kong dollars at exchange rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. All exchange differences arising on consolidation are classified as equity and transferred to exchange reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Retirement benefit costs

The retirement benefit costs charged in the income statement represent the contributions payable in respect of the current year to the Group's Mandatory Provident Fund Scheme.

Notes to the Financial Statements

For the year ended 31st December, 2002

4. SEGMENT INFORMATION

Business segments

The Group is principally engaged in the design, manufacture and sales of optical products. No business segment analysis is presented as management considers this as one single business segment.

Geographical segments

The Group's operations and assets are located in Hong Kong and elsewhere in the People's Republic of China.

Segment information of the Group by location of customers is presented as below:

For the year ended 31st December, 2002

	Europe <i>HK\$'000</i>	United States <i>HK\$'000</i>	Asia <i>HK\$'000</i>	Other regions <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	249,420	243,190	76,648	33,260	602,518
Result					
Segment result	60,603	57,398	(6,573)	7,803	119,231
Unallocated corporate expenses					(4,991)
Interest income on bank deposits					2,017
Gain on disposal of subsidiaries					1,647
Profit from operations					117,904
Finance costs					(109)
Profit before taxation					117,795
Taxation					(13,428)
Profit before minority interests					104,367
Minority interests					(1,304)
Net profit for the year					105,671

Notes to the Financial Statements

For the year ended 31st December, 2002

4. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

At 31st December, 2002

Balance sheet

	Europe <i>HK\$'000</i>	United States <i>HK\$'000</i>	Asia <i>HK\$'000</i>	Other regions <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets					
Segment assets	68,341	79,625	15,723	8,038	171,727
Unallocated corporate assets					521,946
					<u>693,673</u>
Unallocated corporate liabilities					<u>103,538</u>

Other information

	Europe <i>HK\$'000</i>	United States <i>HK\$'000</i>	Asia <i>HK\$'000</i>	Other regions <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital expenditure	–	–	–	–	49,012	49,012
Depreciation and amortisation of property, plant and equipment	–	–	–	–	46,147	46,147
Other non-cash expenses	–	–	–	–	1,756	1,756

Notes to the Financial Statements

For the year ended 31st December, 2002

4. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

For the year ended 31st December, 2001

	Europe <i>HK\$'000</i>	United States <i>HK\$'000</i>	Asia <i>HK\$'000</i>	Other regions <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	225,141	213,173	80,110	28,588	547,012
Result					
Segment result	53,939	53,375	(1,880)	6,004	111,438
Unallocated corporate expenses					(5,830)
Interest income on bank deposits					4,729
Profit from operations					110,337
Finance costs					(423)
Profit before taxation					109,914
Taxation					(9,766)
Profit before minority interests					100,148
Minority interests					(2,304)
Net profit for the year					102,452

Notes to the Financial Statements

For the year ended 31st December, 2002

4. SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

At 31st December, 2001

Balance sheet

	Europe <i>HK\$'000</i>	United States <i>HK\$'000</i>	Asia <i>HK\$'000</i>	Other regions <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets					
Segment assets	64,943	53,725	17,513	6,297	142,478
Unallocated corporate assets					465,025
					<u>607,503</u>
Unallocated corporate liabilities					<u>99,266</u>

Other information

	Europe <i>HK\$'000</i>	United States <i>HK\$'000</i>	Asia <i>HK\$'000</i>	Other regions <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital expenditure	–	–	–	–	57,555	57,555
Depreciation and amortisation of property, plant and equipment	–	–	–	–	45,489	45,489
Other non-cash expenses	–	–	–	–	3,562	<u>3,562</u>

Notes to the Financial Statements

For the year ended 31st December, 2002

5. OTHER OPERATING INCOME

Included in other operating income are:

	2002 HK\$'000	2001 HK\$'000
Dividend income from other investment	66	70
Gain on disposal of other investment	200	–
Property rental income less negligible outgoings	398	478
Gain on disposal of subsidiaries	1,647	–
Interest income on bank deposits	2,017	4,729
Sales of scrap materials	3,654	225

