



T S L 謝瑞麟

HONG KONG

Annual Report
05/06 年報

Tse Sui Luen Jewellery (International) Limited
謝瑞麟珠寶(國際)有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號 : 417

On the Cover

Alanna Vicente, the artist on the cover of this annual report, is the group's sub brand, TSL Saxx's newly featured jazz musician who was born and raised in California.

TSL Saxx, the new chosen name for TSL's sub-brand jewellery boutique, was introduced by the group to the China market in 2004. Today, its retail network extends to various major cities in China, including Shanghai, Guangzhou, Shenzhen etc.

The word "Saxx" represents the word "saxophone", a powerful and melodic instrument often associated with world famous jazz music. Themed with contemporary jazz music, TSL Saxx targets the new generation in China who is looking for modern and stylish ways of life.

With the introduction of Saxx boutique by the group, it's well illustrated the progressiveness of the TSL Group in developing its business in different market segment; hence, continuing its professionalism in focusing on fine jewellery business.

封面

集團本年度年報以生長於美國加州的雅安娜·維森特為封面人物，她是集團副品牌謝瑞麟 | Saxx的全新爵士樂代言人。

謝瑞麟 | Saxx是集團為新設品牌的名字，2004年在中國設立首間首飾專門店；時至今日，謝瑞麟 | Saxx已在國內多個主要城市如上海、廣州、深圳等開展她的零售網絡。

Saxx是「薩克斯管」(Saxophone)的意思，是一個在國際爵士樂上舉足輕重及充滿旋律的主音樂器。以當今爵士樂為主題，謝瑞麟 | Saxx瞄準中國新一代追求時尚生活風格的年輕人。

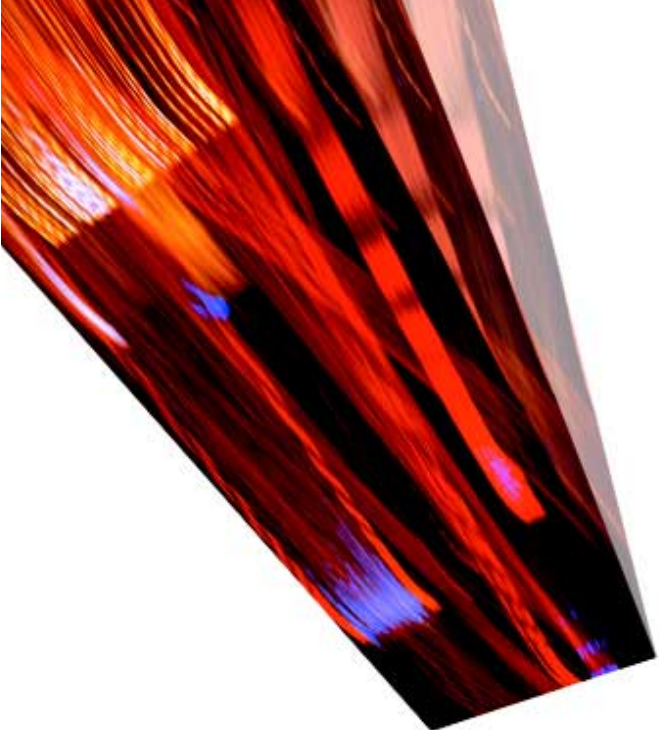
隨著集團引進謝瑞麟 | Saxx首飾專門店，表現著集團一貫積極進取地去開展不同市場，更表現集團專注於高級珠寶業務所持的專業態度及堅持。











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公司簡介

執行董事

謝達峰 (主席)
溫彼得 (副主席)
黃岳永 (副主席)
陳偉康
張子健
邱安儀

獨立非執行董事

崔志仁
Gerald Clive Dobby
呂培基

公司秘書

區紹祺

合資格會計師

黎子武

授權代表

謝達峰
溫彼得

審核委員會

崔志仁 (主席)
Gerald Clive Dobby
呂培基

薪酬委員會

Gerald Clive Dobby (主席)
呂培基
崔志仁
謝達峰

法律顧問

香港法律：
史密夫律師事務所
香港中環
畢打街11號
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普蓋茨律師事務所
香港中環
金融街8號
國際金融中心2期35樓

百慕達法律：
Conyers Dill & Pearman
香港中環
康樂廣場8號
交易廣場第1期2901室

Corporate Profile

Executive Directors

Tse Tat Fung, Tommy (Chairman)
Peter Gerardus Van Weerdenburg (Deputy Chairman)
Erwin Steve Huang (Deputy Chairman)
Alex Chan
Cheung Tse Kin, Michael
Yau on Yee, Annie

Independent Non-executive Directors

Chui Chi Yun, Robert
Gerald Clive Dobby
Lui Pui Kee, Francis

Company Secretary

Au Shiu Kee, Anthony

Qualified Accountant

Lai Tsz Mo, Lawrence

Authorised Representatives

Tse Tat Fung, Tommy
Peter Gerardus Van Weerdenburg

Audit Committee

Chui Chi Yun, Robert (Chairman)
Gerald Clive Dobby
Lui Pui Kee, Francis

Remuneration Committee

Gerald Clive Dobby (Chairman)
Lui Pui Kee, Francis
Chui Chi Yun, Robert
Tse Tat Fung, Tommy

Legal Advisers

As to Hong Kong law:
Herbert Smith
23/F., Gloucester Tower
11 Pedder Street
Central, Hong Kong

Preston Gates Ellis
35/F., Two International Finance Centre
8 Finance Street
Central, Hong Kong

As to Bermuda law:
Conyers Dill & Pearman
Room 2901, One Exchange Square
8 Connaught Place
Central, Hong Kong



Corporate Profile

核數師

馬施雲會計師事務所
香港九龍尖沙咀
廣東道30號
新港中心第2座905室

Auditors

MOORE STEPHENS
Certified Public Accountants
905 Silvercord
Tower 2, 30 Canton Road
Tsimshatsui, Kowloon
Hong Kong

財務顧問

英高財務顧問有限公司
香港中環
康樂廣場8號
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Financial Adviser

Anglo Chinese Corporate Finance, Limited
40/F., Two Exchange Square
8 Connaught Place
Central, Hong Kong

主要往來銀行

荷蘭銀行
香港中環
皇后大道中2號
長江集團中心38樓

Principal Banker

ABN AMRO Bank
38/F., Cheung Kong Center
2 Queen's Road Central
Hong Kong

股份過戶登記總處

Westbroke Limited
Richmond House
Par-la-Ville Road
Hamilton, Bermuda

Principal Share Registrar

Westbroke Limited
Richmond House
Par-la-Ville Road
Hamilton, Bermuda

香港股份過戶登記分處

秘書商業服務有限公司
香港
皇后大道東28號
金鐘匯中心26樓

Hong Kong Branch Share Registrar

Secretaries Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

註冊辦事處

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

主要辦事處

香港九龍紅磡
民裕街30號
興業工商大廈地下B座

Principal Office

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Hungghom, Kowloon, Hong Kong

網址

<http://www.tslj.com>

Website

<http://www.tslj.com>



Corporate Profile

		2006	2005 (restated) (經重列)	2004 (restated) (經重列)	2003 (restated) (經重列)	2002 (restated) (經重列)
Consolidated Income Statement (HK\$'M)	綜合 收益表 (百萬港元)					
Turnover	營業額	1,324	1,276	956	954	984
Net interest expense	淨利息支出	6	5	7	12	19
(Loss)/profit for the year	本年(虧損)/盈利	(28)	43	16	(51)	(39)
(Loss)/profit attributable to ordinary shareholders	普通股股東 應佔(虧損)/盈利	(48)	36	4	(55)	(50)
Consolidated Cash Flow (HK\$'M)	綜合 現金流動 (百萬港元)					
Cash generated from/ (used in) operations	經營業務產生/ (所用)的現金	47	75	(8)	79	86
Net cash (outflow)/ inflow before financing	融資前現金(流出)/ 流入淨額	(30)	43	(12)	72	126
Per Ordinary Share (HK\$'M)	以每普通股計 (百萬港元)					
(Loss)/earnings	(虧損)/盈利	(0.23)	0.48	0.11*	(1.4)*	(1.3)*
Market price	市價	0.84	2.35	4.2*	0.6*	1.1*
Consolidated Balance Sheet (HK\$'M)	綜合 資產負債表 (百萬港元)					
No. of shares ('M shares)	股份股數(百萬股)	207	207	39*	39*	39*
Shareholders' funds	股東資金	207	249	54	49	77
Borrowings	貸款	149	94	247	254	282
Market capitalization	市值	174	487	165	25	43
Gearing percentage	債務權益百分率	23%	5%	386%	407%	297%

*: after adjusting for the capital reorganisation, which involved a consolidation of 100 issued ordinary shares into 1 share and then subdivided into 10 shares in the year 2004/05.

*: 已就於2004/05年度進行的資本重組調整，當中包括將每100股已發行普通股合併為1股及其後細分為10股。





**Alanna
Vincente
Defining
Style**





Letters to the Shareholders 致股東的函件

The financial year ended 28 February 2006 has proved to be a more challenging year for the Group than the previous financial year which saw a major turnaround in the Group's financial position and performance following the successful completion of its corporate re-organisation and the gains that it derived from the buoyant state of the general retail market in Hong Kong during that time. This placed the Group in a strong position to face the challenges that, unbeknown to it, lay ahead.

The current year has proved to be very different with the Group seeing a marked slowdown in the Hong Kong retail market between April 2005 and November 2005. This resulted in the Group experiencing an overall much slower start to the first half of the year than it had expected or prepared for. This slowdown in the first half caused the Group to make an early reassessment of its expansion plans for the year with the result that it revised downward its expansion plans for Hong Kong as, by this time, it (i) was obvious that the increases in rental and staff costs in Hong Kong that had occurred or were being demanded had outstripped the benefits of the sales growth that had been or could be achieved by the Group in the Hong Kong retail market and

截至2006年2月28日止財政年度對本集團而言較上一個財政年度更富挑戰。於上一個財政年度，本集團之財務狀況及業績隨著公司重組成功完成及當時香港整體零售市場市道暢旺帶來收益大幅改善，讓本集團處於更強位置，面對未來不可預見之挑戰。

本集團於本年度面對的環境則非常不同，香港零售市場於2005年4月至2005年11月間顯著放緩，以致本集團於上半年表現整體較預期或準備緩慢。上半年表現放緩，本集團因而提前重新評估本年度之擴展計劃，而基於直至目前為止(i)香港租金及僱員成本明顯已經出現或提出上調，超出本集團於香港零售市場已經或可能





Photo Caption 圖片說明
TSL Saxx offers our customers extraordinary jewellery design targeting young & modern market segment in China. This is the Spirit Collection.
謝瑞麟 | Saxx為國內一群追趕潮流的年輕一族，帶來設計精緻獨特的首飾。圖中為爵躍系列鑽飾。





Photo Caption 圖片說明
The Fifth Season Collection is imported from Italy, designated for the Saxx brand.
第五季節系列(The Fifth Season Collection)是專門為謝瑞麟 | Saxx品牌從意大利引入的。

(ii) that this planned investment could be better deployed by the Group elsewhere. As a result, the Group concentrated more of its efforts and resources on its Mainland China (“the Mainland”), Showroom and Export businesses. At this time, the trading conditions in Hong Kong remain uncertain and patchy and we continue to take a cautious approach to our future investment in this area.

Notwithstanding the above, through careful management and the remedial actions taken, the Group was able to recover from this slow start to the year and was ultimately able to achieve an increase in its overall turnover for the year and to claw back some of the losses that it reported in the first half of the year. However, notwithstanding a better second half, it has still reported an overall loss attributable to equity holders for the year of HK\$48 million mainly due to the provisions it made in the first half of the year with respect to prior years’ tax disputes. In this regard, of this loss, a total of HK\$51 million relates to provisions made by the Group in the first half of the year in respect to assessments issued by the Hong Kong Inland Revenue Department (“IRD”) during that period relating to prior years tax disputes.

取得之銷售增長及(ii)本集團可將是項計劃投資更善用於其他範疇，故本集團向下調整其香港擴展計劃。因此，本集團將其重心及資源集中於其中國內地（「內地」）、陳列室及出口業務。目前，香港之貿易環境尚未明朗，我們將繼續對此範疇之日後投資採取審慎態度。

儘管上述原因，憑藉謹慎管理及所採取補救方法，本集團成功自年初之緩慢起步恢復過來，本年度整體營業額最終更錄得升幅，抵銷其於上半年錄得之部分虧損。然而，儘管下半年市況好轉，本集團仍然錄得本年度整體股東應佔虧損港幣48,000,000元，主要歸因於本集團上半年就過往年度之稅務糾紛作出撥備。因此，虧損當中合共港幣51,000,000元與本集團於上半年就香港稅務局（「稅務局」）於出現稅務糾紛之過往年度期間之評稅所作出撥備有關。







Also, due to the Group's conscious decision in 2004 to embark upon a 3 year reinvestment program to rebuild its businesses and core infrastructure following many years of under investment, the Group's operating profit before tax for the year continued to be impacted by the increased overheads being incurred by it arising from this reinvestment program. The Group sees this reinvestment program as critical to its future competitiveness and success and expects to complete the same within 2007.

Notwithstanding the challenges noted above, the Group continued to make consistent and pleasing progress with its businesses and the rebuilding of its brand and core infrastructure. Highlights of achievements during the year include:

- The Group opened its new factory in Panyu in April 2006 following the completion of the fit out and setting up of the factory during the year. This factory is an addition to our existing manufacturing capability and will service the Group's requirements for general and specialized jewellery products in the greater China region as well as our growing export business going forward. The Group's manufacturing infrastructure is now all in place and the capacity available should be sufficient to meet the Group's needs for the next 3 to 4 years.

此外，由於本集團於2004年作出審慎考慮的決定，展開為期三年之再投資計劃，以於多年投資不足後重建其業務及核心基礎設施，本集團年內之除稅前經營盈利繼續受到該再投資計劃所產生經常開支增加之影響。本集團認為，是項再投資計劃對其日後競爭力及成就起關鍵作用，預期於2007年內完成有關計劃。

儘管上述挑戰，本集團之業務及其品牌與核心基礎設施重建工作均繼續持續取得理想進展。本年度之成果包括：

- 繼年內完成廠房之裝配及裝置後，本集團於2006年4月在番禺開設新廠房。此廠房提升本集團之現有生產力，並將滿足大中華區及本集團不斷增長之出口業務有關本集團普通及特製珠寶之需求。本集團之生產基礎設施現時已齊備，現行產能足以應付本集團於未來三至四年之需求。

Photo Caption 圖片說明

The group introduces the Italian Fifth Season Collection to the Saxx boutiques, bringing the international jewellery fashion to the China market.
集團率先為謝瑞麟 | Saxx引進意大利的第五季節系列(The Fifth Season Collection)，帶領國際珠寶時尚進入中國市場。



- The Group obtained HK\$77 million in new loan facilities in November 2005 to support the rebuilding and expansion of its business and infrastructure.
- Sales of the Group's Export, Showroom and the Mainland businesses grew by double digits during the year.
- The Group successfully launched a number of new products consistent with its image and brand position the most prominent of which was the "TSL Estrella Diamond" which is exclusive to the Group. This product is displayed in this report.
- Approximately 90% of the Group's outlets in the Mainland and 85% of the Group's outlets in Hong Kong have now been changed to the new image with the new corporate identity.
- The Group developed a new and substantially upgraded set of promotional material and image advertisements which it successfully launched in April 2005 in both Hong Kong and the Mainland. This Group's re-branding exercise will continue with a further set of upgraded materials planned to be launched by the Group later in the forthcoming financial year.

- 本集團於2005年11月取得港幣77,000,000元之新貸款融資，以支持重建及擴展其業務與基礎設施。
- 本集團出口、陳列室及內地業務之銷售額於年內錄得雙位數字增長。
- 本集團成功推出多款配合其形象及品牌地位之新產品，當中最注目的產品為本集團獨家產品「TSL Estrella Diamond」。此產品於本報告內展示。
- 配合本集團之新企業形象，本集團約90%之內地銷售點及85%之香港銷售點現已換上新形象。
- 本集團已開發一套全新改革的宣傳品與形象廣告，於2005年4月在香港及內地成功推出。本集團將繼續此項品牌重整工作，並計劃於下個財政年度較後時間進一步推出另一套經革新的宣傳品。





Photo Caption 圖片說明

TSL | Saxx opened a new image boutique in Shanghai in March, 2006 and extended to become a network of seven stylish jewellery boutiques in China.

2006年3月，謝瑞麟 | Saxx於上海匯金開設最新形象店，全國已開展了七間時尚的首飾專門店。

- The Group continued its store expansion program both in Hong Kong and the Mainland with 3 new stores (including one flagship store) being opened in Hong Kong. The new flagship store in Tsim Sha Tsui and the two new stores in Mong Kok have been well received by our customers. The number of outlets in Mainland was increased from 102 last year to 108 this year with a further 26 outlets in the Mainland being renovated to the new image during the year.
- As part of our continuing expansion in the Mainland, the new concept store created under the brand name, TSL | Saxx, was further expanded with the opening of 4 new stores this year. This brand is an extension of the Group's quality products and services to the young and trendy consumer segment in the Mainland.
- The service culture has been deeply implanted in the Group. In 2005, our Hong Kong Retail Division beat over 157 retail corporations and won the "2005 Service Retailer of the Year" and "The Service Retailer in Watch & Jewellery Category" of the Mystery Shoppers Programme run by Hong Kong Retail Management Association ("HKRMA"). Under the Mystery Shoppers Programme organized by HKRMA, TSL has achieved the highest average percentage of 96.76% over the year of 2005 and becomes the service leader in the retail industry.

- 本集團繼續其於香港及內地之店舖擴充計劃，於香港開設3家新店舖（包括一家旗艦店）。位於尖沙咀之新旗艦店及位於旺角之兩家新店舖大受客戶歡迎。於內地之銷售點數目由去年102家增至本年度108家，26家內地銷售點於年內重新裝修換上新形象。
- 作為本集團內地持續擴展一部分，以謝瑞麟 | Saxx品牌名稱創立之新概念店已進一步擴展，於本年度開設4家新店舖。此品牌乃本集團優質產品及服務對準內地年輕及追求時尚之消費者之延續。
- 服務文化於本集團根深蒂固。於2005年，本集團之香港零售部門擊敗超過157家零售公司，贏得香港零售管理協會（「HKRMA」）舉辦之神秘顧客計劃之「2005年行業服務領袖獎」及「組別服務領袖獎-手錶及珠寶組別」。HKRMA舉辦之神秘顧客計劃中，與2005年比較，謝瑞麟取得最高平均百分比96.76%，成為零售業之服務領導者。



In addition, two frontline staff of TSL, Mr. Lam Kin Ip and Mr. Liu Chi Shing were named as the winners of the “Supervisory Level Award” and “Junior Frontline Award” respectively in the Specialty Stores Category of the “2005 Service & Courtesy Award” run by HKRMA.

- The Group’s innovation in new product development is well recognized by the industry and the customers. During the year, our designers won design awards in a wide variety of jewellery products (including diamond, Chuk Kam and pearl) in Chuk Kam Jewellery Design Competition 2006, Tahitian Pearl Trophy Asia 2005, The 7th Hong Kong Jewellery Design Competition and The 7th Buyers’ Favourite Jewellery Design Competition.
- The implementation of our new information technology platform is continuing and which we expect to be completed within the forthcoming financial year. The new information technology system will enable the Group to serve our customers more effectively with timely and accurate information and more efficiently by streamlining the operation procedures.

此外，謝瑞麟兩名前線員工林建業先生及廖志誠先生於HKRMA舉辦之「2005年度傑出服務大獎」專門店組別分別成為「主管級別」及「基層級別」之優勝者。

- 本集團於新產品開發之創新獲得行內及客戶廣泛認同。年內，本集團設計師多款珠寶產品（包括鑽石、足金及珍珠）於2006年足金首飾設計比賽、2005年國際大溪地珍珠首飾設計比賽、第七屆香港珠寶設計比賽及第七屆最受買家歡迎首飾設計比賽贏得設計獎項。
- 本集團新資訊科技平台現繼續逐步推行，預期可於下個財政年度內完成。新資訊科技系統將讓本集團透過精簡運作流程，掌握更適時及準確之資訊，為顧客提供更高效率及更優質之服務。



There is still further work to be done in order to complete all the initiatives that the Group currently has in progress in relation to its reinvestment program and, as with this year, we expect that some of the above initiatives and/or expenditures will continue to have an impact on the Group's profitability in the short term. However, we believe that it is in the interests of shareholders in the longer term for us to ensure that the Group has a solid base and infrastructure from which to be able to continue to grow its business, competitiveness and profitability going forward.

We believe the above initiatives are important steps to lead the Group to growth and to our mission to become the leading, most innovative, efficient and profitable jewellery retailer in Asia and we are looking forward to substantially completing these within this financial year. We shall, with the support of shareholders, steadfastly and painstakingly work to continue with the above initiatives in order to achieve our mission.

On behalf of the Board, I would like to take this opportunity to express our thanks to our bankers, business partners, advisors, shareholders and staff for their continuing efforts and support in the past year and into the future.

Tse Tat Fung, Tommy
Chairman

Hong Kong, 22 June 2006

就完成本集團現時就其再投資計劃推行之所有措施，本集團仍需繼續努力，於本年度，本集團預期上述部分措施及／或開支將繼續對本集團短期內之盈利能力構成影響。然而，本集團相信，確保本集團具穩健根基及基礎設施，以便未來業務、競爭力及盈利能力持續增長符合股東較長遠之利益。

本集團相信，上述措施乃帶領本集團繼續發展，實現成為亞洲最具創意、效率及盈利之珠寶零售商翹楚之目的之重要步驟，本集團期待可於本財政年度完成大部分有關工作。憑藉股東之支持，本集團將堅定不移，致力推行上述措施，從而達致本集團之目標。

本人謹代表董事會，藉此機會向本集團往來銀行、業務夥伴、顧問、股東及員工於過去一年及日後之持續努力及支持，致以衷心謝意。

主席
謝達峰

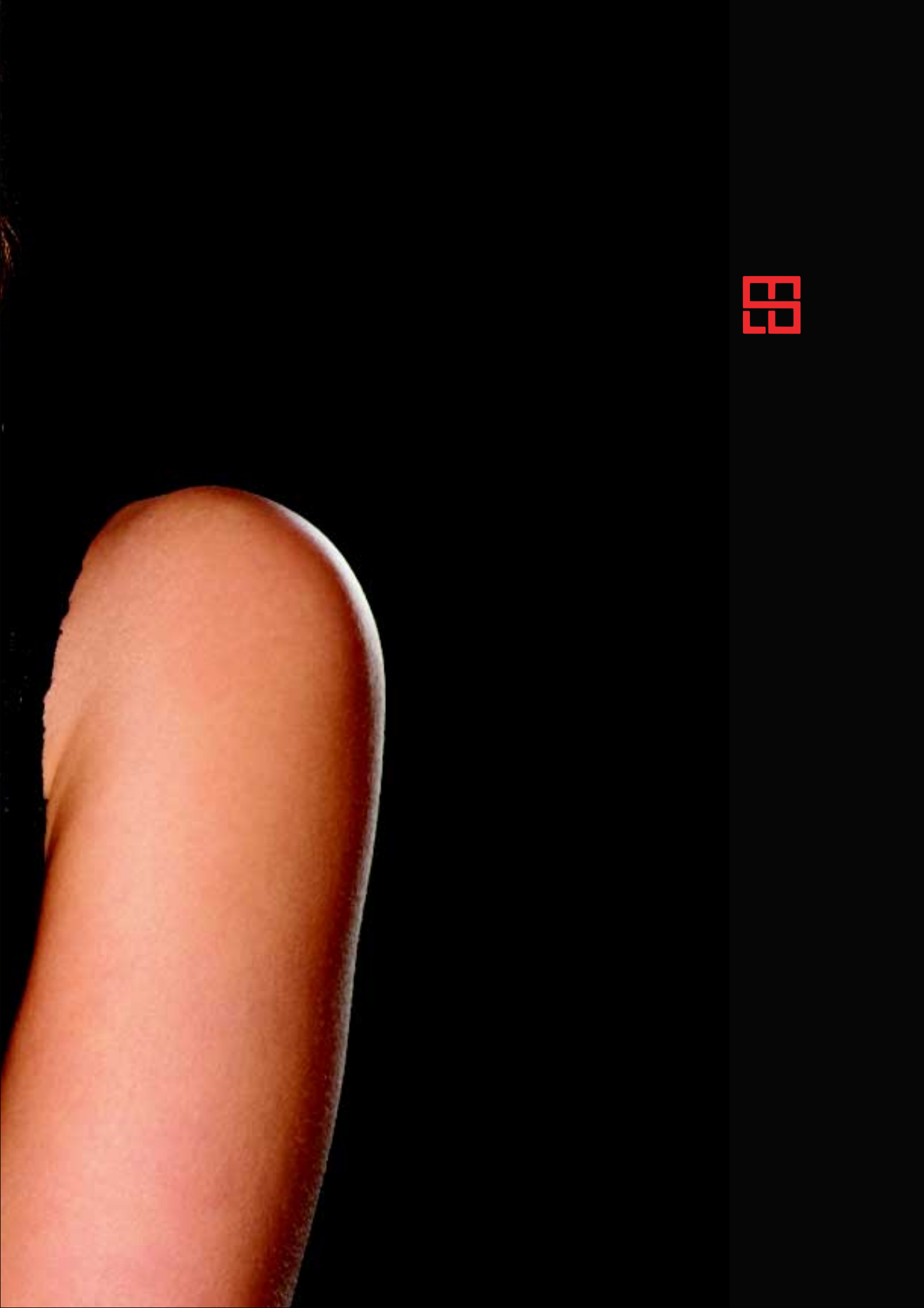
香港，二零零六年六月二十二日











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Management's Discussion and Analysis

管理層之討論及分析

Business Review and Prospects

During the financial year ended 28 February 2006, the Group achieved an overall increase of 3.8% in its consolidated turnover as compared to the same period last year. Consolidated turnover for the year was HK\$1,324 million (2005: HK\$1,276 million).

The Group experienced a slow start to the year due to a marked slowdown that occurred in the retail jewellery market in Hong Kong between April and November 2005 as compared to the same period last year. This slowdown was mainly attributable to lower spending by tourists from the Mainland which trend appears to be more specific to the retail jewellery sector in Hong Kong than to the overall retail market in general. However, due to (i) the Group taking immediate action to address this slowdown when it become evident (ii) a pick up occurring in jewellery market in Hong Kong in December 2005 and (iii) a better performance by our other businesses, the Group was able to claw back some of these lost sales in the second half of the year.

Unfortunately, notwithstanding the improvements made in the second half, the Group was not able to fully recover from the

業務回顧及前景

截至2006年2月28日止財政年度，本集團之綜合營業額較去年同期整體增加3.8%。年內之綜合營業額為港幣1,324,000,000元（2005年：港幣1,276,000,000元）。

由於香港珠寶市場於2005年4月及11月較去年同期明顯放緩，本集團於本年度起步較為緩慢。市場放緩主要歸因於內地旅客消費減少。較之整體零售市場，此趨勢在香港零售珠寶業界更為明顯。然而，由於(i)本集團於出現市場放緩跡象時即時採取針對措施；(ii)香港珠寶市場於2005年12月出現反彈；及(iii)本集團其他業務表現較佳，故本集團於下半年仍能彌補該等銷售額之部分損失。

然而，儘管下半年表現有所改善，惟本集團未能完全自下列影響中復蘇：(i) 2005年4月至11月香港之銷售額減少，本集團於香港之租金及員工成本上升（與去年同





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effect of (i) the decrease in sales that it experienced in Hong Kong between April and November 2005 (whose adverse effect was further compounded by the increased rents and staff costs (versus the same time in the previous year) being incurred by the Group in Hong Kong) (ii) increased overheads arising out of the continuing reinvestment program being conducted by the Group into its businesses and core infrastructure during the year and (iii) lastly, but more importantly, the issuance of further protective assessments by the IRD in respect to two disputed prior year tax cases that are in the process of investigation by the IRD, the Group reported an overall loss attributable to equity holders of the Company for the year of HK\$48 million (2005: Profit of HK\$36 million after adjusting for changes in accounting policies). Of this loss, HK\$51 million relates to provisions that have been made by the Group in respect of the assessments issued by IRD during the period relating to prior years.

Retail Operations in Hong Kong, Mainland and Overseas

During the period under review, the Group opened three new stores in Hong Kong comprising (i) two new stores in Mongkok

期比較)進一步加深有關不利影響;(ii)本集團業務及核心基礎設施持續進行之再投資計劃今年內經常性開支增加;及(iii)最後及更重要的是,稅務局就過往年度兩項具爭議性且正在調查中的稅務個案,發出保障性利得稅評稅,故本集團於年內錄得整體本公司股東應佔虧損港幣48,000,000元(2005年:就會計政策變動作出調整後之盈利港幣36,000,000元)。在上述虧損中,其中港幣51,000,000元是本集團就稅務局於期內就過往年度發出的所得稅評稅所作撥備。

香港、內地及海外零售業務

於回顧期內,本集團在香港開設了3間新店舖,包括(i)2間分別於2005年4月及2005年7月在旺角開設的新店舖;及(ii)於2005年7月底在尖沙咀開設的新旗艦店。





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which were opened in April 2005 and July 2005 and (ii) a new flagship store in Tsim Sha Tsui which was opened in late July 2005. This new flagship store launches the next generation of the Group's store image which will be applied to future store opening by the Group both in Hong Kong and the Mainland. These new stores and image have been very well received by our customers.

Overall, the retail environment in Hong Kong remains very competitive and very patchy as (i) the competition for customers continues to increase amongst the various major jewellery brands in Hong Kong given the current lack of growth occurring in the overall market (ii) and demands for rent and staff salary increases continuing which, as yet, have not been matched by a corresponding increase in sales and (iii) the absence of any real "Disney effect" on the retail market to date.

上述新增旗艦店展示本集團新一代店舖形象，而集團於未來在中港兩地開設的新店舖亦會沿用此形象。我們的客戶對上述新店舖及其形象非常受落。

整體而言，本港零售市場的競爭仍然非常激烈，且挑戰重重，當中原因包括(i)在整體市場目前欠缺增長的困局下，香港各大主要珠寶品牌繼續爭相招徠客戶；(ii)租金與僱員薪酬不斷上升，惟銷售額卻未見同步增長；及(iii)截至目前為止，零售市場仍未出現真正的「迪士尼效應」。



We believe that (i) our commitment to provide quality services and products to our customers (ii) the benefits emerging from the brand building and positioning exercises undertaken by the Group in Hong Kong and the Mainland during the year and planned for next year (iii) our new product lineup and releases during the year and planned for next year (iv) the benefits that are emerging (and are yet to emerge) from our reinvestment program and (v) the increasing strength and growth of our other businesses outside Hong Kong can lead us through this less favourable retail environment in Hong Kong.

The Group also opened a net 6 new stores in the Mainland. Sales from our business in the Mainland have remained steady with growth being achieved from the new store openings. About 90% of the mainland outlets have now been upgraded to the new brand image and we expect the balance to be completed this

本集團相信，(i)集團致力為客戶提供優質服務與產品的決心(ii)本集團年內及來年計劃在香港及內地進行之品牌建立及定位活動所產生收入；(iii)本集團年內及來年計劃之新產品組合籌備及推出；(iv)本集團再投資計劃所產生及未產生之收入；及(v)本集團其他業務於香港以外地區日漸強大及增長，當可引領集團順利過渡這個利淡的零售環境。

此外，本集團亦於內地開設了淨數6間新店舖。內地業務的銷售額保持平穩，並受惠於新店舖開業而錄得增長。約90%的內地銷售點已換上新的品牌形象。我們預





year. The outlook for the Mainland remains positive for next financial year.

The Group's Showroom business continues to trade well with a pleasing increase in the overall number of non-Mainland tourists visiting its showrooms during the period which has helped to offset a reduction in the overall spending by Mainland tourists during the first half of the year. The Group expects that this business will continue to prosper albeit that competition for Mainland Tourists remains fierce.

Our Malaysian business remained stable in the period under review. The Group's export business has continued to grow steadily and become one of the major sources of growth of the Group during the period under review.

Infrastructure reinvestment

The Group is now well advanced with its project to update its overall IT infrastructure ranging from its office to manufacturing to retail operations which it expects to complete next year. We believe that this project, after completion, will result in cost

期餘下的銷售點將於本年完成有關改裝。於下一個財政年度，內地的發展前景將繼續向好。

本集團的陳列室業務繼續錄得佳績。期內，由於光臨陳列室的非內地旅客整體數字錄得理想增幅，有助抵銷上半年內地旅客整體消費減少構成的影響。本集團預期，儘管內地旅客方面競爭仍然激烈，陳列室業務將繼續錄得增長。

馬來西亞業務於回顧期內保持平穩，而出口業務則繼續穩步增長，並成為本集團於回顧期內主要增長來源之一。

基礎設施再投資

本集團正積極進行其資訊科技系統提升計劃，把其辦公室運作以至製造業務及零售業務的整體資訊科技系統更新及預計在來年完成。本集團深信，此項計劃



savings and better information for serving our customers and improving profitability.

Also, during the year, the Group continued to heavily invest in the upgrade of its manufacturing capabilities, its store network and image, its stock and merchandise and embarked on a new promotional campaign in April 2005 aimed at strengthening its brand in the Greater China region. This investment by the Group in its underlying infrastructure and future capabilities has led to a temporary increase in its overhead costs which will continue to be a drag on its profits until these various projects are all completed over the next 12 to 18 months.

Finance

The Group has adopted certain new and revised Hong Kong Financial Reporting Standards ("HKFRS") in the current period. The impact of these HKFRS's on the financial statements has been fully set out in note 1 to the financial statements.

Capital expenditure including store renovation and expansion, information technology investment and machinery made during the period was approximately HK\$36 million. This was mainly financed from bank borrowings and internal resources.

於完成後，將有助節省成本，使資訊傳達更方便快捷，從而提升顧客服務及改善盈利能力。

此外，於年內，本集團繼續作出大量投資，以提升製造能力、店舖網絡與形象、存貨商品及採購能力，並於2005年4月推出新的宣傳活動，旨在鞏固其於大中華地區的品牌地位。本集團在基礎設施及提升未來實力方面所作的投資導致經營成本暫時上升，其將繼續影響集團盈利，直至上述各項計劃於未來12至18個月內全面完成為止。

財務

本集團於本期間採納若干新訂及經修訂香港財務報告準則（「香港財務報告準則」）。此等香港財務報告準則對財務報表的影響已詳載於賬目附註1。

期內，店舖裝修及擴張、資訊科技投資及機器的資本開支約為港幣36,000,000元，主要由銀行貸款及內部資源提供資金。



Liquidity, Capital Structure and Gearing

At 28 February 2006, the Group's total borrowings were HK\$149.2 million, an increase of HK\$54.7 million since 28 February, 2005 following new facilities of HK\$77 million being made available and being drawn down by the Group in November 2005. Our debt to equity ratio (ratio of net borrowings to net assets) has increased from 5.1% to 23.2% mainly because of the decrease in net assets value resulting from the loss incurred during the year and the increase in bank borrowings.

As at 28 February 2006, the Group had cash balances of HK\$101.2 million which is sufficient for the present working capital requirements.

Charges on Group Assets

- (a) At 28 February 2006, debentures were executed by the Group in favour of its bankers and financial creditors charging, by way of fixed and floating charges, all of the undertakings, properties and assets of the Company and 17 of its subsidiaries as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers and financial creditors.

流動資金、資本結構及負債比率

由於本集團於2005年11月取得港幣77,000,000元之新融資，故本集團的貸款總額比2005年2月28日上升了港幣54,700,000元至2006年2月28日的港幣149,200,000元。本公司的負債比率（貸款淨額除以資產淨值）則由5.1%上升至23.2%，主要因年內產生之虧損令資產淨值減少及銀行貸款增加所致。

於2006年2月28日，本集團的現金結餘為港幣101,200,000元，足以應付目前的營運資金需求。

本集團資產抵押

- (a) 於2006年2月28日，本集團已訂立債權證，以本公司及其17間附屬公司之所有業務、物業及資產透過固定及浮動抵押付予往來銀行及財務債權人作為抵押，以作為（其中包括）本集團不時結欠往來銀行及財務債權人的所有實際或或有負債及債務的抵押品。



- (b) At 28 February 2006, the Group pledged the capital contribution to a subsidiary of the Group amounting to US\$235,000 and all the benefits accruing to the pledged equity interest of 11.625% of the subsidiary to the Group's bankers and financial creditors as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers and financial creditors.
- (c) At 28 February 2006, the Group pledged all rights, titles and interest in 56.46% of the entire share capital of Infinite Assets Corp. and Tse Sui Luen Investment (China) Limited and all benefits accruing to the pledged equity interest to the Group's bankers and financial creditors as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers and financial creditors.

Exchange Rates

During the year, the transactions of the Group were mainly denominated in local currencies, Renminbi and US dollars. The impact of the fluctuation of foreign exchange rates of these currencies is insignificant to the Group.

- (b) 於2006年2月28日，本集團將其於一間附屬公司的235,000美元出資額及其於該附屬公司的11.625%已抵押股本權益所累計的一切利益抵押予本集團的往來銀行及財務債權人，以作為（其中包括）本集團不時結欠往來銀行及財務債權人的所有實際或或有負債及債務的抵押品。
- (c) 於2006年2月28日，本集團將其於Infinite Assets Corp.和謝瑞麟投資（中國）有限公司總資本額的56.46%的一切權利、所有權和權益，及已抵押股本權益所累計的一切利益抵押予本集團的往來銀行及財務債權人，以作為（其中包括）本集團不時結欠往來銀行及財務債權人的所有實際或或有負債及債務的抵押品。

匯率

年內，本集團的交易主要以本地貨幣、人民幣及美金為單位，此等貨幣的匯率波動對本集團並無重大影響。



Contingent Liabilities

1. As set out in the announcements of the Company dated 1 February 2006 and 20 April 2006, the Company was informed that two directors, a consultant and an employee (collectively “the Officers”) were charged by the Independent Commission Against Corruption (“ICAC”) relating to alleged offences under the Prevention of Bribery Ordinance, the Crime Ordinance and the Theft Ordinance (“the ICAC Charges”). It is alleged that the Officers were involved in a scheme to offer illegal commissions to employees of a number of travel agencies and to help them to evade tax.

Under the Company’s Bye-Laws, the Company may be required to indemnify its directors from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur in execution of their duty, provided that such indemnity shall not be extended to any matter in respect of, among other things, fraud and dishonesty.

或有負債

1. 誠如本公司日期為2006年2月1日及2006年4月20日之公佈所載，本公司得悉兩名董事、一名顧問及一名僱員（統稱「有關主管人員」）被廉政公署（「廉署」）檢控，涉及觸犯防止賄賂條例、刑事罪行條例及盜竊罪條例中多項罪行（「廉署檢控」）。有關主管人員被指涉及一宗向多間旅行社員工提供非法佣金及協助其逃稅之計劃。

根據本公司之公司細則，本公司可能須就其董事因履行職務而產生之所有訴訟、成本、支出、損失、賠償及開支向彼等或彼等當中任何人士作出彌償，惟有關彌償並不包括（其中包括）欺詐及不誠實行為。




The Directors have consulted with the Company's legal advisers as to what legal implication the ICAC Charges may have, if any, for the Group as a whole. In view of the discussions with the legal advisers, the Directors are of the views that they are not in a position to conclude that whether and/or to what extent the Company may be required to indemnify the directors involved in relation to the ICAC Charges.

2. As explained in note 5(a)(ii) to the financial statements, the outcome of the challenges by the IRD on the tax treatments adopted by the Group relating to certain offshore income and agent commission payments and promoter fees arising in prior years is undetermined as at 28 February 2006. The Group has established a provision of approximately HK\$91,000,000 in respect of such disputes. In the event that the Group is not successful in defending the tax treatments adopted, the Group may be subject to significant additional tax liabilities and possibly penalties which, under the provisions of the current tax legislation, may be up to three times any tax under-reported as assessed by the IRD. Furthermore, the ICAC's allegations as

董事已諮詢本公司法律顧問有關廉署檢控可能(如有)對本集團整體構成之法律影響。基於與法律顧問所進行之討論,董事認為,彼等未能就是否需要向涉及廉署檢控之董事作出彌償及/或本公司作出彌償之程度作出定論。

2. 誠如財務報表附註5(a)(ii)所述,稅務局對本集團就以往年度的若干離岸收入及代理佣金支出與業務推廣費用所採納稅務處理方法之質疑於2006年2月28日尚未得出結論。本集團已就該事件作出約港幣91,000,000元之撥備。倘本集團未能就所採納稅務處理方法成功辯護,本集團或須承擔額外稅務責任,且可能須繳交罰款,根據現行稅法,罰款或會多達稅務局評估任何漏報稅項之三倍。此外,上文(1)項所述廉署之指控及持續調查可能對稅務局就本集團有關以往年度代理佣金支出與業務推廣費用所採納稅





mentioned in (1) above and the ongoing investigation may or may not have impact on the IRD's challenges on the tax treatments adopted by the Group relating to agents commission payments and promoter fees arising in prior years. The Directors consider that it is impractical to estimate the potential amount of additional tax liabilities arising if the IRD's challenge in respect of the agent commission payments and promoter fees is successful.

Employees

As at 28 February 2006, the total number of employees of the Group was approximately 2,500. The increase in head count was mainly in sales and marketing in the Mainland. Employees are rewarded on a performance basis with reference to market rates. Other employee benefits include medical cover and subsidies for job-related continuing education. The Group also has a share option scheme. 8,825,000 options were granted pursuant to the scheme during the year

Retail front line staff are provided with formal on-the-job training by internal seniors and external professional trainers. Experience sharing with seniors at in-house seminars and discussion groups enhance intra-departmental communications.

務處理方法之質疑構成影響。董事認為，評估倘稅務局就本集團有關以往年度代理佣金支出與業務推廣費用所採納稅務處理方法之質疑落實，所產生之潛在額外稅務負債並不切實可行。

僱員

截至2006年2月28日，本集團共聘用約2,500名僱員。增加主要在內地的銷售及市場推廣方面。本公司按僱員表現及參考市場水平向僱員發放薪酬。其他僱員福利包括醫療津貼及與工作相關之持續進修資助。本集團亦採納一項購股權計劃，年內根據該計劃授出8,825,000份購股權。

內部高級職員及外聘專業導師會向前線零售員工提供正式在職培訓。員工亦可於公司內部舉辦之講座及小組討論與高級職員分享經驗，以增加部門間之溝通。





Photo Caption 圖片說明

"The TSL Estrella Diamond was developed over a 3-year period in an exclusive partnership with Rosy Blue, one of the world's leading designers, manufacturers and distributors of fine diamonds - a dynamic corporation built on expertise, excellence and the highest integrity.

Through a combination of the immense talents of TSL and Rosy Blue and, after much painstaking research and countless experimental cuts in a relentless pursuit of a one-of-a-kind excellence, the TSL Estrella Diamond was created.

TSL Estrella 鑽石是集團連同合作伙伴藍玫瑰集團(Rosy Blue) 經過三年的獨家研發而誕生。作為世界首屈一指的鑽石供應商，藍玫瑰在優質鑽石的设计、生產及分銷具有舉足輕重的地位，也是一家建基於專業知識、優秀技術及高尚誠信的權威機構。

結集 TSL | 謝瑞麟及 Rosy Blue 精深廣博的經驗材幹，經歷過具細無遺的研究及無數的切割測試，及對追求舉世無雙極品的堅持，一個代表著最完美的典範 --- TSL Estrella 鑽石終於誕生。這顆非凡的鑽石，透過她 100 瓣裏每一對完美對稱的切割面，煥發其令人驚嘆的天然光彩，迸發著獨一無二而又無可媲美的「9 心 1 花」圖案，綻放著前所未有的光芒、閃亮及璀璨，是一件創新的巧世傑作。





Estrella

1 0 0 F A C E T S



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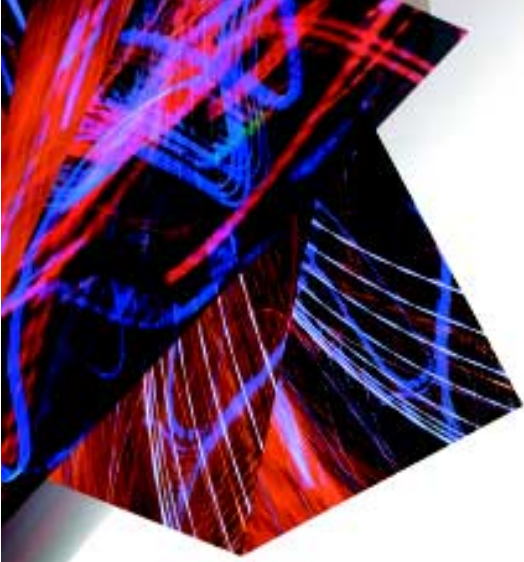






EP





Directors and Senior Management Profile

董事及高級管理人員簡介

Biographical Details of Directors

Executive Directors

Tse Tat Fung, Tommy, aged 38, is the Chairman of the Group. He is the son of Mr. Tse Sui Luen, the founder of the Group and the spouse of Ms. Yau On Yee, Annie, the Associate Group Information Technology Director of the Group. He is responsible for the Group's overall strategy and business development. He joined the Group in January 1994. He holds a Bachelor's degree in Science (Business Administration), a Bachelor's degree in Science (Mathematics) and a Master's degree in Arts (Mathematics). He is a director of Partner Logistics Limited and Blink Technology Limited which have discloseable interests in the Company under provisions of the Securities and Futures Ordinance.

Peter Gerardus Van Weerdenburg, aged 47, is the Deputy Chairman and the Chief Executive Officer of the Group. He is responsible for the overall financial operations and management of the Group. Prior to joining the Group in December 2002, he has had extensive experience in rebuilding the operations of a number of public companies. He holds a Bachelor's degree in Financial Administration and is also a Chartered Accountant. He is a director of Partner Logistics Limited which has discloseable interests in the Company under provisions of the Securities and Futures Ordinance.

董事資料

執行董事

謝達峰，現年38歲，為本集團之主席，亦是本集團創辦人謝瑞麟先生之兒子及副集團資訊科技董事邱安儀女士之配偶。彼負責本集團之整體策略及業務發展。彼於1994年1月加入本集團。彼持有科學學士（工商管理）學位及科學學士（數學）學位及文學碩士（數學）學位。根據證券及期貨條例，Partner Logistics Limited 及 Blink Technology Limited 持有本公司之須予披露之股份權益，而彼為該等公司之董事。

溫彼得，現年47歲，為本集團之副主席及行政總裁，負責本集團之整體財政運作及管理。於2002年12月加入本集團以前，彼對處理上市公司之業務重整工作具豐富經驗。彼持有財務管理學士學位，亦為特許會計師。根據證券及期貨條例，Partner Logistics Limited 持有本公司之須予披露之股份權益，而彼為該公司之董事。







Photo Caption 圖片說明

In March 2006, TSL group once again participated "Hong Kong International Jewellery Show 2006", one of the largest jewellery fair in Asia. The group specially unfolded the new booth design to present the power of our brand, as well as to impel our export business.

集團2006年3月再度參予一年一度珠寶界盛事「香港國際珠寶展2006」。集團特別為珠寶展重新設計展覽裝潢，展示品牌優勢的同時，積極推動出口業務。

Erwin Steve Huang, aged 40, is the Deputy Chairman and the Hong Kong Showroom Director of the Group. He is responsible for the tourist showroom operations in Hong Kong. Prior to joining the Group in February 2005, he is a seasoned entrepreneur in different industries. He holds double degrees in Business Operation Management and Management Information System from Boston University.

Alex Chan, aged 38, is the Hong Kong Retail Director of the Group. He is responsible for the Hong Kong retail business, branding strategies and development. He has extensive marketing experience in retail and telecommunications industries. He joined the Group in December 2001. He holds a Bachelor's degree in Science and previously held marketing position in PCCW Group and Hong Kong CSL Limited.

Cheung Tse Kin, Michael, aged 39, is the Associate Export Operations Director of the Group. Mr. Cheung is responsible for managing the Export Division of the Group. He holds a Master of Business Administration Degree from Henley Management College in the United Kingdom. He is also a Chartered Marketer and a member of the Chartered Institute of Marketing in the United Kingdom. Before joining the Group in March 2005, he held senior positions in several multinational corporations, and has over 14 years of experience in marketing management and business development.

黃岳永，現年40歲，本集團之副主席及香港門市董事，負責於香港的遊客參觀之展覽場的業務運作。於2005年2月加入本集團之前，他是資深的企業家。彼畢業於美國波士頓大學，持有工商管理學士及資訊管理學士學位。

陳偉康，現年38歲，本集團香港零售科董事，負責香港零售業務、整體公司品牌策略及市場發展。彼在零售業務及電訊業擁有廣泛市務管理經驗。彼於2001年12月加入本集團。彼持有科學學士學位及曾於電訊盈科集團及香港流動通訊有限公司出任市務管理要職。

張子健，現年39歲，本集團副出口營運董事，負責管理本集團整體出口業務。彼持有由英國Henley Management College頒發的工商管理學碩士學位，並為英國特許市務師及英國特許市務學會會員。於二零零五年三月加入本集團之前，他曾於多間跨國企業出任要職，有超過十四年的市場管理及業務發展經驗。





Yau On Yee, Annie, aged 35, is the Associate Group Information Technology Director of the Group. Ms. Yau is the spouse of Mr. Tse Tat Fung, Tommy, the Chairman of the Group. She graduated from Boston University, USA and holds a Bachelor's degree in Science (Computer Engineering). Prior to joining the Group in 2002, she worked for large companies like Motorola Semiconductors and IBM Global Services. She has over 13 years of IT experience in the United States and Hong Kong. She is a director of Partner Logistics Limited which has discloseable interests in the Company under provisions of the Securities and Futures Ordinance.

Independent Non-executive Directors

Chui Chi Yun, Robert, aged 49, has been an Independent Non-executive Director of the Company since 12 April 1999. Mr. Chui is a practising Certified Public Accountant in Hong Kong. He holds a Bachelor's degree in Commerce (Major in Accounting) and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. Mr. Chui is also an independent non-executive director of GFT Holdings Limited (Stock Code: 1003), which is a company listed on The Stock Exchange of Hong Kong Limited.

邱安儀，現年35歲，本集團副資訊科技董事，為本集團主席謝達峰先生之配偶。彼畢業於美國波士頓大學，主修電腦工程，持有科學學士學位。彼於二零零二年加入本集團前，曾於萬力半導體公司及國際商業機器之全球服務部等大型機構工作。彼在美國及香港之資訊科技工業上擁有超過十三年經驗。邱女士為Partner Logistics Limited之董事，該公司持有本公司根據證券及期貨條例須予披露之股份權益。

獨立非執行董事

崔志仁，現年49歲，自1999年4月12日起為本公司獨立非執行董事。崔先生為香港執業會計師。彼持有商學士（主修會計）學位，亦為香港會計師公會及英國特許公認會計師公會之資深會員。崔先生亦為真旺發控股有限公司（股份代號：1003）之獨立非執行董事，而該公司於香港聯合交易所有限公司上市。



Gerald Clive Dobby, aged 66, has been an Independent Non-executive Director of the Company since 31 August 2000 and is also an Independent Non-executive Director of e-Kong Group Limited (Stock Code: 524), which is a company listed on The Stock Exchange of Hong Kong Limited. He previously served for 34 years with the HSBC Group in various senior management position.

Lui Pui Kee, Francis, aged 55, has been an Independent Non-executive Director of the Company since 31 August 2000. Mr. Lui has held senior positions in local and international financial institutions in Hong Kong. He is an independent non-executive director of China Resources Cement Holdings Limited (Stock Code: 712), which is a company listed on The Stock Exchange of Hong Kong Limited. He holds a Bachelor's degree in Science (Business Management).



Photo Caption 圖片說明
The Forever Dazzling Collection is created for our export clients in Europe and America.
全新設計的Forever Dazzling系列,是專為歐美的出口客戶而設。

Gerald Clive Dobby, 現年66歲,自2000年8月31日起為本公司獨立非執行董事,並為e-Kong Group (股份代號:524)之獨立非執行董事,而該公司於香港聯合交易所有限公司上市。他曾於香港上海匯豐銀行集團工作34年歷任多項要職。

呂培基,現年55歲,自2000年8月31日起為本公司獨立非執行董事。呂先生曾於香港的本地及國際金融機構擔任要職,亦為華潤水泥控股有限公司(股份代號:712)之獨立非執行董事,而該公司於香港聯合交易所有限公司上市。彼持有科學學士(工商管理)學位。







Photo Caption 圖片說明

TSL is committed to create unique jewellery pieces with the finest design and exquisite craftsmanship. TSL致力以時尚設計及精湛工藝，創造出獨一無二之珠寶首飾。

Senior Management Profile

Chow Kwok Ying, Rachel, aged 42, is the Group Human Resources Director and is responsible for the overall strategic planning and implementation of human resources and people development function. She joined the Group in July 2001. She brings with her 17 years of solid human resources generalist experience from local and multinational organizations in retailing, supply chain management, hi-tech and food products manufacturing areas. She holds a Bachelor's degree in Arts.

Lai Tsz Mo, Lawrence, aged 40, is the Chief Financial Officer and is responsible for the overall treasury and accounting functions of the Group. He holds a Bachelor's degree in Social Sciences and a Master's degree in Business Administration. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. Before joining the Group in 2001, he had over 10 years of experience in a listed company in Hong Kong and an international accounting firm.

高級管理人員簡介

周國瑛，現年42歲，集團人力資源董事，負責整體人力資源及人才發展策略計劃及推行。彼於2001年7月加入本集團。彼具有17年鞏固人力資源經驗，曾於多間本地及跨國企業負責人力資源部門主管一職，業務泛及零售、物流管理、高科技產品及食品生產。彼持有文學學士學位。

黎子武，現年40歲，集團財務董事，負責本集團之整體財務及會計職務。彼持有社會科學學士學位及工商管理碩士學位，並為香港會計師公會及英國特許公認會計師公會之資深會員。於2001年加入本集團以前，彼具有於香港上市公司及國際會計師行超過十年的經驗。





Lee Yiu Pong, Eric, aged 42, is the General Manager (China Retail Division) since March 2002. Mr. Lee holds a Bachelor's degree. He has more than 10 years experience in retail business in China.

李耀邦，現年42歲，總經理（中國零售科），於2002年3月起加入本集團。李先生持有學士學位，及擁有超過十年的中國零售業務經驗。





Photo Caption 圖片說明

The newly designed facade of the TSL headquarters in Hong Kong welcomes every visitor and guest.

集團位於香港的總部以全新時尚面貌，迎接我們每一位蒞臨參觀及購物的貴賓。

Yip Kwok Fai, Keith, aged 39, is the Associate Group Merchandising and Sourcing Director. Mr. Yip graduated from the University of Warwick in England and holds a Bachelor's degree in Manufacturing Engineering. He brings with him over 10 years of manufacturing experience in the eyewear and watches industries. Prior to joining the Group in May 2005, he worked for multinational companies like Citizen Watch Group and Bausch & Lomb Ltd.

葉國輝，現年39歲，副集團貨品供應董事。葉先生畢業於英國University of Warwick，獲得製造工程學學士學位。彼在製造眼鏡及手錶工業上擁有超過十年經驗。於2005年5月加入本集團之前，彼曾於星辰表有限公司及博士倫有限公司等跨國企業工作。





Photo Caption 圖片說明

The group's new generation flagship store at Parklane is strategically located at the heart of Tsim Sha Tsui shopping area in Hong Kong. The 2-storey high boutique provides spacious and privileged shopping environment to our guests. 集團於栢麗大道的新一代旗艦店，位據香港尖沙咀購物區的中心地帶；樓高兩層，給予賓客更寬敞及尊貴的購物環境。





Photo Caption 圖片說明

The group's Hong Kong Retail Division beats over 157 retail corporations (which comprises of 4344 outlets) and wins the "2005 Service Retailer of the Year" under the Mystery Shoppers Programme organized by Hong Kong Retail Management Association. Mr Tommy Tse, Chairman of the group, received the award honored by the Hong Kong Retail Management Association.

集團的香港零售科首次獲得由香港零售管理協會舉辦神秘顧客計劃的「2005年最佳服務零售商」，TSL於是次計劃的157間零售機構中(合共代表4,344間零售店舖)，勇奪「2005年最佳服務零售商」，為行業之冠。集團主席謝達峰上台接受香港零售管理協會頒予的獎座。

Lau Yuet May, Cherry, aged 43, is the Associate Group Marketing Director. Ms. Lau graduated from Hong Kong Baptist University and holds a Master's degree in Business Administration. Before joining the Group in August 2005, she has held senior positions in various international advertising agencies and Hong Kong Jockey Club and has extensive experience in integrated communications marketing with multinational corporations in Asia.

Au Shiu Kee, Anthony, aged 43, is the Company Secretary. Mr. Au holds a Bachelor of Laws degree from The University of Hong Kong and Peking University respectively. He is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators, U.K. Prior to joining the Group in July 2005, he has worked in company secretarial and legal departments of various listed companies in Hong Kong for over 10 years.

劉月微，現年43歲，副集團市場董事。劉小姐畢業於香港浸會大學，並持有工商管理碩士學位。於2005年8月加入本集團之前，彼曾於多間國際廣告公司及香港賽馬會擔任要職，並具有於亞洲之跨國企業綜合傳訊市場之廣泛經驗。

區紹祺，現年43歲，公司秘書。區先生持有香港大學法律學士及北京大學法律學士學位。彼為香港特許秘書公會及英國特許秘書及行政人員公會會員。於2005年7月加入本集團前，彼曾於多間香港上市公司之公司秘書及法律部工作超過10年經驗。



Report of the Directors

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 28 February 2006.

Principal Activities

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 12 on the financial statements.

The analysis of the geographical locations of the operations of the Company and its subsidiaries (the "Group") during the financial year is set out in note 10 on the financial statements.

Major Customers and Suppliers

For the year ended 28 February 2006, the five largest customers in aggregate accounted for less than 30% of the Group's turnover. The five largest suppliers in aggregate and the largest supplier of the Group accounted for approximately 47% and 23% respectively by value of the Group's total purchases.

As set out in note 29(c) on the financial statements, Rosy Blue Hong Kong Ltd. is a fellow subsidiary of Prime Investments S.A., a preference shareholder of Partner Logistics Limited which is the Company's controlling shareholder.

Except for the above, at no time during the year have the directors, their associates or any shareholder of the Company (which, to the knowledge of the directors, owns more than 5% of the Company's issued share capital) had any interest (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Listing Rules")) in these major customers and suppliers.

Financial Statements

The loss of the Group for the year ended 28 February 2006 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 79 to 168.

董事會報告書

董事會欣然提呈截至2006年2月28日止年度的年報及經審核財務報表呈覽。

主要業務

本公司的主要業務是投資控股。各附屬公司的主要業務及其他詳情載列於財務報表附註12。

本公司及各附屬公司（「本集團」）於本財政年度的經營地區分析載列於財務報表附註10。

主要客戶及供應商

截至2006年2月28日止年度，本集團五大客戶合共佔本集團之營業額低於30%，而本集團五大供應商及最大供應商分別佔本集團總採購額約47%及23%。

如本財務報表附註29(c)所述，Rosy Blue Hong Kong Ltd.為Partner Logistics Limited（此乃本公司之有控制權股東）的優先股東Prime Investments S.A.的同系附屬公司。

除上述外，本公司的董事、與董事有聯繫人士或任何股東（據董事所知，持有本公司已發行股本5%以上）均沒有於本年度任何時間擁有這些主要客戶及供應商的任何權益（定義見《香港聯合交易所有限公司（「聯交所」）證券上市規則》（「上市規則」））。

財務報表

本集團截至2006年2月28日止年度的虧損和本公司及本集團於該日的財政狀況載於第79至168頁的財務報表內。

Financial Statements (Continued)

The directors do not recommend the payment of any dividend in respect of the year ended 28 February 2006 (2005: HK\$Nil).

Charitable Donations

Charitable donations made by the Group during the year amounted to HK\$81,000 (2005: HK\$337,000).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group and of the Company during the year are set out in note 11 to the financial statements.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 23 to the financial statements.

Reserves

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 24 to the financial statements, respectively.

Directors

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

Executive Directors

Tse Tat Fung, Tommy, *Chairman*

Peter Gerardus Van Weerdenburg, *Deputy Chairman*

Erwin Steve Huang (appointed on 14 July 2005 and appointed as Deputy Chairman on 22 June 2006)

Alex Chan

Cheung Tse Kin, Michael (appointed on 22 June 2006)

Yau On Yee, Annie (appointed on 22 June 2006)

Leung Yit Kuen, Raymond (resigned on 25 April 2005)

Non-executive Director

Hong Po Kui, Martin (retired on 26 August 2005)

財務報表 (續)

董事會不建議就截至2006年2月28日止年度派發任何股息(2005年:港幣零元)。

慈善捐款

本集團於年內的慈善捐款額為港幣81,000元(2005年:港幣337,000元)。

物業、廠房及設備

本集團及本公司於本年度內物業、廠房及設備變動的詳情載於財務報表附註11。

股本

本公司於本年度內股本變動的詳情載於財務報表附註23。

儲備

本集團及本公司於本年度內儲備變動的詳情載於綜合權益變動表及財務報表附註24。

董事

本財政年度及截至本報告日期止的董事如下:

執行董事

謝達峰 (主席)

溫彼得 (副主席)

黃岳永 (於2005年7月14日獲委任,

並於2006年6月22日獲委任為副主席)

陳偉康

張子健 (於2006年6月22日獲委任)

邱安儀 (於2006年6月22日獲委任)

梁悅權 (於2005年4月25日離任)

非執行董事

康寶駒 (於2005年8月26日退任)

Directors *(Continued)*

Independent Non-executive Directors

Chui Chi Yun, Robert

Gerald Clive Dobby

Lui Pui Kee, Francis

In accordance with the provisions of the Company's Bye-laws and to comply with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, Mr. Tse Tat Fung, Tommy, Mr. Peter Gerardus Van Weerdenburg, Mr. Cheung Tse Kin, Michael, Ms. Yau On Yee, Annie and Mr. Gerald Clive Dobby will retire as directors by rotation at the forthcoming annual general meeting. Each of Mr. Tse Tat Fung, Tommy, Mr. Peter Gerardus Van Weerdenburg, Mr. Cheung Tse Kin, Michael and Ms. Yau On Yee, Annie, being eligible, will offer himself/herself for re-election as an executive director of the Company for a term of three years and Mr. Gerald Clive Dobby, being eligible, will offer himself for re-election as an independent non-executive director of the Company for a term of three years. All other directors continue in office for the ensuing year.

Each of the three Independent Non-executive Directors has provided a written confirmation in respect of the factors set out in Rule 3.13 of the Listing Rules concerning his independence to the Company. The Board considers each of the three Independent Non-executive Directors to be independent.