6. PROFIT FROM OPERATIONS

	2002 HK\$'000	2001 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration	1,200	900
Amortisation of goodwill (charged to other operating expenses)	255	–
Depreciation and amortisation of property, plant and equipment	46,147	45,489
Impairment loss on goodwill (charged to other operating expenses)	–	2,665
Loss on disposal of property, plant and equipment	1,121	809
Operating lease rentals in respect of rented premises	13,324	9,769
Unrealised holding loss on other investment	380	–
Staff costs		
– Directors' emoluments (note 8)		
– Current year	2,438	4,081
– Amount waived in respect of 2001	(662)	–
	1,776	4,081
– Other staff		
– Salaries and other allowances	94,776	84,543
– Retirement benefit scheme contributions net of forfeited contribution of HK\$127,000 (2001: HK\$462,000)	890	555
	97,442	89,179

7. FINANCE COSTS

The finance costs represent interest expense on bank borrowings wholly repayable within five years.

Notes to the Financial Statements

For the year ended 31st December, 2002

8. DIRECTORS' EMOLUMENTS AND HIGHEST PAID EMPLOYEES

Directors' emoluments

The directors' emoluments are analysed as follows:

	2002 HK\$'000	2001 HK\$'000
Fees:		
Executive directors	–	–
Independent non-executive directors	264	266
	264	266
Other emoluments paid to executive directors:		
Salaries and other benefits (net of amount waived as shown in (a) below)	1,435	3,017
Performance related incentive payments	662	662
Retirement benefit scheme contributions (net of amount waived as shown in (a) below)	77	136
	2,174	3,815
	2,438	4,081

During the year ended 31st December, 2002, the executive directors waived part of their emoluments as follows:

	2002 HK\$'000	2001 HK\$'000
(a) Amounts waived in respect of the year ended 31st December, 2002		
Salaries and other benefits	1,600	–
Retirement benefit scheme contributions	60	–
	1,660	–
(b) Amount waived in respect of the year ended 31st December, 2001		
Performance related incentive payments	662	–

In addition to the above, rent-free accommodation was provided to two directors and the estimated rental values for the accommodation was approximately HK\$254,000 (2001: HK\$287,000).

Notes to the Financial Statements

For the year ended 31st December, 2002

8. DIRECTORS' EMOLUMENTS AND HIGHEST PAID EMPLOYEES (Continued)

Directors' emoluments (Continued)

The emoluments of the directors, including the estimated rental values for the rent-free accommodation and excluding the emoluments waived as shown in note 8(a) and (b), were within the following bands:

	2002 Number of directors	2001 Number of directors
Nil to HK\$1,000,000	4	3
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,000,000	–	1
	5	6

Highest paid employees

The five highest paid individuals of the Group included one (2001: three) executive director, details of whose emoluments are set out above. The emoluments of the remaining four (2001: two) highest paid employees, other than directors of the Company, are as follows:

	2002 HK\$'000	2001 HK\$'000
Salaries and other benefits	2,794	1,347
Performance related incentive payments	754	1,166
Retirement benefit scheme contributions	126	61
	3,674	2,574

The emoluments of the highest paid employees were within the following bands:

	2002 Number of employees	2001 Number of employees
Nil to HK\$1,000,000	3	–
HK\$1,000,001 to HK\$1,500,000	1	2
	4	2

Notes to the Financial Statements

For the year ended 31st December, 2002

9. TAXATION

The charge represents Hong Kong Profits Tax calculated at 16% of the estimated assessable profit for the year.

The Inland Revenue Department (the "IRD") has tax disputes with certain subsidiaries of the Group and had issued notices of additional assessments in respect of prior years to those subsidiaries. The Group is in the process of finalising this matter with the IRD. Based on the current estimation in respect of the additional tax demanded by the IRD, a provision of HK\$2,700,000 (2001: Nil) is included in the taxation charge for the current year.