Directors' Service Contracts

No directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

董事 *(續)*

獨立非執行董事

崔志仁

Gerald Clive Dobby

呂培基

依照本公司的公司細則規定及遵守上市規則附錄14所載企業管治常規守則之規定，謝達峰先生，溫彼得先生，張子健先生，邱安儀女士及Gerald Clive Dobby先生需於即將舉行之股東週年大會上告退。謝達峰先生，溫彼得先生，張子健先生及邱安儀女士有資格並已表示願意膺選連任為執行董事，任期為三年及Gerald Clive Dobby先生有資格並已表示願意膺選連任為獨立非執行董事，任期為三年。其他所有董事則於來年繼續留任。

三名獨立非執行董事均已就上市規則第3.13條例載的關於董事獨立性的各項要求向本公司提交確認書。董事會認為三名獨立非執行董事均具獨立性。

董事之服務合約

擬於即將召開的股東週年大會中候選連任的董事概無與本集團訂立於一年內本集團不可在不予賠償（一般法定義務除外）的情況終止的服務合約。

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 28 February 2006, the interests and short positions of the directors and chief executive and/or their respective associates of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

(i) Interests and short positions in issued shares of the Company

董事及最高行政人員於本公司之股份、相關股份及債權證的權益及淡倉

於2006年2月28日，本公司董事及最高行政人員及／或彼等各自之任何聯繫人士擁有須根據《證券及期貨條例》第XV部第7及8分部知會本公司及聯交所（包括根據以上條例有關條文已接受或被設定已接受的權益及淡倉）的本公司及其任何聯營公司（按《證券及期貨條例》第XV部之定義）股份、相關股份及債權證的權益及淡倉，或須根據以上條例第352條登記於由本公司存置之登記冊，或須根據《上市公司董事進行證券交易的標準守則》（「標準守則」）知會本公司及聯交所的本公司及其任何聯營公司（按《證券及期貨條例》第XV部之定義）股份、相關股份及債權證的權益及淡倉如下：

(i) 於本公司的已發行股份之權益及淡倉

Ordinary shares of HK\$0.25 each 每股港幣0.25元的普通股

Name of director	Personal interest	Family interest	Corporate interest	Derivative interest	Short position	Other interest	% of total issued shares
				(share option) 衍生工具 權益 (購股權)			
董事姓名	個人權益	家族權益	公司權益	(購股權)	淡倉	其他權益	百分比
Tse Tat Fung, Tommy	謝達峰	-	- 152,960,914 (note 1) (附註1)	2,000,000 100,000 (note 2) (附註2)	-	-	73.87%
Peter Gerardus Van Weerdenburg	溫彼得	2,252,000	-	-	2,000,000	-	1.09%
Alex Chan	陳偉康	-	-	-	200,000	-	-
Erwin Steve Huang	黃岳永	-	-	-	100,000	-	-

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

(Continued)

(i) Interests and short positions in issued shares of the Company (Continued)

Notes:

1. These ordinary shares were held by Partner Logistics Limited, a company which is owned and controlled by Blink Technology Limited. Blink Technology Limited in turn is wholly and beneficially owned by Mr. Tse Tat Fung, Tommy. By virtue of the SFO, Mr. Tse Tat Fung, Tommy is deemed to be interested in all the shares held by Partner Logistics Limited.
2. These 100,000 Share options were granted to Ms. Yau On Yee, Annie, the spouse of Mr. Tse Tat Fung, Tommy. By virtue of the SFO, Mr. Tse Tat Fung, Tommy is deemed to be interested in these share options.

董事及最高行政人員於本公司之股份、相關股份及債權證的權益及淡倉 (續)

(i) 於本公司的已發行股份之權益及淡倉 (續)

附註:

1. 此等普通股股份乃由Partner Logistics Limited持有，該公司由謝達峰先生全資實益擁有之Blink Technology Limited擁有及控制。根據《證券及期貨條例》，謝達峰先生被視作持有由Partner Logistics Limited持有之所有股份之權益。
2. 獲授予此等100,000股購股權之邱安儀女士為謝達峰先生之配偶。根據《證券及期貨條例》，謝達峰先生被視作持有此等購股權之權益。

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

(Continued)

(ii) Interests in underlying shares

As at 28 February 2006, directors of the Company had interests in option to subscribe for shares of the Company as follows:

董事及最高行政人員於本公司之股份、相關股份及債權證的權益及淡倉 (續)

(ii) 於相關股份的權益

於2006年2月28日，本公司董事持有可認購本公司股份的購股權權益如下：

Name of director	Date of grant	Date of acceptance	Exercise price	Exercisable period	Number of share options held	
					as at 1 March 2005	as at 28 February 2006
董事姓名	授出日期	接納日期	行使價格	行使期間	於2005年3月1日	於2006年2月28日
Tse Tat Fung, Tommy 謝達峰	25 July 2005 2005年7月25日	28 July 2005 2005年7月28日	HK\$1.76 (note 1) 港幣1.76元 (附註1)	22 August 2005 to 25 July 2009 (note 2) 2005年8月22日至2009年7月25日 (附註2)	-	2,000,000
Peter Gerardus Van Weerdenburg 溫彼得	25 July 2005 2005年7月25日	28 July 2005 2005年7月28日	HK\$1.76 (note 1) 港幣1.76元 (附註1)	22 August 2005 to 25 July 2009 (note 2) 2005年8月22日至2009年7月25日 (附註2)	-	2,000,000
Alex Chan 陳偉康	25 July 2005 2005年7月25日	1 August 2005 2005年8月1日	HK\$1.76 (note 1) 港幣1.76元 (附註1)	22 August 2005 to 25 July 2009 (note 2) 2005年8月22日至2009年7月25日 (附註2)	-	200,000
Erwin Steve Huang 黃岳永	25 July 2005 2005年7月25日	1 August 2005 2005年8月1日	HK\$1.76 (note 1) 港幣1.76元 (附註1)	22 August 2005 to 25 July 2009 (note 2) 2005年8月22日至2009年7月25日 (附註2)	-	100,000

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

(Continued)

(ii) Interests in underlying shares

Notes:

1. The closing price of the Company's shares traded on the Hong Kong Stock Exchange on 25 July 2005 was HK\$1.71, being the date on which the relevant options were offered for grant.
2. For one of the conditions of grant, the grantee concerned agreed with the Company that (i) 20% of the options granted can be exercised during the period from 22 August 2005 to 25 July 2009; (ii) the next 40% of the options granted can be exercised during the period from 25 January 2007 to 25 July 2009; and (iii) the remaining 40% of the options granted can be exercised during the period from 25 July 2007 to 25 July 2009.

Other than as disclosed above and certain nominee shares in subsidiaries held by directors in trust for the Company or its subsidiaries, none of the Company's directors, chief executive and their respective associates, had any other interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive is taken or deemed to have taken under such provisions of the SFO); or which were required pursuant to section 352 of the SFO to be entered into the register maintained by the Company; or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company or the Stock Exchange.

董事及最高行政人員於本公司之股份、相關股份及債權證的權益及淡倉 (續)

(ii) 於相關股份的權益

附註:

1. 本公司股份於2005年7月25日(即有關購股權之要約授予日期)在香港聯交所錄得之收市價為港幣1.71元。
2. 就其中一項授予條件而言,有關承授人與本公司協定:(i)其中20%已授出購股權可於2005年8月22日至2009年7月25日期內行使;(ii)另外40%已授出購股權可於2007年1月25日至2009年7月25日期內行使;及(iii)餘下40%已授出購股權可於2007年7月25日至2009年7月25日期內行使。

除上文所披露者及董事以信託形式代本公司或其附屬公司持有附屬公司若干名義股份外,並無本公司的董事及最高行政人員及彼等之聯繫人士擁有根據《證券及期貨條例》第XV部第7及8分部須知會本公司及聯交所之本公司或其任何相聯法團(定義見證券及期貨條例第XV部)股份、相關股份及債券之權益或淡倉(包括根據證券及期貨條例有關條文任何董事或最高行政人員所擁有或被視作擁有的權益或淡倉),或根據上市規則內所載之標準守則須知會本公司及聯交所之權益及淡倉,或須記入本公司根據《證券及期貨條例》第352條存置的登記冊。

Substantial Shareholders' and other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 28 February 2005, the interests and short positions of any substantial shareholders or other persons (not being directors or chief executive of the Company) in the shares and/or underlying shares of the Company which have been disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and have been recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO were as follows:

主要股東及其他人士於本公司股份及相關股份中擁有的權益與淡倉

於2006年2月28日，任何主要股東或其他人士（並非本公司的董事或最高行政人員）在本公司股份及／或相關股份中擁有已根據《證券及期貨條例》第XV部第2及3分部的規定向本公司作出披露，及已在本公司根據該條例第XV部第336條備存的登記冊內作出記錄的權益及淡倉如下：

		Ordinary shares of HK\$0.25 each 每股港幣0.25元的普通股					
Name	Capacity	Direct interest	% of total issued share capital 佔已發行股本 總數百分比	Short position	% of total issued share capital 佔已發行股本 總數百分比	Other interest	% of total issued share capital 佔已發行股本 總數百分比
姓名	身份	直接權益		淡倉		其他權益	
Partner Logistics Limited (note 1)	Partner Logistics Limited (附註1)	Beneficial owner 實益擁有人	152,960,914 73.87%	-	-	-	-
Blink Technology Limited (note 1)	Blink Technology Limited (附註1)	Deemed interest 視作權益	-	-	-	152,960,914	73.87%
Yau On Yee, Annie (note 1)	邱安儀 (附註1)	Deemed interest 視作權益	-	-	-	152,960,914	73.87%
Prime Investments S.A. (note 2)	Prime Investments S.A. (附註2)	Deemed interest 視作權益	-	-	-	152,960,914	73.87%
Rosy Blue Investments S.à.R.L. (note 2)	Rosy Blue Investments S.à.R.L. (附註2)	Deemed interest 視作權益	-	-	-	152,960,914	73.87%
Harshad Ramniklal Mehta (note 2)	Harshad Ramniklal Mehta (附註2)	Deemed interest 視作權益	-	-	-	152,960,914	73.87%

Substantial Shareholders' and other Persons' Interests and Short Positions in Shares and Underlying Shares (Continued)

Notes:

1. These ordinary shares were held by Partner Logistics Limited, a company which is owned and controlled by Blink Technology Limited. Blink Technology Limited is wholly and beneficially owned by Mr. Tse Tat Fung, Tommy. Ms. Yau On Yee, Annie is the spouse of Mr. Tse Tat Fung, Tommy. By virtue of the SFO, Blink Technology Limited, Mr. Tse Tat Fung, Tommy and Ms. Yau On Yee, Annie are deemed to be interested in all the shares held by Partner Logistics Limited.
2. These ordinary shares were held by Partner Logistics Limited, a company which is owned and controlled by Blink Technology Limited. Prime Investments S.A. is the preference shareholder of Partner Logistics Limited. Prime Investments S.A. is owned as to 99.83% by Rosy Blue Investments S.à.R.L., which in turn is owned as to 75% by Mr. Harshad Ramniklal Mehta. By virtue of the SFO, each of Prime Investments S.A., Rosy Blue Investments S.à.R.L. and Mr. Harshad Ramniklal Mehta, is deemed to be interested in all the shares held by Partner Logistics Limited.

Other than as disclosed above, the Company had not been notified of any persons who had interests or short positions in the shares and/or underlying shares of the Company, which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

Share Option Scheme

The Company's share option scheme was adopted by shareholders of the Company on 26 November 2003 ("2003 Share Option Scheme"). The purpose of the 2003 Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest ("Invested Entity").

主要股東及其他人士在股份及相關股份中擁有的權益與淡倉 (續)

附註:

1. 此等普通股股份乃由Partner Logistics Limited持有，該公司由謝達峰先生全資實益擁有之Blink Technology Limited擁有及控制。而邱安儀女士為謝達峰先生之配偶。根據《證券及期貨條例》，Blink Technology Limited、謝達峰先生及邱安儀女士被視作持有由Partner Logistics Limited持有之所有股份之權益。
2. 此等普通股股份乃由Partner Logistics Limited持有，該公司由Blink Technology Limited擁有及控制，Prime Investments S.A.為Partner Logistics Limited的優先股股東，而Prime Investments S.A.是由Rosy Blue Investments S.à.R.L.持有99.83%，而該公司是由Harshad Ramniklal Mehta先生持有75%。根據《證券及期貨條例》，Prime Investments S.A.、Rosy Blue Investments S.à.R.L.及Harshad Ramniklal Mehta先生各自均被視作持有由Partner Logistics Limited持有之所有股份之權益。

除上文所披露者外，本公司並無獲告知有任何人士擁有須記入本公司根據《證券及期貨條例》第XV部第336條備存的登記冊內作出記錄的本公司股份及或相關股份之權益或淡倉。

購股計劃

本公司之購股計劃於2003年11月26日由本公司股東採納（「2003年購股計劃」）。2003年購股計劃的目的是為了獎勵或獎償計劃項下的參與者對本集團的貢獻為及／或讓本集團得以招攬及挽留優秀僱員，以及為本集團持有股權的實體（「被投資實體」）吸納寶貴人才。

Share Option Scheme (Continued)

Under the 2003 Share Option Scheme, the directors of the Company are authorised, at their discretion, at any time following the date of the adoption of the 2003 Share Option Scheme but before the tenth anniversary of that date, to offer options to any person belonging to any of the following classes of participants to subscribe for shares of the Company:

- any employee (whether full time or part time employee, including any executive directors but not any non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- any supplier of goods or services to any member of the Group or any Invested Entity;
- any customer of the Group or any Invested Entity;
- any person or entity that provides research, development or technological support or other services to the Group or any Invested Entity; and
- any shareholder or any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on the Stock Exchange on the date of offer of the grant and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of offer of the grant. An offer of an option shall be deemed to have been accepted within 28 days from the date of offer upon acceptance of the option duly signed by the grantee together with a remittance of HK\$1. The maximum number of securities available for issue under the 2003 Share Option Scheme shall not exceed 10% of the issued share capital of the Company. The maximum entitlement of each grantee in any 12-month period is limited to 1% of the ordinary shares in issue of the Company. The option period will not be more than ten years from the date of grant of the option and the Company's board of directors may at its discretion determine the minimum period for which the option has to be held or other restriction before the exercise of the subscription right attaching thereon.

購股計劃 (續)

根據2003年購股計劃，本公司董事獲授權可酌情於採納2003年購股計劃之日後但該日期之第十週年前之任何時間，向屬於下列任何參與者類別的人士要約可供認購本公司股份的購股權：

- 本公司、其任何附屬公司或任何被投資實體的任何僱員 (不論是全職或兼職僱員，包括任何執行董事惟不包括任何非執行董事)；
- 本公司、其任何附屬公司或任何被投資實體的任何非執行董事 (包括獨立非執行董事)；
- 本集團任何成員公司或任何被投資實體的任何貨物或服務供應商；
- 本集團或任何被投資實體的任何客戶；
- 向本集團或任何被投資實體提供研究、開發或技術支援或其他服務的任何人士或實體；及
- 本集團或任何被投資實體的任何股東或任何成員公司；或本集團任何成員公司或任何被投資實體的任何已發行證券的持有人。

購股權的行使價為股份的票面值、股份於購股權要約授予日期在聯交所錄得的收市價及股份於截至購股權要約授予日期前五個營業日在聯交所錄得的平均收市價三者中的最高數額。在授予購股權起計二十八日內，當附有港幣1元匯款的獲授權人正式簽署的購股權接納函件已收取，則設定購股權已被接納。根據2003年購股計劃可能授出之購股權所涉及之股份總數，最多不得超過本公司已發行股本之10%。每名獲授權人的購股限制為在任何十二個月期間限於本公司已發行普通股的1%。購股權的有效年期由授出購股權當日起計不得超過十年。本公司董事會可酌情決定參與者在行使購股權所附認購權前必須持有購股權的最短期限或其他限制。

Share Option Scheme (Continued)

As at 28 February 2006, the number of shares issuable under options granted pursuant to the 2003 Share Option Scheme was 8,775,000 which represented approximately 4.24% of the then issued share capital of the Company. The movements in the number of share options under the 2003 Share Option Scheme during the year ended 28 February 2006 were as follows:

Date of grant	Date of acceptance	Exercise price	Exercisable period	Balance in issue at 1 March 2005 於2005年3月1日之已發行結餘	Number of share options granted during the period 期內授出之購股權數目	Number of share options exercised during the period 期內已行使之購股權數目	Number of share options lapsed during the period 期內失效之購股權數目	Balance in issue at 28 February 2006 於2006年2月28日之已發行結餘
25 July 2005 2005年7月25日	26 July 2005 to 19 August 2005 (note 1) 2005年7月26日至2005年8月19日 (附註1)	HK\$1.76 (note 2) 港幣1.76元 (附註2)	22 August 2005 to 25 July 2009 (note 4) 2005年8月22日至2009年7月25日 (附註4)	-	8,787,500	-	50,000	8,737,500
28 July 2005 2005年7月28日	8 August 2005 2005年8月8日	HK\$1.73 (note 3) 港幣1.73元 (附註3)	22 August 2005 to 25 July 2009 (note 4) 2005年8月22日至2009年7月25日 (附註4)	-	37,500	-	-	37,500

購股計劃 (續)

截至2006年2月28日，根據2003年購股權計劃授出之購股權可予發行之股份數目為8,775,000股，佔本公司當時已發行股本約4.24%。於截至2006年2月28日止年度內，2003年購股權計劃所涉購股權數目之變動如下：

Share Option Scheme (Continued)

Notes:

1. Due to the large number of employees participating in the 2003 Share Option Scheme, the relevant information can only be shown within a reasonable range in this Annual Report. For options granted to employees, the options were granted during the underlying periods for acceptance of such options by the employees concerned.
2. The closing price of the Company's shares traded on the Hong Kong Stock Exchange on 25 July 2005 was HK\$1.71, being the date on which the relevant options were offered for grant.
3. The closing price of the Company's shares traded on the Hong Kong Stock Exchange on 28 July 2005 was HK\$1.68, being the date on which the relevant options were offered for grant.
4. For one of the conditions of grant, the grantee concerned agreed with the Company that (i) 20% of the options granted can be exercised during the period from 22 August 2005 to 25 July 2009; (ii) the next 40% of the options granted can be exercised during the period from 25 January 2007 to 25 July 2009; and (iii) the remaining 40% of the options granted can be exercised during the period from 25 July 2007 to 25 July 2009.

No share options have exercised during the year ended 28 February 2006.

The fair value of options granted estimated in accordance with the Binomial valuation model is disclosed in note 26 to the financial statements.

Directors' Interest in Contracts

The Group owes certain loans to Partner Logistics Limited, a company controlled by Mr. Tse Tat Fung, Tommy, a director of the Company. The loans due to Partner Logistics Limited are secured and interest bearing at Hong Kong Interbank Offering Rate plus 2%. During the year, interest expenses paid to Partner Logistics Limited amounted to HK\$3,880,000 (2005: HK\$4,189,000).

購股計劃 (續)

附註:

1. 由於參與2003年購股權計劃之僱員人數眾多，故只可在本年報內以合理範圍顯示。就授予僱員之購股權而言，購股權授出日期顯示可供有關僱員接納上述購股權之相關期間。
2. 本公司股份於2005年7月25日（即有關購股權之要約日期）在香港聯交所錄得之收市價為港幣1.71元。
3. 本公司股份於2005年7月28日（即有關購股權之要約日期）在香港聯交所錄得之收市價為港幣1.68元。
4. 就其中一項授予條件而言，有關承受人與本公司協定：(i)其中20%已授出購股權可於2005年8月22日至2009年7月25日期內行使；(ii)另外40%已授出購股權可於2007年1月25日至2009年7月25日期內行使；及(iii)餘下40%已授出購股權可於2007年7月25日至2009年7月25日期內行使。

於截至2006年2月28日止年度內，概無任何購股權獲行使。

獲授的購股權按「二項式」期權定價模式估計的公平價值載於財務報表附註26。

董事在合約的利益

本集團欠Partner Logistics Limited（由本公司董事謝達峰先生控制的公司）若干貸款。欠Partner Logistics Limited的貸款為有抵押，按香港銀行同業拆息加2%計息。於本年度內，已付Partner Logistics Limited的利息費用為港幣3,880,000元（2005年：港幣4,189,000元）。

Directors' Interest in Contracts (Continued)

Apart from the foregoing, no contracts of significance to which the Company, its holding company or 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.

Connected Transactions

Details of the connected transactions are set out in note 29 to the financial statements.

The Company's independent non-executive directors have reviewed the continuing connected transactions as set out in the circular dated 6 November 2003 ("Continuing Connected Transactions") during the year as set out in note 29 to the financial statements. The independent non-executive directors were satisfied that each of the Continuing Connected Transaction has been:

- (a) entered into in the ordinary and usual course of business of the Group;
- (b) conducted either on normal commercial terms or, if there is no available comparison, on terms that are fair and reasonable so far as the shareholders of the Company are concerned;
- (c) in accordance with the Licensing and Consignment Terms (as defined in the circular of the Company dated 6 November 2003), master supply agreement, comprehensive services agreement, and other terms governing the Continuing Connected Transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (d) within the respective limits as set out in the circular dated 6 November 2003.

董事在合約的利益 (續)

除上述者外，於年結時或本年度任何時間，本公司，其控股公司或附屬公司，不論直接或間接，均沒有訂立任何本公司董事擁有關鍵性利益關係的重要合約。

關連交易

關連交易的詳情載於財務報表附註29。

本公司的獨立非執行董事於本年度內已經審閱2003年11月6日發出的通函中所列載的持續關連交易（「持續關連交易」）這些交易的詳情載於財務報表附註29。獨立非執行董事認為各項持續關連交易均是在下列情況下進行：

- (a) 在本集團的一般和日常業務過程中進行；
- (b) 按正常商業條款，或（倘若缺乏同類交易以作比較）按對本公司股東而言屬於公平和合理的條款進行；
- (c) 按認可商標使用與寄賣條款（按本公司於2003年11月6日發出的通函所界定）、總供貨協議、全面服務協議，以及其他規範持續關連交易的公平和合理的條款進行，並在整體上符合本公司股東的權益；及
- (d) 按2003年11月6日發出的通函所載的相關限額內進行。

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

Convertible Securities, Options or Similar Rights

Other than the share options under the 2003 Share Option Scheme as disclosed above, the Company had no other outstanding convertible securities, options or similar rights as at 28 February 2006.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws in Bermuda.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at 28 February 2006 are set out in notes 18 to 20 on the financial statements.

Five-year Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 169 to 170 of the annual report.

Properties

Particulars of the major properties of the Group are shown on pages 171 and 172 of the annual report.

Retirement Schemes

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000.

購買、出售或贖回本公司的上市證券

於本年度內，本公司或其任何附屬公司概無購買、出售或贖回任何本公司的上市證券。

可換股證券、認股權或類似權利

除上文所披露2003年購股計劃項下之購股權外，本公司於2006年2月28日概無其他未獲行使之可換股證券、認股權或類似權利。

優先購股權

本公司的公司細則或百慕達法例對優先購股權並無限制，對此權利亦無規定條款。

銀行貸款及其他借貸

本集團於2006年2月28日的銀行貸款及其他借貸詳情載於財務報表附註18至20。

五年概要

本集團於過去五個財政年度的業績及資產與負債概要載於本年報第169至170頁。

物業

本集團主要物業的詳情載於本年報第171至172頁。

退休計劃

本集團按照香港《強制性公積金計劃條例》的規定，為根據香港《僱傭條例》聘用的僱員，設立強制性公積金計劃（「強積金計劃」）。強積金計劃是一個界定供款退休計劃，由獨立的受託人管理。根據強積金計劃，僱主和僱員均須按照僱員相關入息的5%向計劃作出供款，但每月的相關入息上限為港幣20,000元。

Retirement Schemes (Continued)

The Group also operates defined contribution retirement benefits schemes for all qualifying employees in the People's Republic of China ("PRC") and Malaysia. The assets of the schemes are held separately from those of the Group in funds under the control of independent trustees.

The Group's total contributions to these schemes charged to the consolidated income statement during the year ended 28 February 2006 amounted to HK\$4,814,000 representing contributions payable by the Group to the schemes at 5%, 7% and 12% of the gross salaries in Hong Kong, PRC and Malaysia, respectively.

Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, the percentage of the shares in public hands exceed 25% as at 20 January 2006, the latest practicable date to ascertain such information prior to the issue of this annual report.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance. Information on the corporate governance practice adopted by the Company is set out in the Corporate Governance Report on pages 68 to 76.

Audit Committee

The Company's audit committee comprises of three independent non-executive directors, Mr. Chui Chi Yun, Robert, Mr. Gerald Clive Dobby and Mr. Lui Pui Kee, Francis. Information on the Audit Committee is set out in the Corporate Governance Report on pages 68 to 76.

退休計劃 (續)

本集團亦為所有中華人民共和國(「中國」)及馬來西亞合資格的僱員設立一個界定供款退休計劃。計劃的資產獨立於本集團的資產並由獨立受託人持有及管理。

於截至2006年2月28日止年度，本集團向此等計劃所作之總供款額為港幣4,814,000元，並已在綜合收益表中扣除。此供款乃本集團分別為香港、中國及馬來西亞的員工薪金5%、7%及12%所支付予計劃的供款額。

公眾持股量

根據本公司獲得的公開資料及據本公司董事知悉，於2006年1月20日(即本年報發行前確定該等資料的最後實際可行日期)，由公眾人士持有本公司股份超過25%。

企業管治

本公司致力維持高水準企業管治，本公司推行企業管治常規的有關資料載於第68至76頁之企業管治報告。

審核委員會

本公司之審核委員會成員包括3位獨立非執行董事崔志仁先生、Gerald Clive Dobby先生及呂培基先生。審核委員之有關資料載於第68至76頁之企業管治報告。

Auditors

On 6 April 2006, KPMG resigned as auditors of the Company and Moore Stephens were appointed as the auditors of the Company to fill the casual vacancy arising from the resignation of KPMG.

Moore Stephens will retire at the forthcoming annual general meeting and, being eligible, offer themselves for reappointment. A resolution for the reappointment of Moore Stephens as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Tse Tat Fung, Tommy
Chairman

Hong Kong, 22 June 2006

核數師

於2006年4月6日，畢馬威會計師事務所辭任本公司核數師而馬施雲會計師事務所獲委任為本公司核數師以填補畢馬威會計師事務所辭任為產生之臨時空缺。

馬施雲會計師事務所於將舉行之股東週年大會上告退，惟願膺選連任。由馬施雲會計師事務所連任本公司核數師的決議案，將於即將舉行的股東週年大會上提出。

承董事會命

謝達峰
主席

香港，二零零六年六月二十二日

Compliance with of the Code on Corporate Governance Practices of the Listing Rules

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 28 February 2006, except the following deviations from code provisions A.4.1 and A.4.2 of the CG Code:

1. Mr. Gerald Clive Dobby and Mr. Lui Pui Kee, Francis, Independent Non-executive Directors of the Company, were not appointed for a specific term since their last service contracts ended in November 2005 but they are subject to retirement in accordance with the Company’s Bye-laws.
2. The Company’s Bye-laws currently require one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) to retire from office by rotation at each annual general meeting of the Company however, as the number of directors of the Company is currently not a multiple of three, it is possible that not all directors will retire by rotation at least once every three years as required in the CG Code. In addition, according to the Company’s Bye-laws, any directors appointed to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election at that meeting.

In order to comply with the code provisions of the CG Code, relevant provisions of the Company’s Bye-laws will be reviewed and amendment will be proposed in order that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director shall be subject to retirement by rotation at least once every three years.

遵守上市規則之企業管治常規守則

本公司致力制定良好企業管治常規及程序。於截至2006年2月28日止年度，本公司一直應用及遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載企業管治常規守則（「企業管治守則」）之原則及所有守則條文以及（在適用情況下）建議最佳常規，惟以下偏離企業管治守則條文第A.4.1及A.4.2條之情況除外：

1. 本公司獨立非執行董事Gerald Clive Dobby先生及呂培基先生在其服務合約於2005年11月終止後並非按固定任期獲委任，惟彼等須按照本公司之公司細則告退。
2. 現行的本公司之公司細則要求三分之一現任董事（或倘其數目並非三之倍數，則最接近但不多於三分之一人數）須於每屆本公司股東週年大會輪值告退，惟本公司現行的董事數目並非三之倍數，因此有可能達致並非所有董事可符合企業管治守則之要求而最少每三年輪值告退一次。另外，根據本公司之公司細則，任何獲委任以填補臨時空缺之董事任期僅至下屆股東週年大會為止，屆時將合資格於該大會膺選連任。

為符合企業管治守則條文，本公司之公司細則相關條文亦會作出檢討及建議修訂，致使所有獲委任以填補臨時空缺之董事均須於獲委任後首個股東大會接受股東選舉及每名董事最少每三年輪值告退一次。

Model Code on Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Enquiry has been made with all Directors and the Directors have confirmed compliance with the required standard set out in the Model Code during the year ended 28 February 2006.

The Board of Directors

The Board of Directors of the Company (the "Board") is collectively responsible for the management of the business and affairs of the Group with the objective of enhancing shareholders value. The Board comprises a total of seven Directors, with four Executive Directors and three Independent Non-executive Directors ("INED"). More than one-third of the Board are INEDs and more than one of them have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All of the Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-Laws.

The Board has received from each of the three INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Board considers each of the three INEDs to be independent.

The Company has established the Board process. Regular Board Meetings are held at least four times a year, and if necessary, additional meetings are arranged as and when required. The Company Secretary assists the Chairman in preparing the agenda for the meetings and preparing and disseminating Board papers to the Directors in a timely and comprehensive manner. All Directors have access to the advice and services of the Company Secretary to ensure that the procedures are followed and all applicable rules and regulations are complied with.

董事進行證券交易之標準守則

本公司已採納上市規則附錄10所載標準守則，作為本公司有關董事進行證券交易之操守準則。本公司已向全體董事作出查詢，各董事已確認彼等於截至二零零六年二月二十八日止年度遵守標準守則所規定標準。

董事會

本公司董事會（「董事會」）共同負責管理本集團業務及事務，目標為提升股東價值。董事會由合共七名董事組成，包括四名執行董事及三名獨立非執行董事（「獨立非執行董事」）。董事會超過三分之一成員為獨立非執行董事，而超過一名獨立非執行董事具備上市規則規定之合適專業資格或會計或相關財務管理專業知識。全體董事均須按照本公司之公司細則於股東週年大會輪值告退及膺選連任。

董事會已接獲三名獨立非執行董事各自按照上市規則3.13條作出之年度獨立身分確認書。董事會認為，三名獨立非執行董事均具獨立性。

本公司已制定董事會程序。董事會每年最少召開四次定期會議，並於有需要時安排額外會議。公司秘書協助主席適時編製完備之會議議程，並適時編製及向各董事分發齊備之董事會文件。全體董事均可取得公司秘書意見及服務，以確保符合程序以及遵守所有相關規則及規定。

The Board of Directors (Continued)

During the year ended 28 February 2006, the full Board held 8 meetings and details of Directors' attendance records are set out below:

Number of meetings	會議數目	8
Directors		Attendance
董事		出席次數
Executive Directors:	執行董事:	
Tse Tat Fung, Tommy	謝達峰	8
Peter Gerardus Van Weerdenburg	溫彼得	8
Leung Yit Kuen, Raymond (resigned on 25 April 2005)	梁悅權 (於二零零五年四月二十五日辭任)	1
Alex Chan	陳偉康	8
Erwin Steve Huang (appointed on 14 July 2005)	黃岳永 (於二零零五年七月十四日獲委任)	4
Non-executive Director:	非執行董事:	
Hong Po Kui, Martin (retired on 26 August 2005)	康寶駒 (於二零零五年八月二十六日退任)	3
Independent Non-executive Director:	獨立非執行董事:	
Chui Chi Yun, Robert	崔志仁	6
Gerald Clive Dobby	Gerald Clive Dobby	7
Lui Pui Kee, Francis	呂培基	7

The Chairman and the Chief Executive Officer

The position of the Chairman of the Board and the Chief Executive Officer are held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group's business.

The Chairman, Mr. Tse Tat Fung, Tommy, is responsible for the Group's overall strategy and business development. The Chief Executive Officer, Mr. Peter Gerardus Van Weerdenburg, is delegated with the authority and responsibility for running the Company's business and implementing the Company's strategies.

董事會 (續)

於截至二零零六年二月二十八日止年度, 董事會曾召開八次全體董事會議, 各董事出席記錄詳情如下:

主席及行政總裁

董事會主席與行政總裁之職位由不同人士擔任, 旨在有效區分董事會管理及本集團日常業務管理職務。

主席謝達峰先生負責本集團整體策略及業務發展。行政總裁溫彼得先生則獲授權專責本公司業務運作及執行本公司策略。

Non-executive Directors

Non-executive Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-Laws.

At the annual general meeting of the Company held on 26th August, 2005, Mr. HONG Po Kui, Martin retired by rotation as a director of the Company and for personal reasons, he did not offer himself for re-election. Mr. HONG confirmed that there was no disagreement with the Board and that there was no matter that needed to be brought to the attention of the shareholders of the Company in respect of his retirement.

At the annual general meeting of the Company held on 26th August, 2005, Mr. CHUI Chi Yun, Robert retired by rotation as a director of the Company and was re-elected as an independent non-executive director of the Company for a term of three years.

Remuneration of Directors

The Remuneration Committee, which terms of reference are posted in the Company's website and which are in compliance with the provisions set out in the CG Code, comprises four members, a majority of whom are Independent Non-executive Directors of the Company. The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure in relation to the remuneration of Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time. The Remuneration Committee meets at least once a year.

非執行董事

非執行董事須按照本公司之公司細則於股東週年大會輪值告退及膺選連任。

於二零零五年八月二十六日舉行之本公司股東週年大會上，本公司董事康寶駒先生輪值告退，而基於私人理由不願膺選連任。康先生確認並無與董事會出現意見分歧，亦無與其退任相關事宜須知會本公司股東。

於二零零五年八月二十六日舉行之本公司股東週年大會上，本公司董事崔志仁先生輪值告退，並獲重選為本公司獨立非執行董事，任期三年。

董事酬金

薪酬委員會由四名成員組成，大部分為本公司獨立非執行董事，其職權範圍載於本公司網頁，並符合企業管治守則所載條文。薪酬委員會主要職責包括參考董事會不時議決之企業目標及宗旨，就本公司董事與高層管理人員之薪酬政策及結構，向董事會作出建議。薪酬委員會每年最少舉行一次會議。

Remuneration of Directors (Continued)

The Remuneration Committee met once during the year ended 28 February 2006 and the individual members' attendance records are set out below. In addition, during the year, the Remuneration Committee also received a number of reports and proposals from executive management in relation to remuneration issues of the Company for their review and/or approval as required.

Number of meetings

會議次數

1

Members

Attendance

成員

出席次數

Gerald Clive Dobby (*Chairman*)

Gerald Clive Dobby (*主席*)

1

Lui Pui Kee, Francis

呂培基

1

Chui Chi Yun, Robert (appointed on 25 July 2005)

崔志仁 (於二零零五年七月二十五日獲委任)

1

Tse Tat Fung, Tommy

謝達峰

1

The Remuneration Committee had considered the following proposals and

薪酬委員會已考慮下列提議，並

(a) reviewed the remuneration policy of the Company for the year ended 28 February 2006;

(a) 檢討截至二零零六年二月二十八日止年財政年度之薪酬政策；

(b) reviewed and approved the service contracts for an executive director;

(b) 檢討並批准一名執行董事之服務合約；

(c) reviewed and approved the annual performance bonus policy and the granting of discretionary bonus to both senior executives and other employees of the Company;

(c) 檢討並批准年度花紅政策及向高級行政人員及其他僱員發放酌情花紅；

(d) reviewed the grant of share options under the Company's Share Option Scheme to eligible employees including the four Executive Directors.

(d) 檢討根據本公司購股計劃向合資格僱員 (包括四名執行董事) 授出購股權。

The Remuneration Committee is provided with sufficient resources, including the advice of professional firms, to discharge its duties, if necessary.

薪酬委員會獲提供充裕資源以履行其職務，包括於有需要時諮詢專業機構之意見。

Nomination of Directors

The Company does not have a Nomination Committee. The Board as a whole is responsible for the procedure of agreeing to the appointment of its members either to fill a casual or as addition to the existing directors and those directors appointed by the Board during the year shall hold office only until the next following annual general meeting and shall then be eligible for re-election in accordance with the Company's Bye-Laws.

The annual general meeting circular contains detailed information on election of directors including a detailed biography of all directors standing for election or re-election to ensure that shareholders can make an informed decision on their election.

Auditors Remuneration

The amount of fees charged by the Auditors generally depends on the scope and volume of the auditors' work. As set out in the announcement of the Company dated 6 April, 2006, KPMG resigned as auditors of the Company with effect from 6 April, 2006 because of the fact that the Company and KPMG could not reach an agreement on the audit fees for the financial year ended 28 February, 2006. Moore Stephens were appointed as auditors of the Company to fill the casual vacancy arising from resignation of KPMG until the conclusion of the next Annual General Meeting of the Company. For the year ended 28 February 2006, the remuneration payable to Moore Stephens was approximately HK\$2.95 million for audit services and Moore Stephens have not performed any other non-audit services for the Company.

Audit Committee

The Audit Committee, which terms of reference are posted in the Company's website and which are in compliance with the provisions set out in the CG Code, comprises three members who are all Independent Non-executive Directors of the Company. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors of the Company. The Audit Committee meets at least twice a year.

董事提名

本公司並無設立提名委員會。董事會集體負責就填補臨時空缺或加入新增董事，協商委任新成員。按照本公司之公司細則規定，董事會於年內委任之董事任期僅至下屆股東週年大會為止，屆時將合資格膺選連任。

股東週年大會通函載有董事選舉詳情，包括所有參選或膺選連任董事詳細履歷，以確保股東於選舉時可以作出知情決定。

核數師酬金

核數師收取之費用一般視乎核數師之工作範圍及工作量而定。誠如本公司日期為二零零六年四月六日之公佈所載，因本公司無法與畢馬威會計師事務所就截至二零零六年二月二十八日止財政年度之核數費用達成協議，畢馬威會計師事務所已辭任本公司核數師，由二零零六年四月六日起生效。馬施雲會計師事務所已獲委聘為本公司核數師，以填補畢馬威會計師事務所辭任後之臨時空缺，直至本公司下一屆股東週年大會結束為止。於截至二零零六年二月二十八日止年度，馬施雲會計師事務所就核數服務收取之酬金約為港幣2,950,000元，馬施雲會計師事務所並無向本公司提供任何非核數服務。

審核委員會

審核委員會由本公司全部三名獨立非執行董事組成，其職權範圍載於本公司網頁，並符合企業管治守則所載條文。審核委員會主要職責包括檢討及監督本集團之財務申報制度及內部監控程序、審閱本集團財務資料以及檢討與本公司外聘核數師之關係。審核委員會每年最少召開兩次會議。

Audit Committee (Continued)

During the year ended 28 February 2006, the Audit Committee held 3 meetings and details of individual members' attendance records are set out below:

Number of meetings	會議數目	3
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Members 成員

Attendance 出席次數

Chui Chi Yun, Robert (Chairman)	崔志仁 (主席)	3
Gerald Clive Dobby	Gerald Clive Dobby	2
Hong Po Kui, Martin (retired on 26 August 2005)	康寶駒 (於二零零五年八月二十六日退任)	2
Lui Pui Kee, Francis (appointed on 26 August 2005)	呂培基 (於二零零五年八月二十六日獲委任)	1

The following is a summary of the work performed by the Audit Committee during the year:

審核委員會於年內之工作概述如下:

- | | |
|---|---|
| (a) discussed with the external auditors the general scope of their audit work; | (a) 與外聘核數師討論其核數工作範圍; |
| (b) reviewed external auditor's management letter and management response; | (b) 審閱外聘核數師致管理層之函件及管理層之回應; |
| (c) considered and recommended to the Board adoption of new accounting standards; | (c) 考慮並建議董事會採納新會計準則; |
| (d) reviewed and recommended to the Board approval of the audit fee proposal for the Group for the year ended 28 February 2005; | (d) 審閱並建議董事會批准本集團截至二零零五年二月二十八日止年度之核數費用建議; |
| (e) reviewed and approved the Group internal audit policy and internal audit plan for the year 2006; | (e) 審閱並批准本集團之二零零六年內部核數政策及內部核數計劃; |
| (f) reviewed the internal audit reports covering the evaluation of internal controls; | (f) 審閱包括內部監控評估之內部核數報告; |
| (g) reviewed the audited accounts and final results announcement for the year ended 28 February 2005; and | (g) 審閱截至二零零五年二月二十八日止年度之經審核賬目及全年業績公佈;及 |
| (h) reviewed the Interim Report and interim results announcement for the six months ended 31 August 2005. | (h) 審閱截至二零零五年八月三十一日止六個月之中期報告及中期業績公佈。 |

Audit Committee *(Continued)*

The Audit Committee is provided with sufficient resources, including the advice of external auditors and Internal Audit Department, to discharge its duties.

The Group's annual report for the year ended 28 February 2006 has been reviewed by the Audit Committee.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Group and presenting a balanced, clear and comprehensive assessment of the Group's performance.

In preparing the financial statements of the Group for the year ended 28 February 2006, the Directors have selected the appropriate accounting policies and applied them consistently; approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants; made judgements and estimates that are prudent and reasonable; and prepared the accounts on the going concern basis.

Internal Control

The Board, through the Audit Committee, is responsible for ensuring that adequate internal controls are in place to safeguard Company's assets and manage risks. The executive management has been delegated the responsibility for identifying and evaluating the risks faced by the Group and for designing, operating and monitoring an effective control system.

The internal control system is designed to provide reasonable, but not absolute, assurance on the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding the Group assets, providing reliable financial reporting and complying with the applicable laws and regulations. Systems and procedures are also established to identify, measure, manage and control, rather than eliminate, different risks arising from different business and functional activities.

審核委員會 *(續)*

審核委員會獲提供充裕資源以履行其職務，包括諮詢外聘核數師與內部核數部門之意見。

本集團截至二零零六年二月二十八日止年度之年報已由審核委員會審閱。

董事對財務報表之責任

董事明瞭，彼等有責任編製本集團財務報表，以就本集團表現呈列持平、清晰及全面之評估。

編製本集團截至二零零六年二月二十八日止年度之財務報表時，董事已挑選及貫徹應用合適之會計政策；批准採納香港會計師公會頒佈之所有適用香港財務報告準則；作出審慎合理之判斷及估計；以及按持續經營基準編製賬目。

內部監控

董事會透過審核委員會負責確保內部監控已施行充份，以保障本公司財產及管理風險。執行管理人員獲指派負責找出及評估本集團面對之風險，以及設計、執行及監察有效監控制度。

內部監控制度之設計旨在提供合理，而非絕對保障，確保營運效益及效率，從而達至既訂公司目標、保障集團財產、提供可靠財務報告及遵守適用法律及規例。制度及程序之訂立旨在找出、計量、管理及控制，而並非消除，不同業務及功能活動產生之不同風險。

Internal Control (Continued)

The Group's Internal Audit Department plays an important role in the internal control function. It provides objective assurance to the Board that a sound internal control system is maintained and operated in compliance with the established processes and standards by performing periodic audits over all major operations of the Group, typically over a three-year cycle. An annual audit plan (comprising annual audit focus and audit frequencies) is prepared based on the department's independent risk assessment. Such work plan is discussed and agreed with the Audit Committee at the beginning of each financial year. Major internal audit findings will be submitted to the Audit Committee for review and all recommendations from the Internal Audit Department will be properly followed up to ensure that they are implemented within a reasonable period of time. The Directors have received the report from the Internal Audit Department which conducted a review of the effectiveness of the system of internal control of the Group.

The scope of work performed by the internal audit function during the year included financial and operational reviews, recurring/surprise inventory counts and audits, and special reviews.

Communication with Shareholders

The Company establishes and maintains different communication channels with its shareholders through the publication of annual and interim reports and press release. Such information is also available on the Company's website.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. At the Company's 2005 Annual General Meeting, Chairman of the Board as well as Chairman of the Audit Committee and Remuneration Committee were present and ready to answer shareholders' questions.

Details of the poll voting procedures and the rights of shareholders to demand a poll have been included in the annual general meeting circular. At the Company's 2005 Annual General Meeting, all the resolutions were dealt with on a show of hands and Secretaries Limited, the Company's Hong Kong Branch Share Registrar, was engaged as scrutineer to ensure the votes were properly counted.

內部監控 (續)

本集團內部核數部門於內部監控上擔當重要角色，定期審核本集團所有主要營運項目，一般以三年為一個循環，以向董事會提供客觀保證，內部監控制度有效運行，且符合既訂程序及準則。年度審核計劃（包括年度審核目標及審核頻率）乃按部門之獨立風險評估制訂，審核委員會於每個財政年度年初討論及通過該審核計劃。重大內部審核發現均會呈交審核委員會審閱，而內部審核部門所有建議均會妥為跟進，以確保全都在合理時間內獲執行。董事已收到由內部核數部門進行有關集團內部監控系統有效性的檢討的報告。

內部審核部門年內之工作包括財務及營運檢討、循例／突擊盤點及核數以及特別檢討。

與股東溝通

本公司透過刊發年報、中期報告及新聞稿，與其股東建立並維持不同溝通渠道。有關資料亦載於本公司網頁。

股東週年大會為股東提供與董事會交流意見之有效平台。董事會主席以及審核委員會及薪酬委員會主席均有出席本公司二零零五年股東週年大會，以便回答股東提問。

按股數投票表決程序及股東要求按股數投票權利之詳情已載於股東週年大會通函。於本公司二零零五年股東週年大會上，所有決議案均以舉手方式表決，本公司並聘用其香港股份過戶登記分處秘書商業服務有限公司擔任監票人，確保點票程序恰當。

MOORE STEPHENS CERTIFIED PUBLIC ACCOUNTANTS

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Auditors' Report to the Shareholders of Tse Sui Luen Jewellery (International) Limited (Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 79 to 168 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 financial statements and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

致謝瑞麟珠寶(國際)有限公司
(於百慕達註冊成立的有限公司)
各股東核數師報告書

本會計師事務所(以下簡稱「我所」)已審核刊於第79至第168頁按照香港公認會計原則編製的財務報表。

董事及核數師的責任

貴公司的董事有責任編製真實和公允的財務報表。在編製這些財務報表時，董事必須貫徹採用合適的會計政策。

我所的責任是根據我所審核工作的結果，對這些財務報表提出獨立意見，並按照百慕達1981年《公司法》第90條的規定，僅向整體股東報告。除此以外，我所的報告書不可用作其他用途。我所概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public 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 Company's and the Group's circumstances, 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 of the Group as at 28 February 2006 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Moore Stephens

Certified Public Accountants

Hong Kong, 22 June 2006

意見的基礎

我所是按照香港會計師公會頒布的《香港核數準則》進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製財務報表時所作的主要估計和判斷、所釐定的會計政策是否適合 貴公司及 貴集團的具體情況，以及有否貫徹運用並足夠披露這些會計政策。

我所在策劃和進行審核工作時，是以取得一切我所認為必需的資料及解釋為目標，使我所能獲得充分的憑證，就財務報表是否存在重大的錯誤陳述，作合理的確定。在提出意見時，我所亦已衡量財務報表所載資料在整體上是否足夠。我所相信，我所的審核工作已為我所提出的意見建立合理的基礎。

意見

我所認為這些財務報表均真實及公平地顯示 貴公司及 貴集團於2006年2月28日之財務狀況及 貴集團截至該日止年度之虧損及現金流量，並根據香港《公司條例》之披露要求而妥善編製。

馬施雲會計師事務所

執業會計師

香港，2006年6月22日

Consolidated Income Statement

綜合收益表

		Note 附註	2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Turnover	營業額	2 & 10	1,324,132	1,275,996
Cost of sales	銷售成本		(657,896)	(693,496)
Gross profit	毛利		666,236	582,500
Other revenue	其他收入	3 & 10	2,744	9,035
Selling expenses	銷售費用		(510,587)	(424,816)
Administrative expenses	行政費用		(109,754)	(86,311)
Other operating expenses	其他經營費用		(47)	(280)
Profit from operations	經營盈利		48,592	80,128
Finance costs	財務費用	4(a)	(6,159)	(5,037)
Cost of financial restructuring	財務重組費用		–	(1,142)
Loss on disposal of properties	出售物業虧損		–	(68)
Recovery of debts written off in prior years	收回過往年度 所撇銷壞賬		–	4,537
Profit from ordinary activities before taxation	除稅前正常業務盈利	4	42,433	78,418
Taxation	稅項	5(a)	(70,551)	(35,223)
(Loss)/profit for the year	本年度(虧損)/盈利		(28,118)	43,195
Attributable to:-	應佔部分:			
Equity holders of the Company	本公司股東		(47,977)	35,813
Minority interests	少數股東權益		19,859	7,382
(Loss)/profit for the year	本年度(虧損)/盈利	8	(28,118)	43,195
(Loss)/earnings per share	每股(虧損)/盈利			
Basic	基本	9	(23.2) cents 仙	47.7 cents仙

The notes on pages 87 to 168 form part of these financial statements.

第87至第168頁的附註屬本財務報表一部分。

Consolidated Balance Sheet

綜合資產負債表

		Note 附註	2006		2005	
			HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元 (restated) (經重列)	HK\$'000 港幣千元 (restated) (經重列)
Non-current assets	非流動資產					
Property, plant and equipment	物業、廠房及設備					
– Investment properties	– 投資物業	11(a)		–		1,420
– Other property, plant and equipment	– 其他物業、廠房及設備	11(a)		117,691		104,264
				117,691		105,684
Other financial asset	其他財務資產	13		500		500
Club debenture	會籍債權證			103		100
Deferred tax assets	遞延稅項資產	22(b)		20,834		17,684
				139,128		123,968
Current assets	流動資產					
Investments in securities	證券投資			1		38
Inventories	存貨	14		500,723		494,557
Trade and other receivables	應收賬款及其他應收款	15		109,680		97,194
Current tax recoverable	可收回本期稅項	22(a)		1,020		652
Cash at bank and in hand	銀行存款及現金	16		101,249		81,825
				712,673		674,266
Current liabilities	流動負債					
Trade and other payables	應付賬款及其他應付款	17		(355,019)		(367,902)
Bank overdrafts – secured	銀行透支 – 有抵押	18		(18,550)		–
Bank loans – secured	銀行貸款 – 有抵押	18		(4,000)		(18,656)
Other loans – secured	其他貸款 – 有抵押	19		(14,500)		–
Obligations under finance leases	融資租賃承擔	20(a)		(660)		(508)
Current tax payable	應付本期稅項	22(a)		(91,876)		(58,646)
				(484,605)		(445,712)
Net current assets	流動資產淨值			228,068		228,554
Total assets less current liabilities carried forward	總資產減流動負債結轉			367,196		352,522

		Note 附註	2006		2005	
			HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元 (restated) (經重列)	HK\$'000 港幣千元 (restated) (經重列)
Total assets less current liabilities brought forward	承前總資產減流動負債			367,196		352,522
Non-current liabilities	非流動負債					
Bank loans – secured	銀行貸款 – 有抵押	18	(53,000)			(2,066)
Other loans – secured	其他貸款 – 有抵押	19	(57,867)			(72,367)
Obligations under finance leases	融資租賃承擔	20(a)	(614)			(876)
Employee benefit obligations	僱員福利義務	21(a)	(8,759)			(10,190)
Deferred tax liabilities	遞延稅項負債	22(b)	(46)			(15)
				(120,286)		(85,514)
NET ASSETS	資產淨值			246,910		267,008
CAPITAL AND RESERVES	資本及儲備					
Share capital	股本	23		51,766		51,766
Reserves	儲備			155,186		197,594
Total equity attributable to equity holders of the Company	本公司股東應佔權益總額			206,952		249,360
Minority interests	少數股東權益			39,958		17,648
TOTAL EQUITY	權益總額			246,910		267,008

Approved and authorised for issue by the board of directors on 22 June 2006

董事會於2006年6月22日核准並許可刊發

Tse Tat Fung, Tommy)
 謝達峰)
) Directors
 Peter Gerardus Van Weerdenburg)
 溫彼得)
) 董事

The notes on pages 87 to 168 form part of these financial statements.

第87至第168頁的附註屬本財務報表一部分。

Balance Sheet

資產負債表

		Note 附註	2006		2005	
			HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Non-current assets	非流動資產					
Property, plant and equipment	物業、廠房及設備	11(b)		235		–
Interests in subsidiaries	附屬公司權益	12		206,270		243,842
				206,505		243,842
Current assets	流動資產					
Other receivables, deposits and prepayments	其他應收款、按金 及預付款		6,042		5,635	
Cash at bank and in hand	銀行存款及現金		2		172	
			6,044		5,807	
Current liabilities	流動負債					
Other payables and accruals	其他應付款及應計費用		(4,685)		(6,378)	
Obligations under finance leases	融資租賃承擔	20(b)	(446)		(305)	
			(5,131)		(6,683)	
Net current assets/(liabilities)	流動資產／(負債)淨值			913		(876)
Total assets less current liabilities	總資產減流動負債			207,418		242,966
Non-current liability	非流動負債					
Obligations under finance leases	融資租賃承擔	20(b)		(466)		(515)
NET ASSETS	資產淨值			206,952		242,451
CAPITAL AND RESERVES	資本及儲備					
Share capital	股本	23		51,766		51,766
Reserves	儲備	24		155,186		190,685
TOTAL EQUITY	權益總額			206,952		242,451

Approved and authorised for issue by the board of directors on 22 June 2006

董事會於2006年6月22日核准並許可刊發

Tse Tat Fung, Tommy)
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The notes on pages 87 to 168 form part of these financial statements.

第87至第168頁的附註屬本財務報表一部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

		Share		Special reserve	Land and buildings revaluation		Share-based compensation reserve	Capital redemption			Minority Interests	Total equity	
		capital	premium		reserve	reserve		reserve	reserve	Accumulated losses			Total
		股本	股份溢價	特別儲備	資本儲備	重估儲備	股份補償儲備	匯兌儲備	贖回儲備	累計虧損	總額	股東權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
1 March 2004	於2004年3月1日												
- as previously reported	- 如前呈報	97,972	86,037	336,362	97,992	21,412	-	(7,486)	170,873	(762,632)	40,530	12,601	53,131
- prior year adjustments in respect of leasehold land and buildings held for own use	- 往年度調整 自用租賃 土地及 樓宇	-	-	-	-	(21,412)	-	-	-	34,538	13,126	-	13,126
- As restated	- 經重列	97,972	86,037	336,362	97,992	-	-	(7,486)	170,873	(728,094)	53,656	12,601	66,257
Capital reorganisation	股本重組	(88,175)	(86,037)	(336,362)	-	-	-	-	(170,873)	681,447	-	-	-
Shares issued under loan conversion	貸款轉換 發行股份	33,341	104,024	-	-	-	-	-	-	-	137,365	-	137,365
Shares issued under open offer	根據公開售股 發行股份	8,628	26,918	-	-	-	-	-	-	-	35,546	-	35,546
Capital reorganisation and share issue expenses	股本重組及股份 發行開支	-	(14,308)	-	-	-	-	-	-	-	(14,308)	-	(14,308)
Exchange difference on translation of financial statements of subsidiaries	換算附屬公司 財務報表 之匯兌差額	-	-	-	-	-	-	2,491	-	-	2,491	(3,538)	(1,047)
Share of exchange reserve by minority shareholders	少數股東應佔 匯兌儲備	-	-	-	-	-	-	(1,203)	-	-	(1,203)	1,203	-
Profit for the year (restated)	年內盈利 (經重列)	-	-	-	-	-	-	-	-	35,813	35,813	7,382	43,195
28 February 2005 (restated)	於2005年2月28日 (經重列)	51,766	116,634	-	97,992	-	-	(6,198)	-	(10,834)	249,360	17,648	267,008

		Share capital	Share premium	Special reserve	Capital reserve	Land and buildings	Share-based compensation reserve	Exchange reserve	Capital redemption		Minority Interests	Total equity	
						revaluation reserve			reserve	Accumulated losses			Total
		股本	股份溢價	特別儲備	資本儲備	土地及建築物重估儲備	股份補償儲備	匯兌儲備	贖回儲備	資本 累計虧損	總額	股東權益 權益總額	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	
1 March 2005	於2005年3月1日												
as previously reported	如前呈報	51,766	116,634	-	97,992	24,997	-	(6,198)	-	(42,740)	242,451	17,648	260,099
Prior year adjustments in respect of leasehold land and buildings held for own use	就自用租賃土地及樓宇作出之往年度調整	-	-	-	-	(24,997)	-	-	-	31,906	6,909	-	6,909
1 March 2005 (restated)	於2005年3月1日 (經重列)	51,766	116,634	-	97,992	-	-	(6,198)	-	(10,834)	249,360	17,648	267,008
Issue of share options	發行購股權	-	-	-	-	-	2,332	-	-	-	2,332	-	2,332
Exchange difference on translation of financial statements of subsidiaries	換算附屬公司財務報表之匯兌差額	-	-	-	-	-	-	3,237	-	-	3,237	2,451	5,688
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(47,977)	(47,977)	19,859	(28,118)
28 February 2006	於2006年2月28日	51,766	116,634	-	97,992	-	2,332	(2,961)	-	(58,811)	206,952	39,958	246,910

The notes on pages 87 to 168 form part of these financial statements.

第87至第168頁的附註屬本財務報表一部分。

Consolidated Cash Flow Statement

綜合現金流量表

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Operating activities	經營活動		
Profit from ordinary activities before taxation	除稅前正常業務盈利	42,433	78,418
Adjustments for:	調整項目:		
– Finance costs	– 財務費用	6,159	5,037
– Cost of financial restructuring	– 財務重組費用	–	1,142
– Loss on disposal of properties	– 出售物業虧損	–	68
– Write back of provision for properties held for sale	– 撥回待售物業減值撥備	–	(913)
– Loss on disposal of property, plant and equipment	– 出售物業、廠房及設備虧損	47	197
– Depreciation	– 折舊	24,225	15,378
– Interest income	– 利息收入	(279)	(132)
– Equity-settled share option expenses	– 以股本結算購股權開支	2,332	–
– Foreign exchange loss	– 匯兌虧損	4,322	2,300
Operating profit before changes in working capital	營運資金變動前經營盈利	79,239	101,495
Increase in inventories	存貨增加	(6,166)	(84,561)
Increase in trade and other receivables (Decrease)/increase in trade and other payables	應收賬款及其他應收款增加 (減少)/增加	(12,079)	(18,052)
(Decrease)/increase in employee benefit obligations	僱員福利義務(減少)/增加	(1,431)	620
Cash generated from operations	經營業務產生的現金	46,667	75,167
Tax paid	已付稅項		
– Hong Kong Profits Tax	– 香港利得稅	(21,008)	(6,715)
– Overseas tax	– 海外稅項	(19,800)	(5,261)
Net cash generated from operating activities	經營活動產生的現金淨額	5,859	63,191
Investing activities	投資活動		
Payment to acquire property, plant and equipment	支付購入物業、廠房及設備的付款	(36,107)	(22,139)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	13	163
Net proceeds from sale of properties held for sale	出售待售物業所得淨款項	–	1,276
Decrease in pledged bank deposits	已抵押銀行存款減少	–	792
Interest received	已收利息	279	132
Net cash used in investing activities	投資活動所用的現金淨額	(35,815)	(19,776)

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Financing activities	融資活動		
Capital element of finance lease rentals paid	已付融資租賃租金的本金部分	(516)	(475)
Repayment to minority interests	償還少數股東墊款	-	(1,497)
Proceeds from new bank loan	新造銀行貸款所得款項	77,000	-
Repayment of bank loans	償還銀行貸款	(40,722)	(16,955)
Proceeds from shares issued under open offer	公開發售發行股份所得款項	-	35,546
Capital reorganisation and share issue expenses paid	已付股本重組及股份發行開支	-	(5,391)
Interest element of finance lease rentals paid	已付融資租賃租金的利息部分	(60)	(47)
Other borrowing costs paid	已付其他借貸成本	(6,087)	(5,020)
Payment of cost of financial restructuring	支付財務重組費用的付款	-	(3,660)
Dividend paid to a minority shareholder	已付少數股東股息	-	(3,538)
Net cash generated from / (used in) financing activities	融資活動產生 / (所用) 的現金淨額	29,615	(1,037)
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物 (減少) / 增加淨額	(341)	42,378
Cash and cash equivalents at beginning of year	於年初的現金及現金等價物	81,825	39,277
Effect of foreign exchange rates changes	外幣匯率變動的影響	1,215	170
Cash and cash equivalents at end of year	於年底的現金及現金等價物	82,699	81,825
Analysis of balances of cash and cash equivalents	現金及現金等價物結餘分析		
Cash at bank and in hand	銀行存款及現金	101,249	81,825
Bank overdrafts	銀行透支	(18,550)	-
		82,699	81,825

The notes on pages 87 to 168 form part of these financial statements.

第87至第168頁的附註屬本財務報表一部分。

1. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, which include all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), such term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of financial statements

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

The principal accounting policies and methods of computation used in the preparation of the financial statements for the year ended 28 February 2006 are consistent with those adopted in the financial statements for the year ended 28 February 2005, except for the adoption of the new and revised HKFRSs as explained in (c) below.

1. 主要會計政策

(a) 遵例聲明

本財務報表是按照香港公認會計原則(包括所有適用香港財務報告準則(「香港財務報告準則」),即包括香港會計師公會(「香港會計師公會」)頒布的所有適用個別香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)以及香港公司條例的披露規定編製。本財務報表亦符合香港聯合交易所有限公司證券上市規則(「上市規則」)的適用披露規定。下文載列本集團所採納主要會計政策概要。

(b) 財務報表的編製基準

本財務報表以歷史成本法為編製基準,並按下述會計政策所說明就部分按市值入賬的證券投資修訂。

除採納下文(c)項所述新訂及經修訂香港財務報告準則外,編製截至2006年2月28日止年度財務報表所採用主要會計政策及計算方法與截至2005年2月28日止年度財務報表所採納者一致。

1. Significant accounting policies

(Continued)

(c) Adoption of new and revised Hong Kong Financial Reporting Standards

During the current year, the Group has adopted new and revised HKFRSs which are effective for accounting periods commencing on or after 1 January 2005. The new and revised HKFRSs which are relevant to the Group's operations are:-

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 26	Accounting and Reporting by Retirement Benefit Plans
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

1. 主要會計政策 (續)

(c) 採納新訂及經修訂香港財務報告準則

於本年度，本集團採納於2005年1月1日或以後開始之會計期間生效之新訂及經修訂香港財務報告準則。與本集團業務有關之新訂及經修訂香港財務報告準則如下：

香港會計準則第1號	財務報表之呈報
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計預計項目變動及錯誤更正
香港會計準則第10號	結算日後事項
香港會計準則第12號	所得稅
香港會計準則第14號	分類報告
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第18號	收入
香港會計準則第19號	僱員福利
香港會計準則第21號	外幣匯率變動之影響
香港會計準則第23號	借款成本
香港會計準則第24號	有關連人士之披露
香港會計準則第26號	退休福利計劃之會計處理及報告
香港會計準則第27號	綜合及獨立財務報表
香港會計準則第32號	金融工具：披露及呈報
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第37號	撥備、或然負債及或然資產
香港會計準則第39號	金融工具：確認及計量
香港會計準則第40號	投資物業
香港財務報告準則第2號	以股份償付
香港財務報告準則第3號	業務合併

1. Significant accounting policies

(Continued)

(c) Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

The adoption of HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 23, 26, 32, 33, 37, 39 and 40 has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

The impact of the adoption of the other HKFRSs on the financial statements is as follows:—

(i) Share option scheme (HKFRS 2 "Share-based Payment")

In prior years, no amounts were recognised when option holders were granted share options over shares in the Company. If the option holders chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1 March 2005, in order to comply with HKFRS 2, the Group recognises the fair value of such share options as an expense in the income statement, or as an asset, if the cost qualifies for recognition as an asset under the Group's accounting policies. A corresponding increase is recognised in a share-based compensation reserve within equity.