A portion of the Group's profits neither arises in, nor is derived from, Hong Kong. Accordingly, that portion of the Group's profit is not subject to Hong Kong Profits Tax. Further, in the opinion of the directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

10. DIVIDENDS

	2002 HK\$'000	2001 HK\$'000
Interim dividend paid in respect of 2002 of 8 cents (2001: 8 cents) per share	29,953	28,248
Final dividend proposed in respect of 2002 of 8 cents (2001: 8 cents) per share	29,953	29,756
	59,906	58,004

The final dividend in respect of 2002 of 8 cents (2001: 8 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

Notes to the Financial Statements

For the year ended 31st December, 2002

11. EARNINGS PER SHARE

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

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share – Net profit for the year	105,671	102,452
	Number of shares	
Weighted average number of shares for the purpose of basic earnings per share	371,699,863	351,455,425
Effect of dilutive potential shares in respect of share options	6,978,197	4,656,307
Weighted average number of shares for the purpose of diluted earnings per share	378,678,060	356,111,732

12. INVESTMENT PROPERTY

THE GROUP
HK\$'000

VALUATION

At 1st January, 2002 and at 31st December, 2002

2,900

The investment property was revalued at 31st December, 2002 by Vigers Hong Kong Limited, an independent firm of professional valuers, on an open market value basis. There was no surplus or deficit arising on revaluation of the investment property as at 31st December, 2002.

The investment property is situated in Hong Kong and is held under a medium-term lease.

The investment property is leased out under operating leases.

Notes to the Financial Statements

For the year ended 31st December, 2002

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties <i>HK\$'000</i>	Leasehold improve- ments <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Buildings under construction <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP							
COST							
At 1st January, 2002	160,289	35,211	197,196	33,281	8,178	5,211	439,366
Additions	1,747	8,577	24,169	3,646	1,945	8,928	49,012
Disposals	-	(2,983)	(3,103)	(894)	(2,172)	-	(9,152)
Disposal of subsidiaries	-	(11)	-	(3)	(27)	-	(41)
Reclassification	11,281	-	-	-	-	(11,281)	-
At 31st December, 2002	173,317	40,794	218,262	36,030	7,924	2,858	479,185
DEPRECIATION AND AMORTISATION							
At 1st January, 2002	21,717	24,840	123,374	17,924	5,003	-	192,858
Provided for the year	5,920	7,571	25,899	5,748	1,009	-	46,147
Eliminated on disposals	-	(1,631)	(2,979)	(766)	(1,914)	-	(7,290)
Eliminated on disposal of subsidiaries	-	(2)	-	-	(2)	-	(4)
At 31st December, 2002	27,637	30,778	146,294	22,906	4,096	-	231,711
NET BOOK VALUES							
At 31st December, 2002	145,680	10,016	71,968	13,124	3,828	2,858	247,474
At 31st December, 2001	138,572	10,371	73,822	15,357	3,175	5,211	246,508

Notes to the Financial Statements

For the year ended 31st December, 2002

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group's property interests shown above comprise:

	Leasehold properties		Buildings under construction	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Properties situated in the People's Republic of China other than Hong Kong (the "PRC") held under medium-term leases	131,444	123,751	2,858	5,211
Properties situated in Hong Kong held under medium-term leases	14,236	14,821	–	–
	145,680	138,572	2,858	5,211

14. GOODWILL

	THE GROUP HK\$'000
COST	
Arising on acquisition of additional interest in a subsidiary and balance at 31st December, 2002	2,549
AMORTISATION	
Provided for the year and balance at 31st December, 2002	(255)
NET BOOK VALUE	
At 31st December, 2002	<u>2,294</u>

Goodwill is amortised over a period of five years on a straight-line basis.

Notes to the Financial Statements

For the year ended 31st December, 2002

15. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2002 HK\$'000	2001 HK\$'000
Unlisted shares (Note)	130,719	130,719

Note: The carrying value of the unlisted shares is based on the underlying net tangible assets of the subsidiaries at the time when they became members of the Group pursuant to the group reorganisation in 1996.

Particulars of the principal subsidiaries at 31st December, 2002 are set out in note 35.

16. AMOUNT DUE FROM A SUBSIDIARY

The amount is unsecured, interest free and does not have fixed repayment terms. In the opinion of the directors, the amount will not be repaid within the next twelve months from the balance sheet date and, accordingly, the amount is shown as non-current.

17. INVENTORIES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Raw materials	22,224	23,358
Work in progress	36,029	48,353
Finished goods	13,339	14,619
	71,592	86,330

There are inventories of HK\$12,979,000 (2001: HK\$9,552,000) carried at net realisable value.

Notes to the Financial Statements

For the year ended 31st December, 2002

18. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period of 30 days to 90 days to its trade debtors.

Included in the Group's debtors, deposits and prepayments are trade debtors of HK\$131,302,000 (2001: HK\$93,692,000), an aging analysis of which at the balance sheet date is as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Current	100,793	70,216
1 to 90 days overdue	29,452	22,928
More than 90 days overdue	1,057	548
	131,302	93,692

The Company did not have any trade debtors at the balance sheet date.

19. OTHER INVESTMENT

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Equity securities:		
Listed – Hong Kong, at market value	3,760	4,580

20. CREDITORS AND ACCRUED CHARGES

Included in the Group's creditors and accrued charges are trade creditors of HK\$56,056,000 (2001: HK\$47,187,000), an aging analysis of which at the balance sheet date is as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Current to 90 days overdue	54,144	46,778
More than 90 days overdue	1,912	409
	56,056	47,187

The Company did not have any trade creditors at the balance sheet date.

Notes to the Financial Statements

For the year ended 31st December, 2002

21. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Shares of HK\$0.10 each		
<i>Authorised:</i>		
At beginning and at end of the years 2001 and 2002	1,000,000,000	100,000
<i>Issued and fully paid:</i>		
At 1st January, 2001	350,640,000	35,064
Issue of shares upon exercise of share options	2,810,000	281
At 31st December, 2001	353,450,000	35,345
Issue of shares upon subscription of shares (Note)	18,500,000	1,850
Issue of shares upon exercise of share options	2,460,000	246
At 31st December, 2002	374,410,000	37,441

Note:

Pursuant to an agreement dated 12th January, 2002 entered into among the Company, Universal Honour Developments Limited ("Universal Honour"), a substantial shareholder of the Company, and Templeton Strategic Emerging Markets Fund LDC ("Templeton"), Universal Honour sold 28,500,000 shares of HK\$0.10 each in the Company at the price of HK\$1.70 per share to Templeton and Universal Honour subscribed for 18,500,000 shares of HK\$0.10 each issued by the Company at the price of HK\$1.70 per share. The above transactions were completed in January 2002.

22. SHARE OPTIONS

The Company's share option scheme was adopted at a special general meeting of the Company held on 24th October, 1996 (the "Share Option Scheme") for the primary purpose of providing incentives to the employees of the Group. Under the Share Option Scheme, the board of directors of the Company may, at its discretion, grant options to eligible employees, including executive directors, of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than 80% of the average of the closing prices of the shares quoted on the Stock Exchange on the five trading days immediately preceding the date of grant of the options or the nominal value of the shares, whichever is the higher. The Share Option Scheme will expire on 23rd October, 2006.

Notes to the Financial Statements

For the year ended 31st December, 2002

22. SHARE OPTIONS (Continued)

The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not exceed 10% of the issued share capital of the Company from time to time and the maximum number of shares in respect of which options may be granted to any one employee shall not exceed 25% of the maximum number of shares in respect of which options may be granted under the Share Option Scheme. HK\$1 is payable by each eligible employee upon acceptance of the share options. Pursuant to the amended rules set out by the Stock Exchange, no further share options may be granted by the Company to any employees under the Share Option Scheme. A resolution will be proposed in the forthcoming annual general meeting that the existing Share Option Scheme be terminated and that a new share option scheme be adopted.

On 7th July, 2000, share options were granted under the Share Option Scheme to certain eligible employees of the Group to subscribe for 33,100,000 shares in the Company. These share options are exercisable between 7th July, 2000 and 23rd October, 2006 at an exercise price of HK\$0.88 per share as follows:

Exercisable period	Maximum % of share options exercisable
7th July, 2000 to 6th July 2001	Up to 40%
After 6th July, 2001	Up to 50%
After 6th July, 2002	Up to 60%
After 6th July, 2003	Up to 70%
After 6th July, 2004	Up to 80%
After 6th July, 2005	Up to 100%