1. 主要會計政策 (續)

(c) 採納新訂及經修訂香港財務報告準則 (續)

採納香港會計準則第2、7、8、10、12、14、16、18、19、23、26、32、33、37、39及40號對本集團及本公司之會計政策以及本集團及本公司財務報表之計算方法並無構成任何重大影響。

採納其他香港財務報告準則對財務報表之影響如下：

(i) 購股權計劃 (香港財務報告準則第2號「以股份償付」)

於過往年度，於購股權持有人獲授可認購本公司股份之購股權時，並無確認任何金額。如購股權持有人選擇行使購股權，僅以購股權之應收行使價計入股本面值及股份溢價。

為符合香港財務報告準則第2號之規定，由2005年3月1日起，本集團在收益表中將有關購股權之公允值確認為開支，或如有關成本符合資格按照本集團之會計政策確認為資產，則列作資產，並於權益中股份補償儲備確認相應增加。

1. Significant accounting policies

(Continued)

(c) Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

(i) Share option scheme (HKFRS 2 "Share-based Payment") (Continued)

Where the option holders are required to meet vesting conditions before they become entitled to the options, the Group recognises the fair value of the options granted over the vesting period. Otherwise, the Group recognises the fair value in the period in which the options are granted.

If an option holder chooses to exercise options, the related share-based compensation reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised the related share-based compensation reserve is transferred directly to retained earnings.

The new accounting policy has been applied retrospectively with comparatives restated in accordance with HKFRS 2, except that the Group has taken advantage of the transitional provisions set out in paragraph 53 of HKFRS 2 under which the new recognition and measurement policies have not been applied to the following grants of options:-

- (a) all options granted to option holders on or before 7 November 2002; and
- (b) all options granted to option holders after 7 November 2002 but which had vested before 1 March 2005.

1. 主要會計政策 (續)

(c) 採納新訂及經修訂香港財務報告準則 (續)

(i) 購股權計劃 (香港財務報告準則第2號「以股份償付」) (續)

在購股權持有人必須於符合歸屬條件後方可獲得購股權之情況下，本集團會根據購股權之歸屬期，確認已授出購股權之公允值。否則，本集團會根據購股權之授出期間，確認其公允值。

如購股權持有人選擇行使購股權，有關股份補償儲備及行使價將會轉撥至股本及股份溢價。如購股權於失效之時仍未獲行使，則有關股份補償儲備將會直接轉撥至保留盈利。

本公司已追溯應用該條新會計政策，而比較數字亦已按照香港財務報告準則第2號之規定重列，惟本集團已應用香港財務報告準則第2號第53段所載過渡條文，據此，下述授出之購股權並無應用新確認及計算政策：

- (a) 於2002年11月7日或之前授予購股權持有人之所有購股權；及
- (b) 於2002年11月7日之後授予購股權持有人惟已於2005年3月1日前歸屬之所有購股權。

1. Significant accounting policies

(Continued)

(c) Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

(i) Share option scheme (HKFRS 2 "Share-based Payment") (Continued)

As all the Group's options were granted to option holders either before 7 November 2002 or after 1 March 2005, the adoption of HKFRS 2 has no impact on the Group's net assets and results for the prior years.

The amount charged to the income statement as a result of the change of policy increased cost of sales, selling expenses and administrative expenses for the year ended 28 February 2006 by HK\$185,000, HK\$1,829,000 and HK\$318,000 respectively (year ended 28 February 2005: Nil), with the corresponding amounts credited to the share-based compensation reserve.

Details of the share option scheme are set out in note 26.

(ii) Leasehold land and buildings held for own use (HKAS 17 "Leases")

In prior years, leasehold land and buildings held for own use were stated at revalued amounts less accumulated depreciation and accumulated impairment losses. Movements of revaluation surpluses or deficits were normally taken to the land and buildings revaluation reserve.

1. 主要會計政策 (續)

(c) 採納新訂及經修訂香港財務報告準則 (續)

(i) 購股權計劃 (香港財務報告準則第2號「以股份償付」) (續)

由於本集團所有購股權均於2002年11月7日之前或2005年3月1日之後授予購股權持有人，故採納香港財務報告準則第2號並無對本集團過往年度之資產淨值及業績構成任何影響。

因會計政策變動而計入收益表之金額導致截至2006年2月28日止年度之銷售成本、銷售費用及行政費用分別增加港幣185,000元、港幣1,829,000元及港幣318,000元(截至2005年2月28日止年度：無)，並已於股份補償儲備中計入相應金額。

有關購股權計劃之詳情載於附註26。

(ii) 自用租賃土地及樓宇 (香港會計準則第17號「租賃」)

在過往年度，自用租賃土地及樓宇乃以重估金額減累計折舊及累計減值虧損入賬。重估盈餘或虧損之變動一般計入土地及樓宇重估儲備。

1. Significant accounting policies

(Continued)

(c) Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

(ii) Leasehold land and buildings held for own use (HKAS 17 "Leases") (Continued)

With the adoption of HKAS 17 as from 1 March 2005, the leasehold interest in the land held for own use is accounted for as being held under an operating lease where the fair value of the interest in any buildings situated on the leasehold land could be separately identified from the fair value of the leasehold interest in the land at the time the lease was first entered into by the Group, or taken over from the previous lessee, or at the date of construction of those buildings, if later. In case the two elements cannot be allocated reliably, the entire lease is classified as a finance lease and carried at cost less accumulated depreciation and accumulated impairment losses.

As from 1 March 2005, the buildings are also stated at cost less accumulated depreciation, rather than at fair value, to be consistent with the new policy required to be adopted for the land element which should be classified as operating lease and cannot be revalued.

1. 主要會計政策 (續)

(c) 採納新訂及經修訂香港財務報告準則 (續)

(ii) 自用租賃土地及樓宇 (香港會計準則第17號「租賃」) (續)

自2005年3月1日採納香港會計準則第17號後，倘位於租賃土地之任何建築物權益之公允值能夠與本集團首次訂立租賃時或自前度承租人接收時或有關建築物興建日（如為較遲時間）之土地租賃權益公允值分開確定，則自用土地之租賃權益會列作經營租賃入賬。如未能可靠地分配上述兩者，則整項租賃會列作融資租賃處理，並按成本值減累計折舊及累計減值虧損入賬。

自2005年3月1日起，樓宇亦按成本值減累計折舊入賬，而非按公允值列賬，以符合就應列作經營租賃而未能重估之土地部分所規定採納之新會計政策。

1. Significant accounting policies

(Continued)

(c) Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

(ii) Leasehold land and buildings held for own use (HKAS 17 "Leases") (Continued)

The new accounting policies have been adopted retrospectively with the opening balances of accumulated losses, land and buildings, land and buildings revaluation reserve, deferred tax assets, deferred tax liabilities and the comparative information adjusted as follows:-

		As at 1 March 3月1日	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Effect of new policy (increase/(decrease))	新政策之影響 (增加/(減少))		
Accumulated losses	累計虧損	(31,906)	(34,537)
Land and buildings revaluation reserve	土地及樓宇重估儲備	(24,997)	(21,412)
Land and buildings	土地及樓宇	6,143	13,014
Deferred tax liabilities	遞延稅項負債	(766)	(111)

In respect of the year ended 28 February 2006, it is not practicable to estimate the extent to which the loss for the year, or the income or expenses taken directly to equity, are higher or lower than they would have been had the previous policy still been applied in the current year.

1. 主要會計政策 (續)

(c) 採納新訂及經修訂香港財務報告準則 (續)

(ii) 自用租賃土地及樓宇 (香港會計準則第17號「租賃」) (續)

新會計政策已追溯應用，並就累計虧損、土地及樓宇、土地及樓宇重估儲備、遞延稅項資產、遞延稅項負債之期初結餘及比較資料調整如下：

就截至2006年2月28日止年度而言，本公司無法估計年內虧損或直接計入權益之收入或開支是否高於或低於如本年度仍採用過往政策之金額。

1. Significant accounting policies

(Continued)

(c) Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

(iii) Amortisation of positive and negative goodwill (HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets")

In prior periods:-

- positive or negative goodwill which arose prior to 1 March 2001 was taken directly to reserves at the time it arose, and was not recognised in the income statement until disposal or impairment of the acquired business;
- positive goodwill which arose on or after 1 March 2001 was amortised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairment; and
- negative goodwill which arose on or after 1 March 2001 was amortised over the weighted average useful life of the depreciable/amortisable non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognised in the income statement as those expected losses were incurred.

1. 主要會計政策 (續)

(c) 採納新訂及經修訂香港財務報告準則 (續)

(iii) 正商譽及負商譽之攤銷 (香港財務報告準則第3號「業務合併」及香港會計準則第36號「資產減值」)

在過往期間:

- 於2001年3月1日之前產生之正商譽或負商譽於產生時直接計入儲備內,並於所收購業務出售或出現減值時方在收益表確認;
- 於2001年3月1日或之後產生之正商譽按直線法於可使用年期內攤銷,並於出現減值跡象時進行減值測試;及
- 於2001年3月1日或之後產生之負商譽按所收購應計折舊/攤銷之非貨幣資產之加權平均可使用年期攤銷,惟如負商譽關乎在收購日已識別之預計未來虧損,則於預計產生虧損時在收益表確認。

1. Significant accounting policies

(Continued)

(c) Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

(iii) Amortisation of positive and negative goodwill (HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets") (Continued)

With effect from 1 March 2005, in accordance with HKFRS 3 and HKAS 36, the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill had been allocated exceeds its recoverable amount.

Also with effect from 1 March 2005 and in accordance with HKFRS 3 and HKAS 36, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the income statement as it arises.

In accordance with the transitional arrangements under HKFRS 3, goodwill which had previously been taken directly to reserves (i.e. goodwill which arose before 1 March 2001) will not be recognised in the income statement on disposal or impairment of the acquired business, or under any other circumstances.

1. 主要會計政策 (續)

(c) 採納新訂及經修訂香港財務報告準則 (續)

(iii) 正商譽及負商譽之攤銷 (香港財務報告準則第3號「業務合併」及香港會計準則第36號「資產減值」) (續)

由2005年3月1日起，按照香港財務報告準則第3號及香港會計準則第36號，本集團不再攤銷正商譽。正商譽須每年評估減值，包括在初始確認之年度及當有跡象顯示可能減值時。當商譽分配之現金產生單位賬面值超過其可收回數額時，將確認減值虧損。

此外，由2005年3月1日起，按照香港財務報告準則第3號及香港會計準則第36號，如在業務合併中購入之資產淨額之公允值超過所付代價（即按照以往會計政策稱為負商譽之所產生金額），超出之金額於產生時即時在收益表確認。

根據香港財務報告準則第3號之過渡條文，當所收購業務被出售或出現減值時，或在任何其他情況下，以往直接計入儲備之商譽（即2001年3月1日之前產生之商譽）將不會在收益表確認。

1. Significant accounting policies

(Continued)

(c) Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

(iii) Amortisation of positive and negative goodwill (HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets") (Continued)

The change in policy relating to negative goodwill had no effect on these financial statements as there was no negative goodwill deferred as at 28 February 2005.

(iv) Retranslation of goodwill relating to a net investment in a foreign operation (HKAS 21 "The Effects of Changes in Foreign Exchange Rates")

In prior years, goodwill was recognised directly in equity or carried at cost less amortisation and impairment.

With effect from 1 March 2005, in order to comply with HKAS 21, any goodwill arising on the acquisition of a foreign operation is treated as an asset of the foreign operation. Thus it is expressed in the functional currency of that foreign operation and is retranslated at the closing rate at each balance sheet date. Any resulting exchange difference is taken directly to the exchange reserves, together with any other differences arising from the re-translation of the net assets of the foreign operation.

In accordance with the transitional provisions in HKAS 21, this new policy has not been adopted retrospectively and will only be applied to acquisitions occurring on or after 1 March 2005. As the Group has not acquired any new foreign operations since that date, the change in policy has had no impact on these financial statements.

1. 主要會計政策 (續)

(c) 採納新訂及經修訂香港財務報告準則 (續)

(iii) 正商譽及負商譽之攤銷 (香港財務報告準則第3號「業務合併」及香港會計準則第36號「資產減值」) (續)

負商譽會計政策之變動並無對本財務報表構成任何影響，因為於2005年2月28日並無任何遞延負商譽。

(iv) 重新換算有關海外業務之淨投資之商譽 (香港會計準則第21號「外幣匯率變動之影響」)

於過往年度，商譽直接於權益中確認，或按成本值減攤銷及減值列賬。

由2005年3月1日起，為符合香港會計準則第21號之規定，收購海外業務所產生任何商譽會當作海外業務之資產處理，其會以該海外業務之功能性貨幣顯示，並以各結算日之結算匯率重新換算。所產生之任何匯兌差額，連同重新換算海外業務之淨資產產生之任何其他差額，會直接計入匯兌儲備。

根據香港會計準則第21號之過渡條文，此項新政策不會追溯應用，以及其僅適用於2005年3月1日或之後進行之收購事項。由於本集團自該日以後並無收購任何新海外業務，故是項政策變動並無對本財務報表構成任何影響。

1. Significant accounting policies

(Continued)

(c) Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

(v) *Minority interests (HKAS 1 “Presentation of Financial Statements” and HKAS 27 “Consolidated and Separate Financial Statements”)*

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 March 2005, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company, and minority interests in the results of the Group for the year are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between the minority interests and the equity holders of the Company.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the previous year has been restated accordingly.

1. 主要會計政策 (續)

(c) 採納新訂及經修訂香港財務報告準則 (續)

(v) 少數股東權益 (香港會計準則第1號「財務報表之呈報」及香港會計準則第27號「綜合及獨立財務報表」)

在過往年度，於結算日之少數股東權益乃於綜合資產負債表內與負債分開呈報，並列作資產淨額之扣減。少數股東所佔本集團年內業績亦會在收益表內分開呈報，並列作計算股東應佔盈利前作出之扣減。

為符合香港會計準則第1號及香港會計準則第27號之規定，由2005年3月1日起，於結算日之少數股東權益會在綜合資產負債表之權益項目中，與本公司股東之應佔權益分開呈列，而少數股東所佔本集團年內業績則會在綜合收益表中列為本公司少數股東與股東之間分配之年內盈利或虧損總額。

往年度於綜合資產負債表、收益表及權益變動表內呈列之少數股東權益已相應重列。

1. Significant accounting policies

(Continued)

(d) Judgement and estimates

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 28 February 2006. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

1. 主要會計政策 (續)

(d) 判斷及估計

按照香港財務報告準則編製財務報表時，管理層必須作出影響政策應用及所呈報資產、負債、收入及開支數額之判斷、估計及假設。在沒有其他明顯可參考的渠道下，其資產及負債的價值有關結果將有乃以過往經驗及多項其他於有關情況下視作合理之因素為基準的估計及假設組成。實際業績可能有別於此等估計數字。

估計及相關假設按持續基準予以檢討。僅影響該期間之會計估計修訂於修訂估計期間確認，或倘修訂影響現時及日後期間，則於修訂之期間及日後期間確認。

(e) 綜合基準

綜合財務報表綜合計入本公司及其附屬公司截至2006年2月28日止之財務報表。本公司會於必要時調整附屬公司財務報表，致使所用會計政策與本集團其他成員公司所用者一致。

1. Significant accounting policies

(Continued)

(e) Basis of consolidation (Continued)

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital or controls more than half the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to fair values of the assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

1. 主要會計政策 (續)

(e) 綜合基準 (續)

根據香港公司條例，附屬公司為本集團直接或間接持有過半數已發行股本或控制過半數投票權或控制董事會的組成的公司。倘本公司有權直接或間接監控附屬公司的財務及經營政策以自其業務中獲益，有關附屬公司即被視為受到控制。

附屬公司的業績自收購日期（即本集團取得控制權之日）起至有關控制權終止之日期間綜合入賬。集團內部間的結餘及交易以及任何因集團內部間交易產生的未變現盈利於綜合賬目時悉數對銷。集團內部間交易產生的未變現虧損按與未變現收益相同方式對銷，惟有證據顯示出現減值者除外。

年內所收購附屬公司已按收購會計法入賬。此方法涉及將業務合併成本分配至於收購日期所收購資產以及所承擔負債及或然負債的公允值。收購成本按於交易日期所給予資產、所發行股本工具及所產生或承擔負債的公允值總額，另加收購直接應佔成本計算。

1. Significant accounting policies

(Continued)

(e) Basis of consolidation (Continued)

Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. Any excess of the Group's interest in fair values of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in the income statement.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

1. 主要會計政策 (續)

(e) 綜合基準 (續)

收購成本超出所收購可識別資產淨值公允值的任何差額確認為商譽。商譽按成本值減累計減值虧損列賬。商譽分配至現金產生單位，並每年進行減值測試。本集團應佔被收購方可識別資產、負債及或然負債公允值的權益超出業務合併成本的任何差額即時於收益表確認。

於結算日的少數股東權益（即並非由本公司直接或透過附屬公司間接擁有的股本權益應佔附屬公司資產淨值的部分）於綜合資產負債表及權益變動表呈列為權益，與本公司股東應佔權益分開呈列。於本集團業績之少數股東權益於綜合收益表呈列為少數股東權益與本公司股東間之年內盈利或虧損總額的分配。

倘適用於少數股東權益的虧損超出附屬公司權益的少數股東權益，則有關差額及任何適用於少數股東權益的進一步虧損均自本集團權益扣除，惟少數股東權益具有約束性責任並可補償虧損者除外。倘附屬公司其後錄得盈利，則本集團之權益將分配至所有該等盈利，直至收回本集團先前承擔的少數股東權益應佔虧損為止。

1. Significant accounting policies

(Continued)

(f) Impairment of assets

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.

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.

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 land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1. 主要會計政策 (續)

(f) 資產減值

本集團於每個結算日檢討其有形及無形資產賬面值，以釐定有否跡象顯示該等資產出現減值虧損。倘出現有關跡象，則會估計該資產之可收回金額，以釐定減值虧損（如有）的程度。倘無法估計個別資產的可收回金額，則本集團將估計資產所屬現金產生單位的可收回金額。

可收回金額為售價淨額與使用價值之較高者。於評估使用價值時，估計日後現金流量會貼現至反映金錢時間值現行市場評估及有關資產特定風險的除稅前貼現率計算的現值。

倘資產或現金產生單位的可收回金額估計少於其賬面值，則調減資產（現金產生單位）的賬面值至其可收回金額。減值虧損隨即確認為開支，除非有關資產為按重估價值列賬的投資物業以外的土地或樓宇，於此情況下，減值虧損視作重估減少處理。

1. Significant accounting policies

(Continued)

(f) Impairment of assets (Continued)

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.

(g) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less provisions for depreciation and any impairment losses. Details are set out in note 11. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in the income statement.

1. 主要會計政策 (續)

(f) 資產減值 (續)

倘減值虧損其後撥回，資產（現金產生單位）的賬面值將增至其可收回金額之經修訂估計，惟經增加之賬面值不得超出倘資產（現金產生單位）於過往年度並無確認減值虧損而應釐定的賬面值。減值虧損的撥回即時確認為收入，除非有關資產按重估值列賬，於此情況下，減值虧損的撥回視作重估增加處理。

(g) 物業、廠房及設備與折舊

物業、廠房及設備按成本值減折舊撥備及任何減值虧損入賬。詳情載於附註11。物業、廠房及設備項目之成本包括其購入價及將資產達至其運作狀況及地點作擬定用途之直接應佔成本。該項目投產後之開支（例如維修保養及大修費用）一般自產生年度之收益表扣除。倘能明確顯示該開支導致預期因使用該項目而產生之日後經濟利益增加，該項目則予以資本化，列為該項目之額外成本。當物業、廠房及設備出售時，其成本及累計折舊則自財務報表中撇除，而出售產生之損益（即該資產出售所得款項淨額與賬面值之差額）將計入收益表內。

1. Significant accounting policies

(Continued)

(g) Property, plant and equipment and depreciation (Continued)

Depreciation is provided on the straight-line method, based on the estimated economic useful lives of the individual assets, as follows:–

Leasehold land and buildings	55 years from the date of purchase
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Furniture, fixtures and equipment	1 to 10 years
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Plant and machinery	3 to 7 years
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Motor vehicles	4 to 10 years
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(h) Leased assets

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

1. 主要會計政策 (續)

(g) 物業、廠房及設備與折舊 (續)

折舊按直線法於個別資產之估計經濟可用年期作出撥備如下：

租賃土地及樓宇	自購買日期起計 55年
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傢具、裝置及設備	1至10年
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廠房及機器	3至7年
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汽車	4至10年
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(h) 租賃資產

(i) 本集團租賃資產之分類

本集團持有的租賃資產，如大部份相關風險及回報已轉讓至本集團，該租賃資產歸類為按融資租賃持有。並無轉讓所有權全部相關風險及回報的租賃，歸類為經營租賃。

1. Significant accounting policies

(Continued)

(h) Leased assets (Continued)

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased assets, or, if lower, the present value of the minimum lease payments of such assets, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of assets over the term of the relevant leases or, where it is likely the Group or the Company will obtain ownership of the assets, the life of the assets, as set out in note 1(g) above. Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(f) above. Finance charges implicit in the lease payments are charged to income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals, if any, are charged to income statement in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in income statement as an integral part of the aggregate net lease payments made. Contingent rentals, if any, are charged to income statement in the accounting period in which they are incurred.

1. 主要會計政策 (續)

(h) 租賃資產 (續)

(ii) 以融資租賃購入的資產

倘本集團按融資租賃獲得資產的使用權，則將相當於租賃資產公允值或最低租賃付款額的現值（如為較低數額）記入物業、廠房及設備，而扣除融資費用後的相應負債則列為融資租賃承擔。折舊是在相關的租賃期或資產的可用年限（如本公司或本集團很可能取得資產的所有權）內，以沖銷資產成本或估值的比率計提；有關可用年限載列於上文附註1(g)。減值虧損按照上文附註1(f)所列會計政策入賬。租賃付款內含的融資費用會計入租賃期內的收益表，致使每個會計期間的融資費用佔承擔餘額的比率大致相同。或有租金（如有）在其產生的會計期間計入收益表。

(iii) 經營租賃費用

如本集團透過經營租賃使用資產，則根據租賃作出的付款會在租賃期所涵蓋會計期間內，以等額在收益表扣除；但如有其他基準能更清楚地反映租賃資產所產生收益模式則除外。經營租賃協議所涉及優惠措施均在收益表中確認為租賃淨付款總額的組成部分。或有租金（如有）在其產生的會計期間內在收益表扣除。

1. Significant accounting policies

(Continued)

(i) Investments in subsidiaries

Investments in subsidiaries are stated in the Company's balance sheet at cost less any identified impairment losses. Results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(j) Investments in securities

From 1 March 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement". Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" that are not part of a hedging relationship and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to current market value of another instrument, which is substantially the same; a discounted cash flow analysis and option pricing models. When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

1. 主要會計政策 (續)

(i) 於附屬公司之投資

於附屬公司之投資乃按成本減任何已識別減值虧損於本公司資產負債表入賬。附屬公司業績按已收及應收股息為基準計入本公司賬目。

(j) 證券投資

自2005年3月1日起，本集團根據香港會計準則第39號「金融工具：確認及計量」分類及計算其債務及股本證券。根據香港會計準則第39號，財務資產分類為「按公允值計入損益之財務資產」、「可供出售財務資產」、「貸款及應收款項」或「持至到期財務資產」。不涉及對沖關係之「按公允值計入損益之財務資產」及按公允值列賬之「可供出售財務資產」，公允值變動則分別於損益及權益確認。「貸款及應收款項」及「持至到期財務資產」以實際利率法按攤銷成本計算。

在有秩序金融市場交投活躍之投資之公允值乃參考結算日營業時間結束時之市場買入價釐定。對於無活躍市場之投資，其公允值則以估價方法釐定。估價方法包括使用近期公平市場交易、參照大致相同之其他財務工具現行市場價值、貼現現金流量分析及期權訂價模式。倘非上市股本證券之公允值由於(a)公允值合理估計之變化性對該投資而言屬重大；或(b)各項估計之或然率無法可靠評估及用以估計公允值，則有關證券按成本減任何減值虧損列賬。

1. Significant accounting policies

(Continued)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

(l) Foreign currency translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses are recognised in the income statement.

1. 主要會計政策 (續)

(k) 存貨

存貨以成本及可變現淨值兩者中的較低數額列賬。成本以加權平均成本法計算，其中包括所有採購成本、加工成本及將存貨達至目前地點和現狀的成本。

可變現淨值是以日常業務過程中的估計售價減去完成生產及銷售所需估計成本後所得之數。

存貨出售時，其賬面金額在相關收入獲確認的期間內確認為支出。存貨數額撇減至可變現淨值及存貨的所有虧損，均在出現減值或虧損的期間內確認為支出。存貨的任何減值轉回之數，均在出現轉回的期間內確認為已列作支出的存貨數額減少。

(l) 外幣換算

年度內的外幣交易按交易日的匯率換算。以外幣為單位的貨幣資產及負債則按結算日的匯率換算。匯兌盈虧於收益表確認。

1. Significant accounting policies

(Continued)

(l) Foreign currency translation (Continued)

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at cost less allowance for bad and doubtful debts.

1. 主要會計政策 (續)

(l) 外幣換算 (續)

按歷史成本法以外幣計量之非貨幣資產及負債乃按交易日之匯率換算。以外幣按公允值呈列之非貨幣資產及負債乃按於釐定公允值日期之匯率換算。

海外業務的業績按交易日的概約匯率換算為港元；資產負債表項目（包括綜合於2005年1月1日或之後收購之海外業務產生之商譽）則按結算日的匯率換算為港元。所產生匯兌差額獨立直接確認為權益部分。因於2005年1月1日之前收購海外業務所產生的商譽按收購該海外業務當日適用之匯率換算。

出售海外業務時，與該海外企業有關於權益確認之累計匯兌差額會在計算出售的盈利或虧損時包括在內。

(m) 應收賬款及其他應收款

應收賬款及其他應收款初步按公允值確認，其後按成本減呆壞賬撥備列賬。

1. Significant accounting policies

(Continued)

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

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

1. 主要會計政策 (續)

(n) 應付賬款及其他應付款

應付賬款及其他應付款初步按公平值確認，其後按攤銷成本列賬，惟倘貼現之影響並不重大，則按成本列賬。

(o) 撥備

倘若本公司或本集團須就已發生的事件承擔法律或推定義務，而履行該義務預期會導致經濟效益外流，並可作出可靠的估計時，便會就該時間或數額不定的負債計提撥備。如果貨幣時間價值重大，則按預計履行義務所需資源的現值呈列撥備。

倘貼現之影響重大，就撥備而確認之金額為於結算日預期履行義務所需未來開支之現值。因時間過去而引致之貼現現值增加將計入收益表內之財務費用。

倘若經濟效益外流的可能性較低，或無法對有關數額作出可靠估計，則將該義務披露為或有負債；但倘有關資源外流的可能性極低則除外。須視乎某宗或多宗未來事件是否發生才能確定存在與否的潛在義務，亦會披露為或有負債；但倘有關資源外流的可能性極低則除外。

1. Significant accounting policies

(Continued)

(p) Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and contributions to the retirement schemes operated by the relevant authorities for employees of the subsidiaries in the People's Republic of China ("PRC") and Malaysia are recognised as an expense in the income statement as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.
- (iii) The Group's net obligation in respect of lump sum long service amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method by a qualified actuary, discounted to its present value, and the fair value of any related plan assets is deducted. The discount rate is the yield at balance sheet date on Exchange Fund Notes that have maturity dates approximating the terms of the Group's obligations.

1. 主要會計政策 (續)

(p) 僱員福利

- (i) 薪金、年度獎金、有薪年假、假期旅遊津貼及各項非貨幣福利導致本集團產生的成本，均在本集團僱員提供相關服務的年度內累計。如延遲付款或結算，而有關影響重大，則上述數額按現值列賬。
- (ii) 根據香港《強制性公積金計劃條例》規定作出的強制性公積金供款及為中華人民共和國（「中國」）及馬來西亞之附屬公司僱員參與有關政府部門管理之退休金計劃的供款，均於產生時在收益表列支；但已計入尚未確認為開支的存貨成本的數額除外。
- (iii) 本集團就香港《僱傭條例》的規定在若干情況下停止聘用員工而應以整筆款項形式支付長期服務金所承擔的義務淨額，是僱員在本期和以往期間提供服務所賺取未來福利的數額。該義務金額由合資格的精算師按預期福利單位法計算，該福利已貼現至現值，並已扣除任何相關計劃資產的公允價值。計算現值所採用的貼現率是根據外匯基金債權證於結算日的收益率釐定，其到期日與本集團就該福利須履行供款責任的年期相若。

1. Significant accounting policies

(Continued)

(q) Income tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.
- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1. 主要會計政策 (續)

(q) 所得稅

- (i) 本年度所得稅包括本期稅項及遞延稅項資產和負債的變動。本期稅項及遞延稅項資產和負債的變動均在收益表內確認，但與直接確認為股東權益項目相關者，則於權益中確認。
- (ii) 本期稅項是按本年度應稅收入根據已執行或在結算日實質上已執行的稅率計算的預期應付稅項，加上以往年度應付稅項的任何調整。
- (iii) 遞延稅項資產和負債分別由可抵扣和應稅暫時差異產生。暫時差異是指資產和負債在財務報表上的賬面金額與這些資產和負債的計稅基礎的差異。遞延稅項資產也可以由未運用可抵扣虧損和未運用稅款抵減產生。

1. Significant accounting policies

(Continued)

(q) Income tax (Continued)

(iii) (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1. 主要會計政策 (續)

(q) 所得稅 (續)

(iii) (續)

除某些有限例外情況外，所有遞延稅項負債和遞延稅項資產（只限於很可能獲得能運用該遞延稅項資產來抵扣的未來應稅盈利）均會確認。支持確認由可抵扣暫時差異所產生遞延稅項資產的未來應稅盈利包括因轉回目前存在的應稅暫時差異而產生的數額；但這些轉回的差異必須與同一稅務機關及同一應稅實體有關，並預期在可抵扣暫時差異預計轉回的同一年間或遞延稅項資產所產生可抵扣虧損可向後期或向前期結轉的期間內轉回。在決定目前存在的應稅暫時差異是否足以支持確認由未運用可抵扣虧損和稅款抵減所產生的遞延稅項資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應稅實體有關，並是否預期在能夠使用未運用可抵扣虧損和稅款抵減撥回的同一年間內轉回。

1. Significant accounting policies

(Continued)

(q) Income tax (Continued)

(iii) (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, negative goodwill treated as deferred income, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination).