No share options were granted by the Company during the year. A summary of the movements in share options which were granted to certain eligible employees of the Group on 7th July, 2000 is as follows:

	Number of share options					
	Outstanding at 1st January, 2001	Exercised during 2001	Lapsed during 2001	Outstanding at 31st December, 2001	Exercised during 2002	Outstanding at 31st December, 2002
Category: Directors	6,060,000	(1,010,000)	–	5,050,000	(1,010,000)	4,040,000
Category: Employees	14,400,000	(1,800,000)	(4,200,000)	8,400,000	(1,450,000)	6,950,000
Total all categories	<u>20,460,000</u>	<u>(2,810,000)</u>	<u>(4,200,000)</u>	<u>13,450,000</u>	<u>(2,460,000)</u>	<u>10,990,000</u>

Total consideration received from employees, including directors, for the options exercised during the year amounted to HK\$2,165,000 (2001: HK\$2,473,000). The average closing price of shares issued upon exercise of share options is HK\$1.75 (2001: HK\$1.39).

Notes to the Financial Statements

For the year ended 31st December, 2002

23. RESERVES

	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Goodwill reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP						
At 1st January, 2001	73,272	(3,269)	(2,082)	581	350,509	419,011
Exchange differences arising on translation of financial statements of operations outside Hong Kong	–	–	–	162	–	162
Issue of shares upon exercise of share options	2,192	–	–	–	–	2,192
Impairment loss recognised	–	–	1,076	–	–	1,076
Net profit for the year	–	–	–	–	102,452	102,452
Dividends paid	–	–	–	–	(52,793)	(52,793)
At 31st December, 2001	75,464	(3,269)	(1,006)	743	400,168	472,100
Exchange differences arising on translation of financial statements of operations outside Hong Kong	–	–	–	(43)	–	(43)
Realised upon disposal of subsidiaries	–	–	–	(115)	–	(115)
Issue of shares upon subscription of shares (<i>note 21</i>)	29,600	–	–	–	–	29,600
Shares issue expenses	(240)	–	–	–	–	(240)
Issue of shares upon exercise of share options	1,919	–	–	–	–	1,919
Net profit for the year	–	–	–	–	105,671	105,671
Dividends paid	–	–	–	–	(59,709)	(59,709)
At 31st December, 2002	106,743	(3,269)	(1,006)	585	446,130	549,183

Notes to the Financial Statements

For the year ended 31st December, 2002

23. RESERVES (Continued)

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY				
At 1st January, 2001	73,272	105,369	13,266	191,907
Issue of shares upon exercise of share options	2,192	–	–	2,192
Net profit for the year	–	–	98,236	98,236
Dividends paid	–	–	(52,793)	(52,793)
At 31st December, 2001	75,464	105,369	58,709	239,542
Issue of shares upon subscription of shares (<i>note 21</i>)	29,600	–	–	29,600
Shares issue expenses	(240)	–	–	(240)
Issue of shares upon exercise of share options	1,919	–	–	1,919
Net profit for the year	–	–	72,816	72,816
Dividends paid	–	–	(59,709)	(59,709)
At 31st December, 2002	106,743	105,369	71,816	283,928

Special reserve represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and the surplus account of Allied Power Inc., the subsidiary which was acquired by the Company pursuant to the group reorganisation in 1996.

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of Allied Power Inc. at the date on which the group reorganisation became effective and the nominal amount of the share capital of the Company issued under the group reorganisation.

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

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

The goodwill reserve at the balance sheet date comprises HK\$1,179,000 (2001: HK\$1,179,000) and HK\$173,000 (2001: HK\$173,000) in respect of goodwill and negative goodwill respectively.

Notes to the Financial Statements

For the year ended 31st December, 2002

24. LOAN FROM A MINORITY SHAREHOLDER OF A SUBSIDIARY

The amount was unsecured, interest free and did not have fixed repayment terms.

During the year, the loan amounting to HK\$6,492,000 was assigned by the minority shareholder to the Group as part of the arrangement for the acquisition by the Group of additional interest in a subsidiary.

25. DEFERRED TAXATION

At the balance sheet date, the provision for deferred taxation liability was attributable to the excess of depreciation allowances claimed for tax purposes over accounting depreciation charged in the financial statements.

The Group and the Company did not have any significant unprovided deferred taxation at the balance sheet date or during the year.

26. ACQUISITION OF A SUBSIDIARY

	2002 HK\$'000	2001 HK\$'000
NET ASSETS ACQUIRED		
Property, plant and equipment	–	40
Inventories	–	709
Debtors, deposits and prepayments	–	415
Bank balances and cash	–	257
Creditors and accrued charges	–	(559)
Minority interests	–	(363)
	–	499
Satisfied by:		
Cash	–	499

Notes to the Financial Statements

For the year ended 31st December, 2002

26. ACQUISITION OF A SUBSIDIARY (Continued)

Net cash outflow arising on acquisition:

	2002 HK\$'000	2001 <i>HK\$'000</i>
Cash consideration paid	–	(499)
Bank balances and cash acquired	–	257
Net cash outflow arising on acquisition of a subsidiary	–	(242)

The subsidiary acquired in the prior year did not have any significant impact on the Group's cash flows or operating results.

27. DISPOSAL OF SUBSIDIARIES

	2002 HK\$'000	2001 <i>HK\$'000</i>
NET LIABILITIES DISPOSED OF		
Property, plant and equipment	37	–
Inventories	748	–
Debtors, deposits and prepayments	273	–
Bank balances and cash	54	–
Creditors and accrued charges	(1,807)	–
Minority interests	(338)	–
Net liabilities disposed of	(1,033)	–
Exchange reserve released	(115)	–
Gain on disposal	(1,148)	–
Cash consideration	1,647	–
Net cash inflow arising on disposal:		
Cash consideration received	499	–
Bank balances and cash disposed of	(54)	–
	445	–

The subsidiaries disposed of during the year did not have any significant impact on the Group's cash flows or operating results.

Notes to the Financial Statements

For the year ended 31st December, 2002

28. MAJOR NON-CASH TRANSACTION

During the year, loan from a minority shareholder amounting to HK\$6,492,000 (note 24) was assigned by the minority shareholder to the Group as part of the arrangement for the acquisition by the Group of additional interest in a subsidiary.

The Group had no significant non-cash transaction during the year ended 31st December, 2001.

29. RETIREMENT BENEFIT SCHEME

The Group has joined a Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The retirement benefit scheme contributions arising from the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the schemes.

At the balance sheet date, there was no forfeited contributions available to reduce future contributions (2001: Nil).

Notes to the Financial Statements

For the year ended 31st December, 2002

30. OPERATING LEASE ARRANGEMENTS

The Group as lessee:

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

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within one year	8,300	10,554
In the second to fifth year inclusive	13,854	20,431
After five years	–	1,419
	22,154	32,404

Operating lease payments represent rentals payable by the Group for certain of its office, retail shops and other premises. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years.

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

The Group as lessor:

Property rental income earned during the year was HK\$398,000 (2001: HK\$478,000). The properties held at the balance sheet date have committed tenants for an average term of two years.

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Within one year	308	393
In the second to fifth year inclusive	–	355
	308	748

Notes to the Financial Statements

For the year ended 31st December, 2002

31. CAPITAL COMMITMENTS

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Capital expenditure contracted for but not provided in the financial statements		
– buildings under construction	1,132	7,500
– leasehold improvements	1,641	1,817
– plant and machinery	6,492	3,439
– furniture, fixtures and office equipment	–	36
	9,265	12,792

The Company did not have any capital commitments at the balance sheet date.

32. CONTINGENT LIABILITIES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Bills discounted with recourse	–	4,781

At 31st December, 2002, the Company had given corporate guarantees in favour of banks to secure general banking facilities to the extent of HK\$119,130,000 (2001: HK\$94,130,000) granted to its subsidiaries. The extent of facilities utilised by the subsidiaries at 31st December, 2002 amounted to approximately HK\$1,540,000 (2001: HK\$4,781,000).

Details of a corporate guarantee given by the Group in favour of the minority shareholder of a subsidiary are set out in note 34.