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

1. 主要會計政策 (續)

(q) 所得稅 (續)

(iii) (續)

不確認為遞延稅項資產和負債的暫時差異是產生自以下有限的例外情況：不可扣稅商譽；作為遞延收入處理的負商譽；不影響會計或應稅盈利的資產或負債的初始確認（如屬業務合併的一部分則除外）。

遞延稅項是按照資產和負債賬面金額的預期實現或清償方式，根據在結算日已執行或實質上已執行的稅率計量。遞延稅項資產和負債均不貼現計算。

本集團會在每個結算日評估遞延稅項資產的賬面金額。如果本集團預期不再可能獲得足夠的應稅盈利以抵扣相關的稅務利益，則會調低該遞延稅項資產的賬面金額；惟倘日後可能獲得足夠應稅盈利，有關減額則會轉回。

1. Significant accounting policies

(Continued)

(q) Income tax (Continued)

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:–

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:–
 - o the same taxable entity; or
 - o different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1. 主要會計政策 (續)

(q) 所得稅 (續)

(iv) 本期和遞延稅項結餘及其變動額會分開列示，且不予抵銷。本期和遞延稅項資產只會在本公司或本集團有法定行使權以本期稅項資產抵銷本期所得稅負債，並且符合以下附帶條件的情況下，方可分別抵銷本期和遞延稅項負債：

- 本期稅項資產和負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產和清償該負債；或
- 遞延稅項資產和負債：這些資產和負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：
 - o 同一應稅實體；或
 - o 不同應稅實體，而這些實體計劃在日後每個預計有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回的期間內，按淨額基準變現本期稅項資產和清償本期稅項負債，或同時變現該資產和清償該負債。

1. Significant accounting policies

(Continued)

(r) Revenue recognition

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

(i) Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts and returns.

(ii) Commission and consultancy service income

Commission and consultancy service income are recognised when the related services are rendered.

(iii) Rental income from operating leases

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

1. 主要會計政策 (續)

(r) 收入確認

收入在經濟效益可能流入本集團，以及能夠可靠地計算收入和成本（如適用）時，根據下列基準在收益表內確認：

(i) 銷售貨品

收入在客戶接收貨品及其所有權相關的風險及回報時確認。收入不包括增值稅或其他銷售稅，並扣除任何營業折扣及退貨。

(ii) 佣金及顧問服務收入

佣金及顧問服務收入在有關服務提供後確認。

(iii) 經營租賃的租金收入

經營租賃的應收租金收入在租賃期所涵蓋會計期間內，以等額在收益表確認；但如有其他基準能更清楚地反映租賃資產所產生收益模式則除外。經營租賃協議所涉及優惠措施均在收益表中確認為應收租賃淨付款總額的組成部分。或有租金在其產生的會計期間內確認為收入。

1. Significant accounting policies

(Continued)

(r) Revenue recognition (Continued)

(iv) Dividends

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

(v) Interest income

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

(s) Borrowing costs

Borrowing costs are expensed as incurred except where they relate to the financing of major capital projects where they are capitalised up to the date that the assets are brought into a working condition for their intended use.

(t) Cash and cash equivalents

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

1. 主要會計政策 (續)

(r) 收入確認 (續)

(iv) 股息

- 非上市投資的股息收入在股東收取款項的權利確立時確認。
- 上市投資的股息收入在投資項目的股價除息時確認。

(v) 利息收入

銀行存款的利息收入以時間比例基準，按尚餘本金及適用利率計算。

(s) 借貸成本

借貸成本於產生時支銷，惟倘該等成本與主要資本項目之融資有關，則該等成本會資本化，直至有關資產達至擬定用途之運作狀況為止。

(t) 現金及現金等價物

就綜合現金流量而言，現金及現金等價物包含銀行存款及現金、存放於銀行和其他財務機構的活期存款，以及短期和流動性極高，而可換算為已知數額現金、所承受價值變動風險甚小，並在購入後三個月內到期的投資項目，減須於墊款日期起計三個月償還之銀行墊款。現金及現金等價物亦包括須於接獲通知時償還，及構成本集團現金管理一部分的銀行透支。

1. Significant accounting policies

(Continued)

(u) Related parties

A party is considered to be related to the Group if:–

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence;
- (ii) the party is a member of the key management personnel of the Group;
- (iii) the party is a close member of the family of any individual referred to in (i) or (ii);
- (iv) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (ii) or (iii); or
- (v) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

1. 主要會計政策 (續)

(u) 有關連人士

在以下情況，下列人士將視作本集團有關連人士：

- (i) 透過一家或以上中介公司直接或間接控制本集團或對本集團之財務及經營決策行使重大影響力（反之亦然），或本集團與該名人士受共同控制或共同影響；
- (ii) 為本集團主要管理人員；
- (iii) 為(i)或(ii)項所述任何人士之近親；
- (iv) 為受直接或間接與(ii)或(iii)項所述任何人士有關之實體控制、共同控制或受重大影響或行使大量投票權之實體；或
- (v) 該方提供福利予本集團或屬於其關連人士之任何實體僱員的離職後福利計劃。

1 Significant accounting policies

(Continued)

(v) Segment reporting

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

In accordance with the Group's internal financial reporting, the Group has chosen geographical segment information as the primary reporting format. No business segments analysis of the Group is presented as all the Group's turnover and trading result are generated from the manufacture, sale and marketing of jewellery products and provision of related agency services.

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

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

1. 主要會計政策 (續)

(v) 分部報告

分部是指本集團內可明顯區分的組成部分，並且負責提供單項或一組相關的產品或服務（業務分部），或在特定經濟環境中提供產品或服務（地區分部），並承擔有別於其他分部的風險和回報。

按照本集團的內部財務報告程序，本集團選擇以地區分部為報告分部資料的主要形式。由於本集團的營業額及經營業績均來自製造、銷售及推廣珠寶首飾和提供相關的代理服務，故並無提供有關本集團之業務分類分析。

分部收入、支出、經營業績、資產及負債均含直接歸屬某一部，以及可按合理的基準分配至該分部的項目的數額。例如，分部資產可能包括存貨、應收賬款及固定資產。分部收入、支出、資產及負債包含須在編製綜合財務報表時抵銷的集團內部往來的餘額和集團內部交易；但同屬一個分部的集團企業之間的集團內部往來的餘額和交易則除外。

分部資本開支指年內購入預計可使用超過一年的分部資產所產生成本總額。

1. Significant accounting policies

(Continued)

(v) Segment reporting (Continued)

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

2. Turnover

The principal activities of the Group are the manufacture, sale and marketing of jewellery products and provision of related agency services.

Turnover represents the sales value of jewellery products sold to customers and commission income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Sales of jewellery products	珠寶產品銷售	1,323,678	1,253,603
Commission income	佣金收入	454	22,393
		1,324,132	1,275,996

3. Other revenue

Rental income	租金收入
Interest income	利息收入
Foreign exchange gain	匯兌收益
Consultancy service income	顧問服務收入
Others	其他

		2,744	9,035
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1. 主要會計政策 (續)

(v) 分部報告 (續)

未分配項目主要包括財務及企業資產、計息貸款、借款、企業和融資支出。

2. 營業額

本集團的主要業務是製造、銷售及推廣珠寶首飾和提供相關的代理服務。

營業額包括銷售給客戶珠寶首飾的銷售價值及佣金收入。年內已在營業額中確認的各項重要收入類別的數額如下：

3. 其他收入

	2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Rental income	32	161
Interest income	279	132
Foreign exchange gain	908	2,755
Consultancy service income	–	256
Others	1,525	5,731
	2,744	9,035

4. Profit from ordinary activities before taxation

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

4. 除稅前正常業務盈利

除稅前正常業務盈利已扣除／(計入)：

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
(a) Finance costs	(a) 財務費用		
Interest on bank loans and overdraft	銀行貸款及透支的利息	2,049	739
Interest on other loans	其他貸款的利息	4,050	4,189
Interest on amount due to a minority shareholder	應付少數股東款項的利息	-	62
Finance charges on obligations under finance leases	融資租賃承擔的財務費用	60	47
		6,159	5,037

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
(b) Staff costs	(b) 員工成本		
Contribution to defined contribution retirement plan	界定供款退休計劃供款	4,814	4,518
Expense recognised in respect of long service payments (note 21(a)(ii) and (iii))	已就長期服務金確認的支出(附註21(a)(ii)及(iii))	(1,431)	844
Retirement costs	退休計劃成本	3,383	5,362
Equity-settled share option expenses	以股份結算購股權支出	2,332	-
Salaries, wages and other benefits	薪金、工資及其他福利	190,876	144,742
		196,591	150,104

4. Profit from ordinary activities before taxation (Continued)

4. 除稅前正常業務盈利 (續)

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
(c) Other items	(c) 其他項目		
Auditors' remuneration	核數師酬金		
– current year provision	– 本年度撥備	3,250	3,218
– prior year under provision	– 往年度撥備不足	1,077	1,114
Cost of inventories sold	出售存貨成本	657,896	693,496
Depreciation	折舊	24,225	15,378
Operating leases charges	經營租賃費用		
– land and buildings situated in Hong Kong	– 香港之土地及建築物	66,512	48,662
– land and buildings situated other than in Hong Kong	– 香港以外之土地及建築物	9,830	4,476
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	47	197
Write back of provision for properties held for sale	撥回待售物業減值撥備	–	(913)
Reversal of provision for inventories	存貨撥備撥回	(2,701)	(350)
Rentals receivable from properties less direct outgoings of HK\$12,000 (2005: HK\$48,000)	應收物業租金減直接支出港幣12,000元 (2005年: 港幣48,000元)	(20)	(113)

Cost of inventories sold includes HK\$37,829,000 (2005: HK\$26,324,000) relating to staff costs, depreciation expenses, operating lease charges and reversal of provision for inventories, which amount is also included in the respective total amounts disclosed separately above in note 4(b) and 4(c) for each of these types of expenses.

出售存貨成本包括與員工成本、折舊費用、經營租賃費用及存貨撥備撥回有關的港幣37,829,000元(2005年: 港幣26,324,000元)。有關數額亦已記入以上附註4(b)及附註4(c)所列各類相關開支中。

5. Taxation

(a) Income tax in the consolidated income statement represents:-

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Current tax – Provision for Hong Kong Profits Tax	本期稅項 – 香港 利得稅撥備		
Tax for the year	本年度稅項	815	9,683
Underprovision in respect of prior years	以往年度撥備不足	50,964	26,005
		51,779	35,688
Current tax – overseas	本期稅項 – 海外		
Tax for the year	本年度稅項	22,948	14,249
Overprovision in respect of prior years	以往年度超額撥備	(1,107)	–
		21,841	14,249
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時差異的產生 和轉回	(3,069)	(14,714)
		70,551	35,223

(i) The provision for Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is similarly charged at the appropriate current rate of taxation ruling in the relevant countries.

5. 稅項

(a) 綜合收益表所示的所得稅為：

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Current tax – Provision for Hong Kong Profits Tax	本期稅項 – 香港 利得稅撥備		
Tax for the year	本年度稅項	815	9,683
Underprovision in respect of prior years	以往年度撥備不足	50,964	26,005
		51,779	35,688
Current tax – overseas	本期稅項 – 海外		
Tax for the year	本年度稅項	22,948	14,249
Overprovision in respect of prior years	以往年度超額撥備	(1,107)	–
		21,841	14,249
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時差異的產生 和轉回	(3,069)	(14,714)
		70,551	35,223

(i) 香港利得稅撥備是按本年度的估計應評稅盈利以17.5% (2005年：17.5%) 的稅率計算。海外附屬公司的稅項以相關國家適用的現行稅率按類似方法計算。

5. Taxation (Continued)

(a) (Continued)

- (ii) Since the end of the last financial year and up to the date of these financial statements, certain subsidiaries of the Group received from the Inland Revenue Department (“IRD”) additional assessments amounting to approximately HK\$51,000,000 relating to certain offshore income and agents commission payments and promoter fees essentially for all prior years under dispute in respect of which the IRD has been challenging the tax treatments adopted by the subsidiaries.

The subsidiaries are in the process of gathering relevant information to support the tax treatments adopted. The directors consider it prudent to establish a full provision of HK\$51,000,000 in respect of the above which has been charged to the consolidated income statement for the year.

5. 稅項 (續)

(a) (續)

- (ii) 自上一個財政年度完結至本財務報表日期，本集團若干附屬公司收到稅務局就以往年度的若干離岸收入及代理佣金支出與業務推廣費用發出為數約港幣51,000,000元的補加評稅通知，稅務局並且就此質疑有關附屬公司所採用的稅務處理方法。

附屬公司正在搜集相關資料以支持採用的稅務處理方法。董事認為就以上項目提撥港幣51,000,000元全數撥備是審慎做法，上述金額已計入本年度綜合收益表。

5. Taxation (Continued)

(b) Reconciliation between taxation and accounting profit at applicable tax rates:

5. 稅項 (續)

(b) 稅項和按適用稅率計算的會計盈利之對賬：

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Profit before taxation	除稅前盈利	42,433	78,418
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	按照在相關國家獲得盈利的適用稅率計算除稅前盈利的名義稅項	4,810	20,495
Tax effect of profits entitled to tax exemption	可享有免稅優惠的盈利的稅項影響	(811)	(700)
Tax effect of non-deductible expenses	不可扣減支出的稅項影響	21,414	4,233
Tax effect of non-taxable revenue	毋須課稅收入的稅項影響	(10,733)	(1,624)
Tax effect of prior year's tax losses utilised this year	於本年度動用往年度稅損的稅項影響	(1,197)	(360)
Tax effect of temporary differences not recognised	未確認暫時差異的稅項影響	2,328	342
Tax effect of prior year's temporary difference recognised this year	於本年度確認往年度暫時差異的稅項影響	(1,808)	(15,373)
Tax effect of unused tax losses not recognised	未確認及未運用的稅項虧損的稅項影響	6,691	2,205
Underprovision in respect of prior years	以往年度撥備不足	49,857	26,005
Actual tax expense	實際稅項支出	70,551	35,223

6. Directors' remuneration

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

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Fees	袍金	1,260	1,440
Salaries and other emoluments	薪金及其他酬金	7,128	6,480
Performance related incentives	與表現相關之獎勵	3,784	4,114
Share-based payments	以股份償付	1,139	–
Contributions to retirement benefits scheme	退休福利計劃供款	25	36
		13,336	12,070

Included in the directors' remuneration were fees of HK\$1,260,000 (2005: HK\$1,440,000) paid to the non-executive directors during the year.

6. 董事酬金

根據香港《公司條例》第161條披露的董事酬金如下：

	2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Fees	1,260	1,440
Salaries and other emoluments	7,128	6,480
Performance related incentives	3,784	4,114
Share-based payments	1,139	–
Contributions to retirement benefits scheme	25	36
	13,336	12,070

董事酬金包括年內支付予非執行董事的袍金港幣1,260,000元(2005年：港幣1,440,000元)。

6. Directors' remuneration (Continued)

6. 董事酬金 (續)

		Contributions					
		Salaries and other Fees	Performance related incentives	to retirement benefits scheme	Share-based payments	Total	
		薪金及 袍金	與表現相關 之獎勵	退休福利 計劃供款	以股份償付	總計	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	
2006							
Executive directors:	執行董事:						
Tse Tat Fung, Tommy	謝達峰	–	3,078	3,001	12	530	6,621
Peter Gerardus Van Weerdenburg	溫彼得	–	1,765	156	–	530	2,451
Leung Yit Kuen, Raymond	梁悅權	–	195	92	1	–	288
Alex Chan	陳偉康	–	830	35	12	53	930
Erwin Steve Huang	黃岳永	–	1,260	500	–	26	1,786
		–	7,128	3,784	25	1,139	12,076
Non-executive directors:	非執行董事:						
Hong Po Kui, Martin	康寶駒	180	–	–	–	–	180
Chui Chi Yun, Robert *	崔志仁*	360	–	–	–	–	360
Gerald Clive Dobby *	Gerald Clive Dobby*	360	–	–	–	–	360
Lui Pui Kee, Francis *	呂培基*	360	–	–	–	–	360
		1,260	–	–	–	–	1,260
		1,260	7,128	3,784	25	1,139	13,336

* Independent non-executive directors.

* 獨立非執行董事

6. Directors' remuneration (Continued)

6. 董事酬金 (續)

		Contributions					
		Salaries and other	Performance related	to retirement	Share-based		
		emoluments	incentives	benefits	payments	Total	
		Fees	and other	related	scheme		
		袍金	薪金及	與表現相關	退休福利	總計	
		其他薪酬	之獎勵	計劃供款	以股份償付	總計	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	
2005							
Executive directors: 執行董事:							
Tse Tat Fung, Tommy	謝達峰	-	2,999	3,000	12	-	6,011
Peter Gerardus Van Weerdenburg	溫彼得	-	1,765	600	-	-	2,365
Leung Yit Kuen, Raymond	梁悅權	-	1,041	214	12	-	1,267
Alex Chan	陳偉康	-	675	300	12	-	987
		-	6,480	4,114	36	-	10,630
Non-executive directors: 非執行董事:							
Hong Po Kui, Martin	康寶駒	360	-	-	-	-	360
Chui Chi Yun, Robert *	崔志仁*	360	-	-	-	-	360
Gerald Clive Dobby *	Gerald Clive Dobby*	360	-	-	-	-	360
Lui Pui Kee, Francis *	呂培基*	360	-	-	-	-	360
		1,440	-	-	-	-	1,440
		1,440	6,480	4,114	36	-	12,070

* Independent non-executive directors.

* 獨立非執行董事

7. Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (2005: three) are directors whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the other two (2005: two) individuals are as follows:-

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Salaries and other emoluments	薪金及其他酬金	2,408	1,296
Performance related incentives	與表現相關之獎勵	2,456	4,167
Contributions to retirement benefits scheme	退休福利計劃供款	24	24
Share-based payments	以股份償付	86	-
		4,974	5,487

The emoluments of the two (2005: two) individuals with the highest emoluments are within the following bands:-

		2006 Number of individuals 人數	2005 Number of individuals 人數
HK\$1,000,001 to HK\$1,500,000	港幣1,000,001元至港幣1,500,000元	1	1
HK\$3,500,001 to HK\$4,000,000	港幣3,500,001元至港幣4,000,000元	1	-
HK\$4,000,001 to HK\$4,500,000	港幣4,000,001元至港幣4,500,000元	-	1

8. Loss attributable to shareholders

The consolidated loss attributable to shareholders includes a loss of HK\$37,831,000 (2005: profit of HK\$59,281,000) which has been dealt with in the financial statements of the Company.

7. 最高酬金人士

在五名最高酬金人士中，三名(2005年：三名)為董事，有關酬金詳情載於附註6。其餘兩名(2005年：兩名)人士的酬金總額如下：

該兩名(2005年：兩名)最高酬金人士的酬金在以下範圍內：

8. 股東應佔虧損

股東應佔綜合虧損包括一筆已列入本公司財務報表的港幣37,831,000元虧損(2005年：港幣59,281,000元盈利)。

9. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to shareholders of HK\$47,977,000 (2005: profit attributable to shareholders of HK\$35,813,000 – restated) and the weighted average of 207,063,221 ordinary shares (2005: 75,063,433 ordinary shares after adjusting for the capital reorganisation in 2005) in issue during the year.

(b) Diluted (loss)/earnings per share

Diluted loss per share is not shown for the year ended 28 February 2006 as all the potential ordinary shares (i.e. the share options) are anti-dilutive.

There were no dilutive potential ordinary shares in existence during the year ended 28 February 2005.

9. 每股(虧損)/盈利

(a) 每股基本(虧損)/盈利

每股基本(虧損)/盈利是按照本年度的股東應佔虧損港幣47,977,000元(2005年:股東應佔盈利港幣35,813,000元—經重列),以及年內已發行普通股的加權平均數207,063,221股(2005年:就2005年進行的資本重組調整後75,063,433股普通股)計算。

(b) 每股攤薄(虧損)/盈利

由於截至2006年2月28日止年度所有潛在普通股(即購股權)均具反攤薄影響,故並無呈列每股攤薄虧損。

於截至2005年2月28日止年度,本公司並無潛在攤薄影響的普通股。

10. Segment reporting

Segment information is presented in respect of the Group's geographical segments. Information relating to geographical segments based on the location of assets is chosen because this is more relevant to the Group in making operating and financial decisions. No business segments analysis of the Group is presented as all the Group's turnover and trading result are generated from the manufacture, sale and marketing of jewellery products and provision of related agency services.

10. 分部報告

分部資料是按本集團的地區分部作出呈述。選擇根據資產所在位置而提供有關地區分類之資料，乃因有關資料對本集團作出經營及財務決策時更適用。由於本集團的營業額及經營業績均來自製造、銷售及推廣珠寶首飾和提供相關的代理服務，故並無提供有關本集團之業務類別分析。

		PRC (including Hong Kong) 中國(包括香港)		Others 其他		Inter-segment elimination 分部間抵銷數額		Consolidated 綜合數額	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元	2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元	2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元	2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Revenue from external customers	來自外界客戶的收入	1,297,568	1,249,624	26,564	26,372	-	-	1,324,132	1,275,996
Inter-segment revenue	分部間收入	10,254	11,134	-	-	(10,254)	(11,134)	-	-
Other revenue from external customers	來自外界客戶的其他收入	2,397	8,688	347	347	-	-	2,744	9,035
Total	總額	1,310,219	1,269,446	26,911	26,719	(10,254)	(11,134)	1,326,876	1,285,031
Segment results	分部業績	48,144	79,252	448	876			48,592	80,128
Finance costs	財務費用							(6,159)	(5,037)
Cost of financial restructuring	財務重組費用							-	(1,142)
Loss on disposal of properties	出售物業虧損							-	(68)
Recovery of debts written off in prior years	收回過往年度所撇銷壞賬							-	4,537
Income tax	所得稅							(70,551)	(35,223)
(Loss)/profit for the year	本年度(虧損)/盈利							(28,118)	43,195
Depreciation for the year	本年度折舊	24,193	14,786	32	592				
Significant non-cash expenses (other than depreciation)	大額非現金支出(折舊除外)	47	374	-	-				
Segment assets	分部資產	921,814	870,602	16,699	18,891	(108,565)	(109,595)	829,948	779,898
Unallocated assets	未分配資產							21,853	18,336
Total assets	資產總值							851,801	798,234
Segment liabilities	分部負債	420,662	374,309	110,190	112,612	(108,565)	(109,595)	422,287	377,326
Unallocated liabilities	未分配負債							182,604	153,900
Total liabilities	負債總額							604,891	531,226
Capital expenditure incurred during the year	本年度內產生的資本開支	36,014	23,987	93	11				

11. Property, plant and equipment

(a) The Group

		Land and buildings 土地及 建築物 HK\$'000 港幣千元 (restated) (經重列)	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 港幣千元	Plant and machinery 廠房及機器 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Sub-total 小計 HK\$'000 港幣千元 (restated) (經重列)	Investment properties 投資物業 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元 (restated) (經重列)
Cost or valuation:	成本或估值:							
1 March 2004	於2004年3月1日	76,469	112,605	19,527	3,718	212,319	530	212,849
Exchange adjustments	匯兌調整	-	110	9	6	125	-	125
Additions	增置	-	19,662	3,337	999	23,998	-	23,998
Transfer from properties held for sale	從待售物業中轉入	19,906	-	-	-	19,906	850	20,756
Disposals	出售	-	(6,235)	(1,322)	(935)	(8,492)	-	(8,492)
Surplus on revaluation	重估盈餘	-	-	-	-	-	40	40
28 February 2005	於2005年2月28日	96,375	126,142	21,551	3,788	247,856	1,420	249,276
Exchange adjustments	匯兌調整	-	517	28	6	551	-	551
Additions	增置	-	33,785	1,887	435	36,107	-	36,107
Transfer from investment properties	從投資物業中轉入	1,420	-	-	-	1,420	(1,420)	-
Disposals	出售	-	(4,926)	(496)	(1,318)	(6,740)	-	(6,740)
28 February 2006	於2006年2月28日	97,795	155,518	22,970	2,911	279,194	-	279,194
- at cost	- 按成本							
Accumulated depreciation:	折舊總額:							
1 March 2004	於2004年3月1日	18,377	98,017	16,358	3,527	136,279	-	136,279
Exchange adjustments	匯兌調整	-	61	2	4	67	-	67
Charge for the year	本年度折舊	1,391	12,142	1,409	436	15,378	-	15,378
On disposals	出售時	-	(5,946)	(1,251)	(935)	(8,132)	-	(8,132)
28 February 2005	於2005年2月28日	19,768	104,274	16,518	3,032	143,592	-	143,592
Exchange adjustments	匯兌調整	-	353	11	3	367	-	367
Charge for the year	本年度折舊	1,910	20,121	1,827	367	24,225	-	24,225
On disposals	出售時	-	(4,875)	(496)	(1,310)	(6,681)	-	(6,681)
28 February 2006	於2006年2月28日	21,678	119,873	17,860	2,092	161,503	-	161,503
Net book value:	賬面淨值:							
28 February 2006	於2006年2月28日	76,117	35,645	5,110	819	117,691	-	117,691
28 February 2005	於2005年2月28日	76,607	21,868	5,033	756	104,264	1,420	105,684

11. 物業、廠房及設備

(a) 本集團

11. Property, plant and equipment

(Continued)

(b) The Company

11. 物業、廠房及設備 (續)

(b) 本公司

		Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 港幣千元
Cost:	成本:	
1 March 2004 and 28 February 2005	於2004年3月1日及於2005年2月28日	207
Additions	增置	240
Disposals	出售	(3)
<hr/>		
At 28 February 2006	於2006年2月28日	444
<hr/>		
Accumulated depreciation:	折舊總額:	
1 March 2004 and 28 February 2005	於2004年3月1日及於2005年2月28日	207
Charge for the year	本年度折舊	5
On disposals	出售時	(3)
<hr/>		
28 February 2006	於2006年2月28日	209
<hr/>		
Net book value:	賬面淨值:	
28 February 2006	於2006年2月28日	235
<hr/>		
28 February 2005	於2005年2月28日	—
<hr/>		

11. Property, plant and equipment

(Continued)

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

11. 物業、廠房及設備 (續)

(c) 物業賬面淨值的分析如下:-

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
In Hong Kong	在香港		
- Long leases	- 長期租賃	7,292	7,462
- Medium-term leases	- 中期租賃	64,877	66,530
		72,169	73,992

Other parts of the PRC	在中國其他地方		
- Long leases	- 長期租賃	1,909	1,951
- Medium-term leases	- 中期租賃	2,039	2,084
		3,948	4,035

		76,117	78,027

At the balance sheet date, the property ownership certificates in respect of the property interests held in other parts of the PRC of HK\$1,909,000 as stated above have not been issued by the relevant PRC government authority.

於結算日，國內相關政府部門仍未就上述本集團在中國其他地方持有的港幣1,909,000元物業權益發出房地產擁有權證明書。

11. Property, plant and equipment

(Continued)

- (d) The net book value of machinery and motor vehicle held under finance leases of the Group and the Company was HK\$499,000 (2005: HK\$715,000).

12. Interests in subsidiaries

Unlisted shares/capital contributions, at cost	非上市股份／資本投入，按成本
Due from subsidiaries	應收附屬公司賬款

Less: Impairment loss

減：減值虧損

11. 物業、廠房及設備 (續)

- (d) 本集團及本公司以融資租賃持有的機器及汽車的賬面淨值為港幣499,000元 (2005年：港幣715,000元)。

12. 附屬公司權益

The Company

本公司

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
		708,072	708,072
		426,274	300,236
		1,134,346	1,008,308
		(928,076)	(764,466)
		206,270	243,842

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

下表只載列對本集團的業績、資產或負債有重大影響的附屬公司詳情。除另有註明者外，所持有的股份均為普通股。

12. Interests in subsidiaries (Continued)

12. 附屬公司權益 (續)

Name of company 公司名稱	Place of establishment/ incorporation and operation 成立/註冊成立 及經營地點	Particulars of issued and paid up capital 已發行及繳足 股本詳情	Proportion of ownership interest 所有權權益比率			Principal activity 主要業務
			Group's effective interest 本集團的 實際權益	held by the Company 由本公司 持有	held by subsidiary 由附屬 公司持有	
Beijing Tse Sui Luen Jewellery Company Limited#/*("BTSL") 北京謝瑞麟珠寶有限公司 (「北京謝瑞麟」)*	PRC 中國	Rmb1,750,000 and US\$1,800,000 1,750,000人民幣 及1,800,000美元	56.46%	–	56.46%	Jewellery manufacturing and trading 珠寶製造及貿易
Excellent Ford Development Limited ("EF") 福銳發展有限公司 (「福銳發展」)	Hong Kong 香港	HK\$10,000 港幣10,000元	56.46%	–	56.46%	Jewellery trading 珠寶貿易
Foyer Investment Limited 富雅投資有限公司	Hong Kong 香港	HK\$10,000 港幣10,000元	100%	–	100%	Property holding and investment 持有物業及投資
Guangzhou Xi Yun Jewellery Company Limited #/** 廣州禧雲珠寶有限公司**	PRC 中國	Rmb2,000,000 2,000,000人民幣	56.46%	–	56.46%	Jewellery retailing 珠寶零售
Guangzhou Xiang Yun Jewellery Company Limited ("GZ Xiang Yun") #/** 廣州祥雲珠寶有限公司 (「廣州祥雲」)**	PRC 中國	Rmb3,000,000 3,000,000人民幣	56.46%	–	56.46%	Jewellery trading and retailing 珠寶貿易及零售
Ho Loong Jewellery Casting Company Limited 何龍珠寶鑄藝有限公司	Hong Kong/ PRC 香港/中國	HK\$2 港幣2元	100%	–	100%	Jewellery retailing 珠寶零售

12. Interests in subsidiaries (Continued)

12. 附屬公司權益 (續)

Name of company 公司名稱	Place of establishment/ incorporation and operation 成立/註冊成立 及經營地點	Particulars of issued and paid up capital 已發行及繳足 股本詳情	Proportion of ownership interest 所有權權益比率			Principal activity 主要業務
			Group's effective interest 本集團的 實際權益	held by the Company 由本公司 持有	held by subsidiary 由附屬 公司持有	
Impromptus Asia Pacific Limited	Hong Kong 香港	HK\$10,000 港幣10,000元	100%	–	100%	Goldsmith and jewellery trading 足金及珠寶貿易
Infinite Assets Corp. ("IAC")	British Virgin Islands ("BVI") 英屬處女群島	HK\$275,254 港幣275,254元	56.46%	–	56.46%	Investment holding 投資控股
Queen Busy Limited	Hong Kong 香港	HK\$2 港幣2元	100%	–	100%	Property holding 持有物業
Shanghai Fu Yun Jewellery Company Limited #/** 上海福雲珠寶有限公司**	PRC 中國	Rmb1,000,000 1,000,000人民幣	56.46%	–	56.46%	Jewellery retailing 珠寶零售
上海嘉慧通商務諮詢有限公司 ("上海嘉慧通")***	PRC 中國	US\$140,000 140,000美元	56.46%	–	100%	Provision of consultancy services 提供顧問服務
Tse Sui Luen Investment (China) Limited ("TSL China") 謝瑞麟投資(中國)有限公司 ("謝瑞麟中國")	BVI 英屬處女群島	US\$6,863 6,863美元	56.46%	–	56.46%	Investment holding 投資控股

12. Interests in subsidiaries (Continued)

12. 附屬公司權益 (續)

Name of company 公司名稱	Place of establishment/ incorporation and operation 成立/註冊成立 及經營地點	Particulars of issued and paid up capital 已發行及繳足 股本詳情	Proportion of ownership interest 所有權權益比率			Principal activity 主要業務
			Group's effective interest 本集團的 實際權益	held by the Company 由本公司 持有	held by subsidiary 由附屬 公司持有	
Tse Sui Luen Jewellery Company Limited ("TSLJ") 謝瑞麟珠寶有限公司 (「謝瑞麟珠寶」)	Hong Kong 香港	HK\$34,000 港幣34,000元	100%	–	100%	Jewellery manufacturing, trading and retailing 珠寶製造、 貿易及零售
Tse Sui Luen Jewellery (Malaysia) Limited 謝瑞麟珠寶(馬來西亞) 有限公司	Hong Kong/ Malaysia 香港/馬來西亞	HK\$3,000,000 港幣3,000,000元	100%	–	100%	Jewellery retailing 珠寶零售
Tse Sui Luen Jewellery Trading & Distribution Limited ("TSL Trading") 謝瑞麟珠寶商貿及分銷 有限公司(「謝瑞麟商貿」)	Samoa 薩摩亞	US\$1 1美元	56.46%	–	56.46%	Jewellery trading and provision of related agency services 珠寶貿易及提供 相關的代理服務
TSL Investment (B.V.I.) Limited	BVI 英屬處女群島	HK\$1,000 港幣1,000元	100%	100%	–	Investment holding 投資控股
TSL Jewellery (H.K.) Company Limited 謝瑞麟珠寶(香港)有限公司	Hong Kong 香港	HK\$490 港幣490元	100%	–	100%	Jewellery retailing 珠寶零售
TSL Properties Management Limited 謝瑞麟物業管理有限公司	Hong Kong 香港	HK\$1,000 港幣1,000元	100%	–	100%	Property holding and investment 持有物業及投資

Unofficial translation
非正式譯名

* *Registered under the laws of the PRC as sino-foreign joint venture*
根據中國法律註冊為中外合資經營企業

** *Registered under the laws of the PRC as limited liability company*
根據中國法律註冊為有限責任公司

*** *Registered under the laws of the PRC as foreign enterprise*
根據中國法律註冊為外資企業

13. Other financial asset

13. 其他財務資產

		The Group 本集團	
		2006	2005
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Investment security, at cost less provision	證券投資, 按成本減撥備		
– Membership and seat in the Chinese Gold and Silver Exchange Society	– 金銀業貿易場會籍及席位		
		500	500

14. Inventories

14. 存貨

		The Group 本集團	
		2006	2005
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Raw materials	原材料	80,776	76,283
Work in progress	在製品	54,422	56,337
Finished goods	製成品	365,525	333,340
Finished goods – consigned outward	製成品 – 在外寄售	–	28,597
		500,723	494,557

15. Trade and other receivables

Included in trade and other receivables are trade debtors (net of provision for bad and doubtful debts) with the following ageing analysis:

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
0 to 30 days	0至30天	41,983	30,348
31 to 60 days	31天至60天	3,117	1,675
61 to 90 days	61天至90天	2	3,966
Over 90 days	超過90天	20,386	10,437
<hr/>			
Total trade debtors	應收賬款總額	65,488	46,426
Other receivables, deposits and prepayments	其他應收款、按金 及預付款	44,192	50,768
<hr/>			
		109,680	97,194

Details of trade and other receivables denominated in different currencies are as follows:-

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Hong Kong dollars	港幣	52,235	35,694
Chinese Renminbi	人民幣	52,576	57,467
United States dollars	美元	4,169	3,626
Others	其他	700	407
<hr/>			
		109,680	97,194

The directors consider that trade and other receivables approximate their fair value.