33. PLEDGE OF ASSETS

At 31st December, 2002, leasehold properties with an aggregate net book value amounting to approximately HK\$14,236,000 (2001: HK\$14,821,000) and bank deposits of approximately HK\$10,895,000 (2001: HK\$8,981,000) were pledged to banks to secure short term banking facilities granted to the Group.

Notes to the Financial Statements

For the year ended 31st December, 2002

34. RELATED PARTY TRANSACTIONS

		A minority shareholder of a subsidiary		A related company (note 3)	
	Notes	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Sales of goods	1	–	–	2,167	6,171
Loan from related party	2	–	6,492	–	–

Notes:

1. These transactions were carried out at prices agreed by the parties concerned.
2. The terms of the loan and movement of the loan during the year are set out in note 24.
3. The related company is a wholly owned subsidiary of the minority shareholder of a subsidiary.

In addition to the above, at 31st December, 2002, the Group had given a corporate guarantee in favour of a minority shareholder of a subsidiary to the extent of RMB1,020,000 (2001: RMB1,020,000) (approximately HK\$962,000 (2001: HK\$962,000)) in consideration of the guarantee given by this minority shareholder in favour of banks to secure general banking facilities to the extent of RMB2,000,000 (2001: RMB2,000,000) (approximately HK\$1,887,000 (2001: HK\$1,887,000)) granted to this subsidiary. No such facilities were utilised by the aforesaid subsidiary as at 31st December, 2001 as the respective bank borrowing was fully repaid during 2001.

Notes to the Financial Statements

For the year ended 31st December, 2002

35. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 31st December, 2002 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Nominal value of issued ordinary shares/ contributed capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			Directly	Indirectly	
Allied Power Inc.	British Virgin Islands	C\$50,000	100%	–	Investment holding
Able Rich Enterprises Limited	British Virgin Islands	US\$1	–	100%	Investment holding
Argent Optical Manufactory Limited	Hong Kong/PRC	HK\$100,000	–	100%	Manufacture of optical frames
Artland Technology Limited	British Virgin Islands	US\$1	–	100%	Investment holding
Arts 1000 Optical Company Limited	British Virgin Islands/ PRC	US\$1	–	100%	Retailing of optical frames
Arts Optical Company Limited (Formerly known as Arts Optical Manufactory, Limited)	Hong Kong	HK\$1,000,000	–	100%	Trading in optical frames
Sin Dak Industrial Limited	Hong Kong	HK\$40,000	–	100%	Property holding
Fone Limited (Formerly known as Stepper Limited)	Hong Kong	HK\$100	–	100%	Trading in optical frames
深圳北方光學實業有限公司 (Shenzhen North Optical Industrial Company Limited)	PRC	HK\$17,675,600	–	51% (Note)	Manufacture of and trading in optical lenses

Note: This subsidiary is registered as a sino-foreign equity joint venture company.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries, in the opinion of the directors, would result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at 31st December, 2002 or at any time during the year.

Financial Summary

RESULTS

	Year ended 31st December,				2002 HK\$'000
	1998 HK\$'000	1999 HK\$'000	2000 HK\$'000	2001 HK\$'000	
TURNOVER	408,823	469,806	602,542	547,012	602,518
PROFIT BEFORE TAXATION	69,375	87,137	126,778	109,914	117,795
TAXATION	(5,200)	(6,651)	(9,816)	(9,766)	(13,428)
PROFIT BEFORE MINORITY INTERESTS	64,175	80,486	116,962	100,148	104,367
MINORITY INTERESTS	–	(200)	(4,734)	(2,304)	(1,304)
NET PROFIT FOR THE YEAR	64,175	80,686	121,696	102,452	105,671

ASSETS AND LIABILITIES

	31st December,				2002 HK\$'000
	1998 HK\$'000	1999 HK\$'000	2000 HK\$'000	2001 HK\$'000	
TOTAL ASSETS	370,448	468,351	581,629	607,503	693,673
TOTAL LIABILITIES	(56,562)	(102,607)	(124,723)	(99,266)	(103,538)
MINORITY INTERESTS	–	(7,565)	(2,831)	(792)	(3,511)
SHAREHOLDERS' FUNDS	313,886	358,179	454,075	507,445	586,624