Apart from retail customers, the Group allows an average credit period from 30 to 75 days to other customers.

15. 應收賬款及其他應收款

包括於應收賬款及其他應收款內的應收賬款(已扣除呆壞賬撥備)的賬齡分析如下:

以不同貨幣列值之應收賬款及其他應收款詳情如下:

董事認為，應收賬款及其他應收款與其公平值相若。

除零售顧客外，本集團給予其他顧客平均由30至75天的除賬期。

16. Cash at bank and in hand

Details of cash at bank and in hand denominated in different currencies are as follows:-

		The Group 本集團	
		2006	2005
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Hong Kong dollars	港幣	34,824	43,940
Chinese Renminbi	人民幣	62,937	32,289
Malaysian Ringgits	馬來西亞元	2,125	2,363
United States dollars	美元	1,069	2,911
Others	其他	294	322
		101,249	81,825

17. Trade and other payables

Included in trade and other payables are trade creditors with the following ageing analysis:

		The Group 本集團	
		2006	2005
		HK\$'000	HK\$'000
		港幣千元	港幣千元
0 to 30 days	0至30天	34,603	28,147
31 to 60 days	31天至60天	31,713	32,582
61 to 90 days	61天至90天	19,209	28,757
Over 90 days	超過90天	97,461	124,270
Total trade creditors	應付賬款總額	182,986	213,756
Other payables and accruals	其他應付款及應計費用	172,033	154,146
		355,019	367,902

16. 銀行存款及現金

以不同貨幣列值之銀行存款及現金詳情如下:

17. 應付賬款及其他應付款

包括於應付賬款及其他應付款內的應付賬款的賬齡分析如下:

17. Trade and other payables (Continued)

Details of trade and other payables denominated in different currencies are as follows:-

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Hong Kong dollars	港幣	141,699	123,199
Chinese Renminbi	人民幣	101,901	95,450
United States dollars	美元	107,774	145,570
Others	其他	3,645	3,683
		355,019	367,902

The directors consider that trade and other payables approximate their fair values.

18. Bank loans and overdrafts – secured

At 28 February 2006, the secured bank loans were repayable as follows:

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Within 1 year or on demand	1年內或接獲通知時	4,000	18,656
After 1 year but within 2 years	1年後但2年內	12,800	1,907
After 2 years but within 5 years	2年後但5年內	40,200	159
		53,000	2,066
		57,000	20,722

Details of the securities for the bank loans and overdrafts are set out in note 28 to the financial statements.

17. 應付賬款及其他應付款 (續)

以不同貨幣列值之應付賬款及其他應付款詳情如下:

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Hong Kong dollars	港幣	141,699	123,199
Chinese Renminbi	人民幣	101,901	95,450
United States dollars	美元	107,774	145,570
Others	其他	3,645	3,683
		355,019	367,902

董事認為，應付賬款及其他應付款與其公允值相若。

18. 銀行貸款及透支－有抵押

於2006年2月28日，有抵押銀行貸款的還款期如下:

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Within 1 year or on demand	1年內或接獲通知時	4,000	18,656
After 1 year but within 2 years	1年後但2年內	12,800	1,907
After 2 years but within 5 years	2年後但5年內	40,200	159
		53,000	2,066
		57,000	20,722

銀行貸款及透支之抵押詳情載於財務報表附註28。

19. Other loans – secured

At 28 February 2006, the other loans were repayable as follows:–

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Within 1 year or on demand	1年內或接獲通知時	14,500	–
After 1 year but within 2 years	1年後但2年內	21,800	22,000
After 2 years but within 5 years	2年後但5年內	36,067	50,367
		57,867	72,367
		72,367	72,367

- (a) Other loans represent the secured loans from Partner Logistics Limited. At 28 February 2006, the other loans are secured, interest bearing at Hong Kong Interbank Offering Rate plus 2%.
- (b) Details of the securities for other loans are set out in note 28 to the financial statements.

19. 其他貸款 – 有抵押

於2006年2月28日，其他貸款的還款期如下：–

- (a) 其他貸款是指應收Partner Logistics Limited的有抵押貸款。於2006年2月28日，其他貸款為有抵押，按香港銀行同業拆息加2厘計息。
- (b) 其他貸款之抵押詳情載於財務報表附註 28。

20 Obligations under finance leases

The Group leases office equipment and a motor vehicle under finance leases expiring in two years (note 11(d)). The Group also leases computer equipment of HK\$1,349,000 (2005: HK\$943,000) under finance leases expiring in three years. The computer equipment was included in prepayments. At the end of the lease term, the Group has the option to purchase the assets at a price deemed to be a bargain purchase option. None of the leases included contingent rentals.

At 28 February 2006, the Group and the Company had obligations under finance leases repayable as follows:

(a) The Group

		2006			2005		
		Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments	Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments
		最低租賃付款額現值	日後期間的利息支出	最低租賃付款額總數	最低租賃付款額現值	日後期間的利息支出	最低租賃付款額總數
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Within 1 year	1年內	660	60	720	508	57	565
After 1 year but within 2 years	1年後但2年內	479	24	503	534	31	565
After 2 years but within 5 years	2年後但5年內	135	6	141	342	6	348
		614	30	644	876	37	913
		1,274	90	1,364	1,384	94	1,478

20. 融資租賃承擔

本集團透過於兩年內到期之融資租賃租用辦公室設備及汽車(附註11(d))。本集團亦透過三年內到期之融資租賃租用為數港幣1,349,000元(2005年:港幣943,000元)之電腦設備。電腦設備乃計入預付款。於租賃期完結時,本集團有權以優惠價格購入有關的資產。各融資租賃均不包含或有租金。

於2006年2月28日,本集團及本公司的融資租賃承擔的還款期如下:

(a) 本集團

20. Obligations under finance leases

(Continued)

(b) The Company

20. 融資租賃承擔 (續)

(b) 本公司

		2006			2005		
		Present value of the minimum lease payments 最低租賃 付款額現值 HK\$'000 港幣千元	Interest expense relating to future periods 日後期間 的利息支出 HK\$'000 港幣千元	Total minimum Lease payments 最低租賃 付款額總數 HK\$'000 港幣千元	Present value of the minimum lease payments 最低租賃 付款額現值 HK\$'000 港幣千元	Interest expense relating to future periods 日後期間 的利息支出 HK\$'000 港幣千元	Total minimum lease payments 最低租賃 付款額總數 HK\$'000 港幣千元
Within 1 year	1年內	446	47	493	305	34	339
After 1 year but within 2 years	1年後但 2年內	331	21	352	320	19	339
After 2 years but within 5 years	2年後但 5年內	135	6	141	195	3	198
		466	27	493	515	22	537
		912	74	986	820	56	876

21. Employee benefit obligations

(a) Long service payments

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

- (i) The amount recognised in the consolidated balance sheet is as follows:

Present value of unfunded obligations 非注入資金的義務的現值

21. 僱員福利義務

(a) 長期服務金

根據香港《僱傭條例》，如果本集團在若干情況下停止聘用在本集團服務至少五年的某些員工，便須以整筆款項的形式向這些員工支付長期服務金。應付的長期服務金金額按員工的最終薪金和服務年期計算，並扣除他們在本集團退休計劃所累積權益中由本集團供款的部分。本集團並無預留任何資產以支付其餘的義務金額。

- (i) 在綜合資產負債表確認的數額如下：

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Present value of unfunded obligations	非注入資金的義務的現值	8,759	10,190

21. Employee benefit obligations (Continued)

(a) Long service payments (Continued)

- (ii) Movements in the net liability recognised in the consolidated balance sheet are as follows:

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
At beginning of the year	年初餘額	10,190	9,570
Expense recognised in the income statement (note 4(b))	在收益表確認的支出 (附註4(b))	(1,431)	844
Employer contributions/benefit payments	僱主供款/福利付款	-	(224)
At end of the year	年末餘額	8,759	10,190

- (iii) Expense recognised in the consolidated income statement is as follows:

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Current service cost	本年度服務成本	13	99
Interest cost	利息費用	427	522
Net actuarial (gains)/losses recognised	已確認精算(收益)/虧損淨額	(1,871)	223
		(1,431)	844

21. 僱員福利義務 (續)

(a) 長期服務金 (續)

- (ii) 在綜合資產負債表確認的負債淨額變動如下:

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
At beginning of the year	年初餘額	10,190	9,570
Expense recognised in the income statement (note 4(b))	在收益表確認的支出 (附註4(b))	(1,431)	844
Employer contributions/benefit payments	僱主供款/福利付款	-	(224)
At end of the year	年末餘額	8,759	10,190

- (iii) 在綜合收益表確認的支出如下:

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Current service cost	本年度服務成本	13	99
Interest cost	利息費用	427	522
Net actuarial (gains)/losses recognised	已確認精算(收益)/虧損淨額	(1,871)	223
		(1,431)	844

21. Employee benefit obligations (Continued)

(a) Long service payments (Continued)

- (iv) The expense is recognised in the following line items in the consolidated income statement:

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Cost of sales	銷售成本	(289)	96
Selling expenses	銷售費用	(854)	553
Administrative expenses	行政費用	(288)	195
		(1,431)	844

- (v) The principal actuarial assumptions used as at 28 February 2006 (expressed as weighted average) are as follows:

		The Group 本集團	
		2006	2005
Discount rate	折讓率	4.25%	4.25%
Future salary increases	未來薪金升幅		
Year 2006	2006年	4%	3%
Year 2007 and thereafter	2007年及其後	3%	3%

21. 僱員福利義務 (續)

(a) 長期服務金 (續)

- (iv) 各項支出在下列綜合收益表項目內確認：

- (v) 於2006年2月28日使用的主要精算假設(以加權平均數表示)如下：

21. Employee benefit obligations *(Continued)*

(b) Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme (“the MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$20,000. Contributions to the scheme vest immediately.

The Group also operates defined contribution retirement benefits schemes for all qualifying employees in the PRC and Malaysia with contributions to the schemes at 7% and 12% of the gross salaries respectively. The assets of the schemes are held separately from those of the Group in funds under the control of independent trustees.

21. 僱員福利義務 *(續)*

(b) 界定供款退休計劃

本集團亦按照香港《強制性公積金計劃條例》的規定，為根據香港《僱傭條例》聘用的僱員設立強制性公積金計劃（「強積金計劃」）。強積金計劃是一個界定供款退休計劃，由獨立的受託人管理。根據強積金計劃，僱主和僱員均須按照僱員相關入息的5%向計劃作出供款；但每月的相關入息上限為港幣20,000元。向計劃作出的供款即時成為既定僱員福利。

本集團亦為中國及馬來西亞所有合資格的僱員設立一個界定供款退休計劃。向該等計劃支付的供款分別佔中國及馬來西亞的員工薪金總額的7%及12%。計劃的資產獨立於本集團的資產持有，並由獨立受託人管理。

22. Current tax (recoverable)/payable

(a) Current taxation in the balance sheet represents:

22. (可收回)／應付本期稅項

(a) 資產負債表所示即期稅項為：

		The Group 本集團	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Provision for Hong Kong Profits	本年度香港利得稅撥備		
Tax for the year		815	9,683
Provisional Profits Tax paid	已付暫繳利得稅	(1,353)	(2,226)
		(538)	7,457
Overseas taxation	海外稅項	9,553	10,418
Balance of profits tax provision relating to prior years	以往年度利得稅撥備結餘	81,841	40,119
		90,856	57,994
<i>Representing:</i>	代表：		
Tax recoverable	可收回稅項	(1,020)	(652)
Tax payable	應付稅項	91,876	58,646
		90,856	57,994

22. Current tax (recoverable)/payable

(Continued)

(b) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and movements during the year are as follows:

		Depreciation allowances in excess of related depreciation 超過相關折舊的折舊免稅額 HK\$'000 港幣千元	Revaluation of properties 物業重估 HK\$'000 港幣千元	Employee benefit obligations 僱員福利義務 HK\$'000 港幣千元	Provision for inventories 存貨準備 HK\$'000 港幣千元	Tax losses 稅項虧損 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
<i>Deferred tax arising</i>	<i>遞延稅項來自:</i>						
<i>From:</i>							
1 March 2004	於2004年3月1日						
As previously reported	如前呈報	252	221	-	-	(3,316)	(2,843)
Prior year adjustments	上年度調整	110	(221)	-	-	-	(111)
As restated	經重列	362	-	-	-	(3,316)	(2,954)
(Charged)/credited to consolidated income statement – restated	在綜合收益表(列支)/計入 – 經重列	(3,328)	-	(1,783)	(10,052)	448	(14,715)
28 February 2005 and 1 March 2005 – restated	於2005年2月28日及3月1日 – 經重列	(2,966)	-	(1,783)	(10,052)	(2,868)	(17,669)
(Charged)/credited to consolidated income statement	在綜合收益表(列支)/計入	(1,278)	-	250	43	(2,084)	(3,069)
Exchange difference	匯兌差異	(11)	-	-	(39)	-	(50)
28 February 2006	於2006年2月28日	(4,255)	-	(1,533)	(10,048)	(4,952)	(20,788)

22. (可收回)/應付本期稅項 (續)

(b) 已確認遞延稅項資產和負債:

本集團

在綜合資產負債表確認的遞延稅項(資產)/負債及年內的變動如下:

22. Current tax (recoverable)/payable

(Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

The Group (Continued)

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Net deferred tax asset recognised on the consolidated balance sheet	在綜合資產負債表確認的遞延稅項資產淨值	(20,834)	(17,684)
Net deferred tax liability recognised on the consolidated balance sheet	在綜合資產負債表確認的遞延稅項負債淨額	46	15
		(20,788)	(17,669)

(c) Deferred tax assets and liabilities not recognised

The components of unrecognised deferred tax (assets)/liabilities at the balance sheet date are as follows:-

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
Depreciation allowances in excess of related depreciation	超過相關折舊的折舊免稅額	4,156	3,997
Tax losses	稅項虧損	(107,617)	(81,959)
Net deferred tax assets not recognised	未確認的遞延稅項資產淨值	(103,461)	(77,962)

The net deferred tax assets have not been recognised in the financial statements in view of the uncertainty of the recoverability.

22. (可收回) / 應付本期稅項 (續)

(b) 已確認遞延稅項資產和負債: (續)

本集團 (續)

	2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
	(20,834)	(17,684)
	46	15
	(20,788)	(17,669)

(c) 未確認的遞延稅項資產和負債

於結算日之未確認的遞延稅項(資產) / 負債部分如下:

	2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元 (restated) (經重列)
	4,156	3,997
	(107,617)	(81,959)
	(103,461)	(77,962)

由於未能預測未來溢利流向，因此本集團並未於財務報表內確認以上的遞延稅項資產淨值。

23. Share capital

23. 股本

		2006		2005	
		No. of shares 股份數目 '000 千股	Amount 金額 HK\$'000 港幣千元	No. of shares 股份數目 '000 千股	Amount 金額 HK\$'000 港幣千元
<i>Authorised:</i>	法定股本:				
Ordinary shares of HK\$0.25 each	每股面值港幣 0.25元普通股	1,500,000	375,000	1,500,000	375,000
<i>Issued and fully paid:</i>	已發行及 繳足股本:				
Ordinary shares	普通股				
At beginning of the year	年初餘額	207,063	51,766	391,889	97,972
Capital reorganisation (note (a))	股本重組 (附註(a))	–	–	(352,700)	(88,175)
Shares issued under loan conversion (note (b))	貸款轉換發行 股份 (附註(b))	–	–	133,364	33,341
Shares issued under open offer (note (c))	公開發售發行 股份 (附註(c))	–	–	34,510	8,628
At end of the year	年末餘額	207,063	51,766	207,063	51,766

Notes:

(a) By a special resolution passed at the special general meeting held on 18 November 2004, a capital reorganisation was approved and details of which are as follows:–

- (i) Every 100 issued ordinary shares of HK\$0.25 each in the capital of the Company was consolidated into one issued consolidated ordinary share of HK\$25 ("Consolidated Share");
- (ii) The nominal value of each issued Consolidated Share was reduced from HK\$25 to HK\$2.5 by cancelling paid-up capital to the extent of HK\$22.5 on each issued Consolidated Share ("Capital Reduction");

附註:

(a) 根據於2004年11月18日舉行的特別股東大會中通過的特別決議案，資本重組獲得批准，詳情如下：

- (i) 本公司資本中每100股每股面值港幣0.25元的已發行普通股合併為1股每股面值港幣25元的已發行合併普通股（「合併股份」）；
- (ii) 透過取消為數港幣22.5元的每股已發行合併股份的繳足股本，把每股已發行合併股份的票面值由港幣25元減至港幣2.5元（「減資」）；

23. Share capital (Continued)

Notes: (Continued)

- (iii) The amount standing to the credit of the share premium account of the Company as at 29 February 2004, being HK\$86,037,000, was cancelled ("Share Premium Cancellation");
 - (iv) The amount standing to the credit of the contributed surplus account and the capital redemption reserve account of the Company as at 29 February 2004, being HK\$532,336,000 and HK\$173,969,000 respectively, was released from such accounts;
 - (v) Each issued Consolidated Share of HK\$2.5 was subdivided into ten adjusted shares of HK\$0.25 each ("Adjusted Share");
 - (vi) The credit arising from the Capital Reduction and the Share Premium Cancellation in the amount of HK\$174,212,000, together with the amount of HK\$173,969,000 released from the capital redemption reserve account of the Company (as referred to (iv) above), totalling together HK\$348,181,000, was transferred to the contributed surplus account of the Company;
 - (vii) The directors authorised the set-off of the aggregate amount of HK\$348,181,000 transferred to the contributed surplus account of the Company (as referred to (vi) above), together with the amount of HK\$532,336,000 already standing to the credit of the contributed surplus account of the Company, against all of the accumulated losses of the Company as at 29 February 2004, being HK\$865,747,000; and
 - (viii) The authorised share capital of the Company was increased from HK\$270,000,000 to HK\$375,000,000 by the creation of 420,000,000 new Adjusted Shares.
- (b) Partner Logistics Limited converted secured other loans of HK\$137,365,000 into 133,364,000 Adjusted Shares at a conversion price of HK\$1.03 per Adjusted Share. The share capital and share premium account have been increased by HK\$33,341,000 and HK\$104,024,000 respectively.
- (c) Pursuant to an open offer in 2005 34,510,000 Adjusted Shares were issued at a subscription price of HK\$1.03 per Adjusted Share. The share capital and share premium account were increased by HK\$8,628,000 and HK\$26,918,000 respectively.

24. 股本 (續)

附註: (續)

- (iii) 取消於2004年2月29日原置於本公司股份溢價賬的港幣86,037,000元款項(「取消股份溢價」);
 - (iv) 解除於2004年2月29日原置於實繳盈餘及資本贖回儲備這兩個賬項,分別為數港幣532,336,000元及港幣173,969,000元的款項;
 - (v) 每股面值港幣2.5元的已發行合併股份細分為10股每股面值港幣0.25元的調整股份(「調整股份」);
 - (vi) 減資及取消股份溢價產生的港幣174,212,000元款項及從本公司的資本贖回儲備解除的港幣173,969,000元款項(如上述(i v)所載)的總和港幣348,181,000元轉入本公司的實繳盈餘賬項內;
 - (vii) 董事獲授權以轉入本公司實繳盈餘賬項內總數為港幣348,181,000元的款項(如上述(vi)所載)及本公司從實繳盈餘中解除原置於該賬項的港幣532,336,000元款項抵銷本公司於2004年2月29日為數港幣865,747,000元的所有累計虧損;及
 - (viii) 本公司透過增加420,000,000股新的調整股份,把法定股本由港幣270,000,000元增至港幣375,000,000元。
- (b) Partner Logistics Limited按每股調整股份港幣1.03元的轉換價,把港幣137,365,000元的有抵押其他貸款轉換為133,364,000股調整股份。股本及股份溢價分別增加港幣33,341,000元及港幣104,024,000元。
- (c) 按照2005年一次公開售股,本公司發行34,510,000股調整股份,認股價為每調整股份港幣1.03元。股本及股份溢價分別增加港幣8,628,000元及港幣26,918,000元。

24. Reserves The Company

24. 股本 本公司

		Share premium	Contributed surplus	Share-based compensation reserve	Capital redemption reserve	(Accumulated losses)/ retained profits (累計虧損)／	Total
		股份溢價 HK\$'000 港幣千元	實繳盈餘 HK\$'000 港幣千元	股份補償儲備 HK\$'000 港幣千元	資本贖回儲備 HK\$'000 港幣千元	保留盈利 HK\$'000 港幣千元	總額 HK\$'000 港幣千元
1 March 2004	於2004年3月1日	86,037	532,336	–	173,969	(865,747)	(73,405)
Capital reorganisation (note 23)	股本重組 (附註23)	(86,037)	(517,566)	–	(173,969)	865,747	88,175
Shares issued under loan conversion (note 23)	貸款轉換發行股份 (附註23)	104,024	–	–	–	–	104,024
Shares issued under open offer (note 23)	公開發售發行股份 (附註23)	26,918	–	–	–	–	26,918
Share issue expenses	股份發行開支	(14,308)	–	–	–	–	(14,308)
Profit for the year	本年度盈利	–	–	–	–	59,281	59,281
28 February 2005	於2005年2月28日	116,634	14,770	–	–	59,281	190,685
1 March 2005	於2005年3月1日	116,634	14,770	–	–	59,281	190,685
Issue of share options	發行購股權	–	–	2,332	–	–	2,332
Loss for the year	本年度虧損	–	–	–	–	(37,831)	(37,831)
28 February 2006	於2006年2月28日	116,634	14,770	2,332	–	21,450	155,186

24. Reserves (Continued)

The Company (Continued)

- (i) The contributed surplus of the Company arose from the difference between the consolidated net assets of the Group's subsidiaries acquired pursuant to a group reorganisation at the date on which the reorganisation became effective, and the nominal amount of the Company's ordinary shares issued under the reorganisation; less the set-off of the accumulated losses of the Company amounting to HK\$865,747,000 as at 29 February 2004 pursuant to a capital reorganisation.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution.

However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:-

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.
- (ii) The aggregate amount of reserves available for distribution to shareholders of the Company at 28 February 2006 was HK\$155,186,000 (2005: HK\$190,685,000).

24. 股本 (續)

本公司 (續)

- (i) 本公司之實繳盈餘乃產生自集團附屬公司於重組生效日期因集團重組被收購時之綜合資產淨值與因重組發行之本公司普通股面值之差額；減根據一項資本重組，本公司於2004年2月29日為數港幣865,747,000元的累計虧損抵銷額。

根據百慕達1981年公司法(經修訂)，本公司之實繳盈餘賬可分派予股東。

但在下列情況下，本公司不得從實繳盈餘提取款項作宣派或繳付股息之用，或分派實繳盈餘：

- (a) 在繳付股息後，本公司不能或將不能繳付到期負債；或
- (b) 本公司資產的可變現價值因而低於其負債、已發行股本及股份溢價賬之總和。
- (ii) 於2006年2月28日，可分派予本公司股東之儲備為港幣155,186,000元(2005年：港幣190,685,000元)。

25. Commitments

- (a) Capital commitments outstanding at 28 February 2006 not provided for in the financial statements were as follows:

		The Group 本集團		The Company 本公司	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元	2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Contracted for	已訂約	3,017	1,267	–	–

- (b) At 28 February 2006, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		The Group 本集團		The Company 本公司	
		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元	2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Within 1 year	1年內	57,444	46,164	3,174	2,520
After 1 year but within 5 years	1年後但5年內	56,829	45,147	–	1,050
After 5 years	5年後	–	701	–	–
		114,273	92,012	3,174	3,570

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually adjusted to reflect market rentals upon renegotiation of the terms of the lease.

本集團以經營租賃租用部分物業。這些租賃一般初步為期一年至三年，並且有權選擇在到期日後續期，屆時所有條款均可重新商定。租賃付款額通常會於商議租約條款時調整，以反映市場租金。

25. 承擔

- (a) 於2006年2月28日，未償付而未在財務報表內提撥準備的資本承擔如下：

- (b) 於2006年2月28日，根據不可解除的經營租賃在日後應付的最低租賃付款額總數如下：

26. Share options

As disclosed under the heading of Share Option Scheme, 8,825,000 options were granted in 2005 to the directors, employees and service providers of the Company and its subsidiaries pursuant to the 2003 Share Option Scheme. 20% options granted are exercisable from 22 August 2005. The next 40% options granted are exercisable from 18 months from the date of grant and the remaining 40% options granted are exercisable from 24 months from the date of grant.

The fair value of options granted, was determined by using the Binomial valuation model. The significant inputs into the model were share price of \$1.71 at the grant date, exercise price of \$1.76, expected volatility of the Company's share price: 60% p.a., expected life of options of 4 years, expected nil dividend, annual risk-free interest rate of 3.38% p.a., rate of leaving service of 15% p.a. and assume option holders will exercise their options when the share price is at least 180% of the exercise price. The fair value of options granted are as follows:

Exercise period 行使期		Fair value per option 每份購股權的 公允值	No. of vested options granted 已授出並歸屬 的購股權數目
22 August 2005 – 25 July 2009	2005年8月22日—2009年7月25日	\$0.56元	1,765,000
22 January 2007 – 25 July 2009	2007年1月22日—2009年7月25日	\$0.69元	3,530,000
25 July 2007 – 25 July 2009	2007年7月25日—2009年7月25日	\$0.73元	3,530,000

Given the above assumptions and the inherent limitations of the Binomial valuation model, shareholders and other investors are hereby warned of the subjectivity and uncertainty of the aforementioned values of the options.

26. 購股權

誠如購股權計劃一節所披露，本公司根據2003年購股權計劃，在2005年共授出8,825,000份購股權予本公司及其附屬公司之董事、僱員及服務供應商。其中20%已授出的購股權可自2005年8月22日起行使，另外40%已授出的購股權可於授出日期起計18個月後行使，餘下40%已授出的購股權則可於授出日期起計24個月後行使。

已授出的購股權的公允值按「二項式」期權定價模式計算。上述模式所依據的主要數據包括授出日期的股價1.71元、行使價1.76元、本公司股價之預期波幅每年60%、購股權的預期年期4年、預期零股息、無風險年利率3.38%、每年離職比率15%，並假設購股權持有人將於股價達行使價最少180%時行使購股權。已授出的購股權的公允值如下：

Fair value per option 每份購股權的 公允值	No. of vested options granted 已授出並歸屬 的購股權數目
\$0.56元	1,765,000
\$0.69元	3,530,000
\$0.73元	3,530,000

鑑於上述假設及「二項式」期權定價模式之既有限制，本公司謹此提醒各股東及其他投資者，上述購股權價值相當主觀，而且難以預計。

27. Contingent liabilities

- (a) At 28 February 2006, the Company has issued guarantees to banks and financial creditors in respect of general banking and other credit facilities extended to certain subsidiaries of the Company amounting to HK\$150,096,000 (2005: HK\$95,346,000).
- (b) As set out in the announcements of the Company dated 1 February 2006 and 20 April 2006, the Company was informed that two directors, a consultant and an employee (collectively "the Officers") were charged by the Independent Commission Against Corruption ("ICAC") relating to the alleged offences under the Prevention of Bribery Ordinance, the Crime Ordinance and the Theft Ordinance ("the ICAC Charges"). It is alleged that the Officers were involved in a scheme to offer illegal commissions to employees of a number of travel agencies and to help them to evade tax.

Under the Company's Bye-Laws, the Company may be required to indemnify its directors from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur in execution of their duty, provided that such indemnity shall not be extended to any matter in respect of, among other things, fraud and dishonesty.

The directors have consulted with the Company's legal advisers as to what legal implication the ICAC Charges may have, if any, for the Group as a whole. In view of the discussions with the legal advisers, the directors are of the view that they are not in a position to conclude whether and/or to what extent the Company may be required to indemnify the directors involved in relation to the ICAC Charges.

27. 或有負債

- (a) 於2006年2月28日，本公司就銀行及財務債權人給予部分附屬公司一般銀行及其他貸款融資信貸，向銀行及財務債權人作出合共港幣150,096,000元（2005年：港幣95,346,000元）的擔保。
- (b) 誠如本公司日期為2006年2月1日及2006年4月20日之公佈所載，本公司得悉兩名董事、一名顧問及一名僱員（統稱「有關主管人員」）被廉政公署（「廉署」）檢控，涉及觸犯防止賄賂條例、刑事罪行條例及盜竊罪條例中多項罪行（「廉署檢控」）。有關主管人員被指涉及一宗向多間旅行社員工提供非法佣金及協助其逃稅之計劃。

根據本公司之公司細則，本公司可能須就其董事因履行職務而產生之所有訴訟、成本、支出、損失、賠償及開支向彼等或彼等當中任何人士作出彌償，惟有關彌償並不包括（其中包括）欺詐及不誠實行為。

董事已諮詢本公司法律顧問有關廉署檢控可能（如有）對本集團整體構成之法律影響。基於與法律顧問所進行之討論，董事認為，彼等未能就是否需要向涉及廉署檢控之董事作出彌償及／或本公司作出彌償之程度作出定論。

27. Contingent liabilities (Continued)

- (c) As explained in note 5(a)(ii), the outcome of the challenges by the IRD on the tax treatments adopted by the Group relating to certain offshore income and agent commission payments and promoter fees arising in prior years is undetermined as at 28 February 2006. The Group has established a provision of approximately HK\$91,000,000 in respect of such disputes. In the event that the Group is not successful in defending the tax treatments adopted, the Group may be subject to significant additional tax liabilities and possibly penalties which, under the provisions of the current tax legislation, may be up to three times any tax under-reported as assessed by the IRD. Furthermore, the ICAC's allegations as mentioned in (b) above and the ongoing investigation may or may not have impact on the IRD's challenges on the tax treatments adopted by the Group relating to agents commission payments and promoter fees arising in prior years. The directors consider that it is impractical to estimate the potential amount of additional tax liabilities arising if the IRD's challenge in respect of the agent commission payments and promoter fees is successful.

28. Pledge of assets

- (a) At 28 February 2006, debentures were executed by the Group in favour of its bankers and financial creditors charging, by way of fixed and floating charges, all of the undertakings, properties and assets of the Company and of its 17 subsidiaries as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers and financial creditors. Rental revenue of the Group is also charged in favour of the Group's bankers.

27. 或有負債 (續)

- (c) 誠如附註5(a)(ii)所述，稅務局對本集團就以往年度的若干離岸收入及代理佣金支出與業務推廣費用所採納稅務處理方法之質疑於2006年2月28日尚未得出結論。本集團已就該事件作出約港幣91,000,000元之撥備。倘本集團未能就所採納稅務處理方法成功辯護，本集團或須承擔額外稅務責任，且可能須繳交罰款，根據現行稅法，罰款或會多達稅務局評估任何漏報稅項之三倍。此外，上文(b)項所述廉署之指控及持續調查，可能對稅務局就本集團有關以往年度代理佣金支出與業務推廣費用所採納稅務處理方法之質疑構成影響。董事認為，倘稅務局就本集團有關以往年度代理佣金支出與業務推廣費用所採納稅務處理方法之質疑落實，評估所產生之潛在額外稅務負債並不切實可行。

28. 資產抵押

- (a) 於2006年2月28日，本集團訂立債權證，以本公司及其17間附屬公司之所有業務、物業及資產透過固定及浮動抵押付予銀行及財務債權人作為抵押，以作為（其中包括）本集團不時欠銀行及財務債權人的所有實際或有負債及債務的抵押品。本集團之租金收益亦抵押予本集團之銀行。

28. Pledge of assets (Continued)

- (b) At 28 February 2006, the Group pledged the capital contribution to a subsidiary of the Group amounting to US\$235,000 and all the benefits accruing to the pledged equity interest of 11.625% of the subsidiary to the Group's bankers and financial creditors as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers and financial creditors.
- (c) At 28 February 2006, the Group pledged all rights, titles and interests in 56.46% of the entire share capital of IAC and TSL China and all benefits accruing to the pledged equity interest to the Group's bankers and financial creditors as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers and financial creditors.

29. Connected and related party transactions

- (a) During the year ended 28 February 2006, four subsidiaries of the Company, BTSL, EF, GZ Xiang Yun and TSL Trading sold and consigned finished goods to Hua Long amounting to HK\$9,480,000 (2005: HK\$128,417,000) and Rui Feng amounting to HK\$684,000 (2005: HK\$16,852,000) and Mr. Qi Jian Hong ("Mr. Qi") amounting to HK\$2,888,000. The transactions were carried out by way of cost-plus pricing arrangements in the normal course of business of the subsidiaries.

28. 資產抵押 (續)

- (b) 於2006年2月28日，本集團把其於一間附屬公司的235,000美元出資額及其於該附屬公司的11.625%已抵押股本權益所累計的一切利益抵押予本集團的銀行及財務債權人，以作為（其中包括）本集團不時欠銀行及財務債權人的所有實際或或有負債及債務的抵押品。
- (c) 於2006年2月28日，本集團把其於IAC和謝瑞麟中國總資本額的56.46%的一切權利、所有權和權益及已抵押股本權益所累計的一切利益，抵押予本集團的銀行及財務債權人，以作為（其中包括）本集團不時欠銀行及財務債權人的所有實際或或有負債及債務的抵押品。

29. 關連及關聯人士交易

- (a) 於截至2006年2月28日止年度內，本公司四間附屬公司北京謝瑞麟、福銳發展、廣州祥雲和謝瑞麟商貿分別售賣及寄售製成品予華龍港幣9,480,000元（2005年：港幣128,417,000元）；瑞峰港幣684,000元（2005年：港幣16,852,000元）和基建虹先生（「慕先生」）港幣2,888,000元。這些交易是各附屬公司在正常業務過程中以成本加成定價法進行。

29. Connected and related party transactions (Continued)

(a) (Continued)

Hua Long and Rui Feng were licensees of Tse Sui Luen Jewellery (China) Limited and distributed the consigned finished goods to shop outlets operating under the trade names of "Tse Sui Luen" in the Mainland China. There was no monetary consideration paid by the licensees in respect of using the trademark licenses.

During the year ended 28 February 2006, TSL Trading received commission, depending on the nature of the products, amounting to HK\$372,000 (2005: HK\$19,515,000) and HK\$82,000 (2005: HK\$2,878,000) from Hua Long and Rui Feng for their respective confirmed purchases from BTSL.

During the year ended 28 February 2006, Tse Sui Luen Jewellery Consultancy Service Limited ("TSLJCS") paid Hua Long consultation fee amounting to HK\$605,000 (2005: HK\$558,000) for Hua Long's advice of public relation matters to TSLJCS.

In March and April 2004, 上海嘉慧通 (formerly, Shanghai Tse Sui Luen Consultancy Service Limited) received consultancy fees of HK\$226,000 and HK\$30,000 from Hua Long and Rui Feng, respectively. No consultancy fees have been charged to Hua Long and Rui Feng since 1 May 2004.

At 28 February 2006, the amount due to Hua Long was HK\$2,461,000 (2005: due from Hua Long of HK\$15,183,000) and the amount due from Mr. Qi was HK\$2,888,000 (2005: Nil). At 28 February 2005, the amount due from Rui Feng was HK\$17,000.

29. 關連及關聯人士交易 (續)

(a) (續)

華龍和瑞峰均為謝瑞麟珠寶金行(中國)有限公司的認可商標使用者,負責把寄售製成品分銷至在中國內地以「謝瑞麟」為營運名稱的店鋪。認可商標使用者毋須就使用商標支付任何金錢代價。

於截至2006年2月28日止年度內,謝瑞麟商貿就華龍和瑞峰確認向北京謝瑞麟購買的貨品,分別按產品性質向這兩間公司收取佣金港幣372,000元(2005年:港幣19,515,000元)和港幣82,000元(2005年:港幣2,878,000元)。

截至2006年2月28日止年度內,謝瑞麟珠寶顧問服務有限公司(「謝瑞麟顧問服務」)就華龍向該公司所提供的公共關係事務諮詢,向華龍支付諮詢費用港幣605,000元(2005年:港幣558,000元)。

於2004年3月及4月,上海嘉慧通(前稱上海謝瑞麟商務諮詢有限公司)分別自華龍及瑞峰收取港幣226,000元及港幣30,000元之諮詢費用。自2004年5月1日起再無向華龍及瑞峰收取任何諮詢費用。

於2006年2月28日,應付華龍之金額為港幣2,461,000元(2005年:華龍欠本集團港幣15,183,000元),應收慕先生之金額則為港幣2,888,000元(2005年:無)。於2005年2月28日,應收瑞峰之金額為港幣17,000元。

29. Connected and related party transactions (Continued)

(a) (Continued)

Hua Long and Rui Feng are companies controlled by Mr. Qi who is a substantial shareholder and a director of the two subsidiaries of the Company, IAC and TSL China, and is also a director of a subsidiary of TSL China, BTSL. The licensing, sales, consignment, commission and consultancy service arrangements therefore constituted connected transactions under the Listing Rules.

The independent non-executive directors of the Company have reviewed these connected transactions and confirmed that such transactions were:

- entered into the ordinary and usual course of business of the Group;
- conducted either on normal commercial terms or, if there is no available comparison, on terms that are fair and reasonable so far as the shareholders of the Company are concerned;
- in accordance with the Licensing and Consignment Terms (as defined in the circular dated November 2003), master supply agreement, comprehensive services agreement, and other terms governing the continuing connected transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- within the respective limits as set out in the circular dated 6 November 2003.

29. 關連及關聯人士交易 (續)

(a) (續)

華龍和瑞峰均由慕先生控制，而慕先生也是本公司兩間附屬公司－IAC和謝瑞麟中國的主要股東和董事，並為謝瑞麟中國一間附屬公司北京謝瑞麟的董事。因此，認可商標的使用、售賣、寄售、佣金和顧問服務的安排構成上市規則定義的關連交易。

本公司的獨立非執行董事已審閱這些關連交易，並確認這些交易是在下列情況下進行：

- 在本集團的一般和日常業務過程中進行；
- 按正常商業條款，或（倘若缺乏同類交易以作比較）按對本公司股東而言屬於公平和合理的條款進行；
- 按認可商標使用與寄賣條款（按2003年11月發出的通函所界定）、總供貨協議、全面服務協議，以及其他規範持續關連交易的公平和合理的條款進行，並在整體上符合本公司股東的權益；及
- 按2003年11月6日發出的通函所載的相關限額內進行。

29. Connected and related party transactions *(Continued)*

- (b) Partner Logistics Limited acquired all the rights, title and interests in the indebtedness due to certain of the bank lenders by the Group amounting to HK\$195,731,000 and HK\$14,000,000 on 11 February 2004 and 2 April 2004, respectively. Partner Logistics Limited is a company controlled by Mr. Tse Tat Fung, Tommy, the substantial shareholder and a director of the Company.

On 16 December 2004, Partner Logistics Limited converted HK\$137,365,000 of the loans owned by the Group into ordinary shares of HK\$0.25 each in the capital of the Company.

The outstanding loans due to Partner Logistics Limited amounted to HK\$72,367,000 (2005: HK\$72,367,000) are secured and interest bearing at Hong Kong Interbank Offering Rate plus 2%. During the year ended 28 February 2006, interest expenses paid to Partner Logistics Limited amounted to HK\$3,880,000 (2005: HK\$4,189,000).

- (c) During the year ended 28 February 2006, TSLJ, a subsidiary of the Company, purchased raw materials and finished goods from Rosy Blue Hong Kong Limited ("Rosy Blue HK") amounting to HK\$144,782,000 (2005: HK\$122,000,000) and sold raw materials to Rosy Blue HK amounting to HK\$2,020,000 (2005: Nil). As at 28 February 2006, the amount due to Rosy Blue HK was HK\$78,987,000 (2005: HK\$67,000,000).

29. 關連及關聯人士交易 (續)

- (b) Partner Logistics Limited於2004年2月11日及2004年4月2日分別購入本集團應償還某些貸款銀行的港幣195,731,000元及港幣14,000,000元債務的所有權利、所有權和權益。Partner Logistics Limited是一間由本公司主要股東兼董事謝達峰先生控制的公司。

Partner Logistics Limited於2004年12月16日把本集團的港幣137,365,000元貸款轉換為本公司股本中每股面值港幣0.25元的普通股。

尚欠Partner Logistics Limited的貸款港幣72,367,000元(2005年:港幣72,367,000元)為有抵押及按香港銀行同業拆息加2厘計息。於截至2006年2月28日止年度,已付Partner Logistics Limited的利息支出為港幣3,880,000元(2005年:港幣4,189,000元)。

- (c) 本公司一間附屬公司謝瑞麟珠寶於截至2006年2月28日止年度,從Rosy Blue Hong Kong Limited(「Rosy Blue HK」)購入為數港幣144,782,000元(2005年:港幣122,000,000元)的原材料及製成品,並向Rosy Blue HK出售為數港幣2,020,000元(2005年:無)的原材料。於2006年2月28日,應付Rosy Blue HK的款項為港幣78,987,000元(2005年:港幣67,000,000元)。

29. Connected and related party transactions (Continued)

(c) (Continued)

During the year ended 28 February 2006, TSLJ sold raw materials to Rosy Blue Japan Limited ("Rosy Blue Japan") amounting to HK\$184,000 (2005: Nil), sold raw materials to Rosy Blue Inc. amounting to HK\$100,000 (2005: Nil) and sold raw materials to Rosy Blue Fine Inc. amounting to HK\$375,000 (2005: Nil). As at 28 February 2006, the amount due from Rosy Blue Fine Inc. was HK\$134,000.

TSLJ borrowed HK\$15,600,000 (US\$2,000,000) from Rosy Blue HK on 2 September 2005. The loan is unsecured, bears interest at London Interbank Offering Rate plus 3% per annum and was fully repaid on 14 October 2005. Interest expenses paid to Rosy Blue HK amounted to HK\$170,000 for the year ended 28 February 2006 (2005: Nil).

During the year ended 28 February 2006, EF sold raw materials to BTSL through Rosy Blue (Shanghai) Diamond Company Limited ("Rosy Blue SH"), an authorised diamond trading company in the PRC, amounting to HK\$48,433,000 (2005: HK\$71,000,000). As at 28 February 2006, the amount due from Rosy Blue SH was HK\$665,000 (2005: HK\$5,000,000).

Rosy Blue HK, Rosy Blue Japan, Rosy Blue Fine Inc., Rosy Blue Inc. and Rosy Blue SH are subsidiaries of Rosy Blue Investments S.a.R.L., a preference shareholder of Partner Logistics Limited. In the opinion of the Directors of the Company, the transactions were carried out on normal commercial terms and in the ordinary course of business.

29. 關連及關聯人士交易 (續)

(c) (續)

截至2006年2月28日止年度，謝瑞麟珠寶向Rosy Blue Japan Limited (「Rosy Blue Japan」) 出售為數港幣184,000元 (2005年：無) 的原材料；向Rosy Blue Inc. 出售為數港幣100,000元 (2005年：無) 的原材料；及向Rosy Blue Fine Inc. 出售為數港幣375,000元 (2005年：無) 的原材料。於2006年2月28日，應收Rosy Blue Fine Inc. 的款項為港幣134,000元。

謝瑞麟珠寶於2005年9月2日向Rosy Blue HK 借取港幣15,600,000元 (2,000,000美元)。該等貸款為無抵押、按倫敦銀行同業拆息加3厘計息、並於2005年10月14日悉數償還。截至2006年2月28日止年度向Rosy Blue HK 支付之利息支出為港幣170,000元 (2005年：無)。

福銳發展於截至2006年2月28日止年度透過一間中國認可鑽石貿易公司藍玫瑰 (上海) 鑽石有限公司 (「藍玫瑰上海」) 向北京謝瑞麟出售原材料，為數港幣48,433,000元 (2005年：港幣71,000,000元)。於2006年2月28日，應收藍玫瑰上海的款項為港幣665,000元 (2005年：港幣5,000,000元)。

Rosy Blue HK、Rosy Blue Japan、Rosy Blue Fine Inc.、Rosy Blue Inc. 和藍玫瑰上海為Partner Logistics Limited的優先股股東Rosy Blue Investments S.a.R.L. 之附屬公司。本公司董事認為，交易在日常業務過程中按正常商業條款進行。

29. Connected and related party transactions (Continued)

- (d) TSLJ has entered into a Consultancy Agreement on 11 April 2005 with Mr. Tse Sui Luen ("Mr. Tse") for the provision of consultancy service. Mr Tse is the father of Mr Tse Tat Fung, Tommy, the substantial shareholder and a director of the Company. During the year ended 28 February 2006, consultancy fees of HK\$2,080,000 and share-based payments of HK\$40,000 were paid to Mr. Tse.
- (e) The Group paid key management personnel compensation as follows:–

		2006 HK\$'000 港幣千元	2005 HK\$'000 港幣千元
Short-term employee benefits	短期僱員福利	12,980	13,844
Post-employment benefits	退休福利	37	48
Equity compensation benefits	股本補償福利	1,165	–
		14,182	13,892

30. Financial risk management and estimation of fair values

(a) Financial risk management

The Group is exposed to a variety of risks including foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk arising in the normal course of the Group's business activities.

The Group does not have any written risk management policies and guidelines. The directors monitor the financial risk management of the Group and take such measures as considered necessary from time to time to minimise such financial risks.

29. 關連及關聯人士交易 (續)

- (d) 謝瑞麟珠寶於2005年4月11日與謝瑞麟先生(「謝先生」)就提供顧問服務訂立顧問協議。謝先生為本公司主要股東兼董事謝達峰先生之父親。截至2006年2月28日止年度,已向謝先生支付港幣2,080,000元之顧問費用及以股份償付港幣40,000元。
- (e) 本集團向主要管理人員所支付補償如下:

30. 財務風險管理及公允值估計

(a) 財務風險管理

本集團面對各種風險,包括於其業務活動之一般過程中產生之外幣風險、信貸風險、流動資金風險及現金流量利率風險。

本集團並無訂立任何書面風險管理政策及指引。董事監察本集團之財務風險管理,並不時採納認為必需之措施,以減低該等財務風險。

30. Financial risk management and estimation of fair values (Continued)

(a) Financial risk management (Continued)

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars, Malaysian Ringgits and Chinese Renminbi. The Group does not hold or issue any derivative financial instruments for trading purposes or to hedge against fluctuations in foreign exchange rates. The Group mitigates this risk by conducting the sales and purchases transactions in the same currency, whenever possible.

(ii) Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations within the normal terms of transactions. The Group performs ongoing credit evaluation of the debtors' financial condition and maintains an account for allowance for doubtful trade and other accounts receivable based upon the expected collectibles of all trade and other accounts receivable.

At the balance sheet date, there were no major concentrations of credit risk.

The maximum exposure to credit risk is therefore represented by the carrying amount of each financial asset as stated in the balance sheet.

Cash is held with financial institutions of good standing.

30. 財務風險管理及公允值估計 (續)

(a) 財務風險管理 (續)

(i) 外幣風險

外幣風險乃指金融工具價值因匯率變動而波動之風險。

本集團主要面對之外幣風險，是來自經營相關之功能貨幣以外之貨幣列值之買賣。導致此風險之貨幣主要為美元、馬來西亞元及人民幣。本集團並無持有或發行任何衍生金融工具，以作買賣用途或對沖匯率波動用途。本集團透過在可能情況下以同一貨幣進行買賣交易減低此風險。

(ii) 信貸風險

信貸風險乃因客戶可能無法於一般交易期內清還債務而產生。本集團按照所有貿易及其他應收賬款之預期可收回程度，對債務人之財政狀況作出持續信貸評估，及就貿易及其他應收賬款之呆賬提撥準備。

於結算日，信貸風險並無過度集中。

因此，最大之信貸風險為資產負債表所載各財務資產之賬面值。

現金乃存放於具有良好聲譽之金融機構。

30. Financial risk management and estimation of fair values (Continued)

(a) Financial risk management (Continued)

(iii) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Prudent liquidity risk management implies maintaining sufficient cash. The Group monitors and maintains a level of bank balances deemed adequate to finance the Group's operations.

(iv) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Estimation of fair values

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash at bank, trade and other payables) are assumed to approximate their fair values. The fair value of finance lease liabilities is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

The fair value of non-trade balances due from/to group and related companies has not been determined as the timing of the expected cash flows of these balances cannot be reasonably determined because of the relationship.

30. 財務風險管理及公允值估計 (續)

(a) 財務風險管理 (續)

(iii) 流動資金風險

流動資金風險乃指企業在集資以應付與金融工具相關承擔時遇上困難之風險。流動資金風險或會因無法迅速按接近其公允值之價格出售金融資產而產生。

審慎之流動資金風險管理指維持充足現金。本集團會監察及維持視為足夠撥付本集團營運所需之銀行結餘水平。

(iv) 現金流量及公允值利率風險

現金流量利率風險乃指因市場利率變動導致金融工具之未來現金流量波動之風險。公允值利率風險乃指因市場利率變動導致金融工具之價值波動之風險。

由於本集團並無重大計息資產，因此，本集團之收入及經營現金流量大部分獨立於市場利率變動。

(b) 公允值之估計

於一年內到期之財務資產及負債（包括應收賬款及其他應收款、銀行存款、應付賬款及其他應付款）之名義金額假定為與其公允值相若。融資租賃負債之公允值估計為未來現金流量之現值，並按相關金融工具之現行市場利率貼現。

由於預期現金流量時間無法合理釐定，故並無釐定應收／應付本集團及關連公司之非貿易結餘之公允值。

31. Recent accounting and financial reporting pronouncements

The HKICPA has issued the following amendments, new standards and interpretations which may be/ are relevant to the preparation of the Group's financial statements after 31 December 2005:–

31. 最近頒佈的會計及財務報告準則

香港會計師公會已頒佈下列可能與本集團截至2005年12月31日後之財務報表編製相關之修訂、新準則及詮釋：

		Effective for accounting periods beginning on or after 於以下日期或之後開始之 會計期間生效
HKAS 1 (Amendment) 香港會計準則第1號 (修訂)	Presentation of Financial Statements: Capital Disclosures 財務報表之呈報: 資本披露	1 January 2007 2007年1月1日
HKAS 19 (Amendment) 香港會計準則第19號 (修訂)	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures 僱員福利 – 精算損益、集團計劃及披露	1 January 2006 2006年1月1日
HKAS 21 (Amendment) 香港會計準則第21號 (修訂)	The Effects of Changes in Foreign Exchange Rate 匯率變動之影響	1 January 2006 2006年1月1日
HKAS 39 (Amendment) 香港會計準則第39號 (修訂)	Financial Instruments: Recognition and Measurement 金融工具: 確認及計量	1 January 2006 2006年1月1日
HKFRS 1 (Amendment) 香港財務報告準則第1號 (修訂)	First-time Adoption of Hong Kong Financial Reporting Standards 首次採納香港財務報告準則	1 January 2006 2006年1月1日
HKFRS 6 香港財務報告準則第6號	Exploration for and Evaluation of Mineral Resources 礦產資源之勘探及評估	1 January 2006 2006年1月1日
HKFRS 7 香港財務報告準則第7號	Financial Instruments: Disclosures 金融工具: 披露事項	1 January 2007 2007年1月1日
HKFRS-Int 4 香港財務報告準則 – 詮釋第4號	Determining whether an Arrangement contains a Lease 釐定安排是否包括租賃	1 January 2006 2006年1月1日
HKFRS-Int 5 香港財務報告準則 – 詮釋第5號	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds 終止運作、復原及環境修復基金產生權益之權利	1 January 2006 2006年1月1日

31. Recent accounting and financial reporting pronouncements (Continued)

HK(IFRIC)-Int 6 香港(國際財務報告詮釋委員會) — 詮釋第6號	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment 參與特定市場產生之負債—廢棄電子及電力設備
HK(IFRIC)-Int 7 香港(國際財務報告詮釋委員會) — 詮釋第7號	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economics 採用香港會計準則第29號「於嚴重通脹經濟中之財務報告」之重列法
HK(IFRIC)-Int 8 香港(國際財務報告詮釋委員會) — 詮釋第8號	Scope of HKFRS 2 香港財務報告準則第2號的範圍
HK(IFRIC)-Int 9 香港(國際財務報告詮釋委員會) — 詮釋第9號	Reassessment of Embedded Derivatives 重估嵌入衍生工具

In addition, the Hong Kong Companies (Amendment) Ordinance 2005 came into effect on 1 December 2005 and will be first applicable to the Group's financial statements for the year beginning 1 March 2006.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of these amendments, new standards and interpretations is unlikely to have a significant impact on the Group's results of operations and financial position.

32. Ultimate controlling party

At 28 February 2006, the Directors consider the ultimate holding company to be Blink Technology Limited, which is incorporated in the British Virgin Islands, and the ultimate controlling party to be Mr. Tse Tat Fung, Tommy.

31. 最近頒佈的會計及財務報告準則 (續)

Effective for accounting periods beginning on or after 於以下日期或之後開始之會計期間生效

1 December 2005
2005年12月1日

1 March 2006
2006年3月1日

1 May 2006
2006年5月1日

1 June 2006
2006年6月1日

此外，2005年香港公司(修訂)條例於2005年12月1日生效，並首次應用於本集團於2006年3月1日開始之年度之財務報表。

本集團現正評估預期該等修訂、新準則及詮釋對首次採納之期間造成之影響。目前結論為採納該等修訂、新準則及詮釋不大可能會對本集團之經營業績及財政狀況造成重大影響。

32. 最終控股方

於2006年2月28日，董事認為，最終控股公司為於英屬處女群島註冊成立的Blink Technology Limited，而最終控股人士為謝達峰先生。

Five Years Financial Summary

五年財務概要

RESULTS

業績

		Year ended 28th/29th February 截至2月28日/29日止年度				
		2006	2005	2004	2003	2002
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
			(restated)	(restated)	(restated)	(restated)
			(經重列)	(經重列)	(經重列)	(經重列)
Turnover	營業額	1,324,132	1,275,996	955,625	954,135	983,530
Profit/(loss) from ordinary activities before taxation	除稅前正常業務 盈利/(虧損)	42,433	78,418	32,830	(47,691)	(37,366)
Taxation	所得稅	(70,551)	(35,223)	(17,012)	(3,711)	(1,592)
(Loss)/profit for the year	本年度(虧損)/溢利	(28,118)	43,195	15,818	(51,402)	(38,958)
Attributable to:	應佔部分:					
Equity holders of the company	本公司股東	(47,977)	35,813	4,194	(48,955)	(39,242)
Minority interests	少數股東權益	19,859	7,382	11,624	(2,447)	284
(Loss)/profit for the year	本年度(虧損)/溢利	(28,118)	43,195	15,818	(51,402)	(38,958)

ASSETS AND LIABILITIES

資產及負債

		Year ended 28th/29th February 截至2月28日/29日止年度				
		2006	2005	2004	2003	2002
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
			(restated)	(restated)	(restated)	(restated)
			(經重列)	(經重列)	(經重列)	(經重列)
Property, plant and equipment (including investment properties)	物業、廠房及設備 (包括投資物業)	117,691	105,684	76,571	82,188	89,223
Deferred tax assets	遞延稅項資產	20,834	17,684	3,143	–	–
Interest in associates	於聯營公司的權益	–	–	–	–	1
Investments in securities and non-current assets	證券投資及非流動資產	603	600	597	597	597
Current assets	流動資產	712,673	674,266	550,655	449,509	537,943
Current liabilities	流動負債	(484,605)	(445,712)	(553,453)	(467,521)	(529,414)
		367,196	352,522	77,513	64,773	98,350
Obligation under Finance lease	融資租賃承擔	(614)	(876)	–	–	–
Bank and other loans – secured	銀行及其他貸款 – 有抵押	(110,867)	(74,433)	–	–	–
Amounts due to minority shareholders	應付少數股東的款項	–	–	(1,497)	(3,199)	(11,107)
Employee benefit obligations	僱員福利義務	(8,759)	(10,190)	(9,570)	(11,192)	(8,471)
Deferred tax liabilities	遞延稅項負債	(46)	(15)	(189)	–	–
NET ASSETS	資產淨值	246,910	267,008	66,257	50,382	78,772
Capital and reserves	資本及儲備					
Share capital	股本	51,766	51,766	97,972	97,972	269,888
Reserves	儲備	155,186	197,594	(44,316)	(48,851)	(192,599)
Total equity attributable to equity shareholders of the company	本公司股東應 佔權益總額	206,952	249,360	53,656	49,121	77,289
Minority interests	少數股東權益	39,958	17,648	12,601	1,261	1,483
TOTAL EQUITY	權益總額	246,910	267,008	66,257	50,382	78,772

Summary of Properties

物業摘要

Location 地點	Gross floor area 建築面積 (sq. feet) (平方呎)	Percentage interest in property 物業權益比率	Category of tenure 年期的分類	Usage 用途
<p>1. Private Car Parking Space Nos. 43-50, and 73 on Basement and Lorry Car Parking Space Nos. 1-4, 6, 11 and 14, 1st Floor, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong</p> <p>香港九龍紅磡民裕街30號興業工商大廈地庫 43-50及73私家車泊車位及1樓 1-4, 6, 11及14號貨車泊車位</p>	N/A	100%	M	C
<p>2. Units A1-A7, B, Front and Rear Portion, Storeroom No. 3 and 5, Ground Floor, Units A1-A2, B and C, 1st Floor, Unit E-H, 2nd Floor, Units A-K and Flat Roof, 3rd Floor, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong</p> <p>香港九龍紅磡民裕街30號興業工商大廈地下 A1-A7, B單位·前後部份·3及5號儲物室; 1樓A1-A2單位·B及C單位;2樓E-H單位; 3樓A-K單位及平台</p>	91,455	100%	M	I
<p>3. Units A and B, 1st Floor, Shui Ki Industrial Building, No.18, Wong Chuk Hang Road, Aberdeen, Hong Kong</p> <p>香港香港仔黃竹坑道18號瑞祺工業大廈 1樓A至B單位</p>	10,716	100%	L	I

Location 地點	Gross floor area 建築面積 (sq. feet) (平方呎)	Percentage interest in property 物業權益比率	Category of tenure 年期的分類	Usage 用途
4. Office Units 901, 902 and 918, 9/F, Office (South) Tower, Beijing New World Centre, Chongwenmen Wai Main Street West, Chongwenmen District, Beijing, PRC 中國北京市崇文區崇文門外大街西·北京新世界中心 辦公室樓南座9樓901, 902 及918 辦公室單位	2,858	100%	M	O
5. Unit A1 on Level 1 and 2, Block 2, Heng Chang Garden, Beijing, PRC 中國北京市恆昌花園2座1-2樓A1單位	1,654	100%	L	R
6. Flat 01, 23rd Floor, Block F, Beijing Rome Garden, Cao Hui Road, Chaoyang District, Beijing, PRC 中國北京市朝陽區曹慧路羅馬花園F座23樓1室	1,735	100%	L	R

L: Long term lease

M: Medium term lease

C: Carpark

I: Industrial unit

O: Commercial office

R: Residential

N/A: Not applicable

L: 長期租賃

M: 中期租賃

C: 泊車位

I: 工業用單位

O: 商業用寫字樓

R: 住宅

N/A: 不適用

Tse Sui Luen Jewellery (International) Limited
謝瑞麟珠寶(國際)有限公司

G/F, Block B, Summit Building, 30 Man Yue Street, Hung Hom, Kowloon, Hong Kong
香港九龍紅磡民裕街30號興業工商大廈B座地下